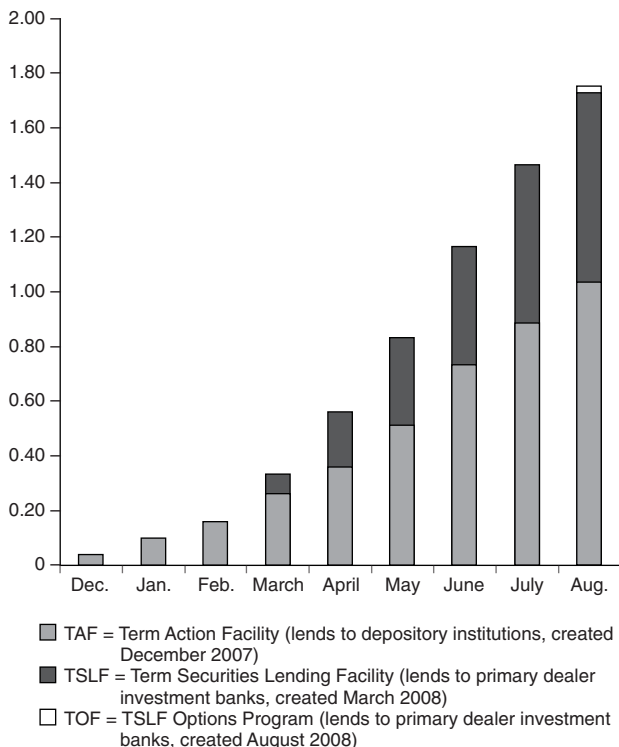


FIGURE 2
Federal Reserve Bailout Loans
 (\$ Trillions)



Source: Federal Reserve.

amounts of cash, and as the pyramid scheme grew, the banking system grew with it. Then, suddenly, the music stopped, and Wall Street, the City of London, and other major financial centers found themselves with far more capacity than business, far too much expense for the suddenly reduced income. Suddenly these over-leveraged behemoths were struggling just to survive, their assets vaporizing, and no way to make the money they needed to cover the bills.

Regardless of what the bankers try to do, the system must inevitably shrink until it finds equilibrium, and that is a long way down. The best they can do, from their standpoint, is to try to protect the system itself, saving as much of the core as they can. That means lots of bank failures, and lots of mergers, many of them with government assistance. The big banks will try to survive by gobbling up the little ones, aided by Federal life support. The government has already shown it will do as much as it can to protect the money and the parasites, while throwing the taxpayers, and the rest of the economy, to the wolves.

Stop It, Now!

This bailout must be stopped now, before it really gets rolling. Paulson must be stopped, and Dodd-Frank repealed.

“This bill must be immediately ripped up,” LaRouche demanded. “It flagrantly violates the U.S. Federal Constitution, which specifically defines the general welfare as the law of the land. This bailout of speculators, at the expense of current and future taxpayers, is illegal.”

This bailout scheme is a nation-killer, as the ultimate authors of the policy understand. If carried out, it will bankrupt the U.S. economy, and destroy the dollar. It will impose trillions of dollars in illegal taxes upon the public, bleeding us until we are dry.

Forget the legalistic nonsense being pumped out by Washington, and the hosannas being sung by those who think they are being saved. The Constitution is clear on the subject: The government’s responsibility is to protect the General Welfare is paramount, and that is the law of the land. Neither Paulson, nor Dodd-Frank, can change that.

There can be no compromise here. Either we stop this travesty of justice, or the United States gets gobbed back up by the imperial system from which we fought a revolution to escape. It is time to rise up and fight!

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Now Comes the Chain-Reaction:

Blowing Up the World

by Lyndon H. LaRouche, Jr.

September 10, 2008

So far, the world’s press had considered only some of the relatively less significant effects of what have become the treasonous implications of the actions of Senator Chris Dodd, Congressman Barney Frank, and Treasury Secretary Paulson. Now, those in the British Empire who may have been gloating, momentarily, should also recognize that the U.S. bomb over which they have gloated, was the bomb on which they have been already sitting at that time.

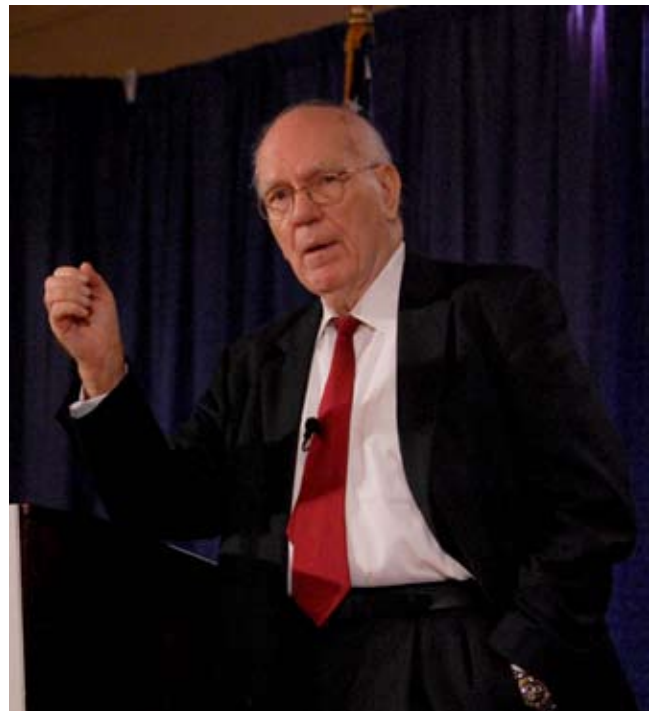
Senator Chris Dodd and Congressman Barney Frank showed nothing as much as both stupidity and cupidity in setting up the situation for the implicitly treasonous implications of Secretary Paulson's blowing out the U.S. dollar on the eve of the Autumn Presidential election-campaign. The dollar which Secretary Paulson has just blown up, by detonating the explosive charge created by Felix Rohatyn dupe Dodd's initiative, is also that U.S. dollar on which the present world market depends absolutely, still today.

One needs only to consider what only a damned fool would overlook, as the exemplary case of China's relationship to the valuation of the dollar, to see that connection. China's economy depends, both financially and materially, on the valuation of the U.S. dollar. That is typical of the effects of so-called "globalization" and the WTO lunacy on the world as a whole. So, much of the rest of the world, such as Germany and other nations of western and central Europe, for example, depend, directly or indirectly, upon the condition of the physical economy of China. The entire system of so-called "globalization," has been a financial-economic time-bomb, which Secretary Paulson has just detonated.

The many of you out there who had thought I was either unfair, or exaggerating about the Baby-Boomer problem, had better rethink their opinions, if they expect to continue to be viewed kindly among those who they had hoped to consider as being their friends and neighbors. To say that typical products of the systemic political impact of the Baby-Boomer era, Dodd, Barney Frank, Paulson, and President George W. Bush, Jr., are public menaces, is to give them, and most of the complicit Baby Boomers and Buppies generally, a monstrously large benefit of the doubt.

To you, the dim-wits who authored this national tragedy, I say, "You could not have pulled off anything as wildly stupid and corrupt as you have done, while my generation was still dominating the leading positions in our government. Turn government over to the next generation coming up now, while popular opinion of the coming weeks might still regard you merely as fools, rather than as treasonous monsters."

A little more than a year ago, in my July 25, 2007 international webcast, I had warned that the present world system had entered a phase-shift into an implic-



EIRNS/Stuart Lewis

Lyndon LaRouche

itly hyperinflationary breakdown-crisis. On that occasion, I had proposed a measure, the Homeowners and Bank Protection Act of 2007, which would have been the first step to bringing the presently skyrocketing world-crisis under control. Shortly after that, I presented two additional measures of reform of both the Federal Reserve System and international treaty-arrangements for a New Bretton Woods system. Through those three measures, we could have brought the present crisis under control.

Many of you supported some important parts of my proposals, but through the actions of such people as Senator Christopher Dodd, a publicly avowed dupe of financial predator Felix Rohatyn, who acted in concert with frankly silly Congressman Barney Frank, the way was cleared for a frankly unconstitutional, virtually treasonous piece of Federal legislation which has now been used by Secretary Paulson and a lame-brained President George W. Bush, Jr., to blow out both the U.S. dollar and also, in effect, to detonate that bomb which is the entire world's present monetary-financial system, into something worse than the kind of hyperinflationary breakdown-crisis which hit 1923 Weimar Germany, into a breakdown-crisis comparable to that which plunged Fourteenth-

Century Europe into a prolonged, genocidal “new dark age.”

Many citizens, including elected officials, on the level of state and local government, supported my proposed emergency action on the housing and banking crisis. Therefore, if those among you on the Federal level, who acted to sabotage my proposed emergency actions, such as Dodd and Frank, among others, must now repudiate your actions in sabotaging my proposals. Otherwise, if you are moral individuals, you will resign your present offices.

We must also take note of the fact, that both Senators Barack Obama and John McCain have reacted as consenting adults to the national perversions launched by Christopher Dodd, Barney Frank, Secretary Paulson, and President George W. Bush, Jr. Clearly, as an immediate first step, some of those named persons should begin the chain-reaction of simply resigning (ritual suicide is not recommended). The editors of the shameful *New York Times*, by the way, should also utter their own mea culpas (on the way out of their present positions) for their part in the related virtual crimes against humanity which they have perpetrated in their shameless corruption of attempting, fraudulently, to bully Rep. Charles Rangel, the Chairman of the Ways and Means Committee, into caving in to what is in fact the treasonous actions of Dodd, Frank, Paulson, Bush, et al.

Senators Obama and McCain, should reconsider their toleration of an implicitly treasonous action, or prepare to enjoy the rising public wrath of those who come to recognize the nature of the swindle, against them, which you have condoned. Obama, by the way, is likely to suffer much more than McCain, from associating himself with the actions of Dodd, Frank, Paulson, and Bush. (Senator Obama need merely address relevant experts who can explain this to him, blow by blow.)

Meanwhile, those who care will join me in the urgently needed actions to save civilization from the monstrous, virtually treasonous action which Dodd, Frank, Paulson, President Bush, and others have perpetrated in promoting this betrayal of our republic to a foreign financier power, the enemy of, in fact, all present and future humanity.

To ordinary concerned citizens who have just been looted beyond belief by the swindlers I have pointed out here, I say: “You know whose doorbell to ring on this matter.”

Tantamount to Treason

LaRouche Denounces ‘Unlimited’ Bailout

Lyndon LaRouche denounced U.S. Treasury Secretary Hank Paulson’s “unlimited” bank bailout announcement Sept. 7, as “tantamount to treason” against the United States and its Constitution. Paulson’s action completely confirms LaRouche’s warning—ever since authorization of this Federal bailout action was demanded by Paulson in July—that the Treasury is *not* assisting Fannie Mae or Freddie Mac; It is using them to *pass through* a huge new taxpayer bailout to international banks holding Fannie and Freddie and other mortgage securities. These banks are being aided by the Treasury in postponing the inevitable write-off of trillions in worthless securities, which would expose their bankruptcy. The bailout will not work, except to worsen the ongoing financial crash.

Paulson announced, at 11:00 a.m., the government takeover of Fannie Mae and Freddie Mac, until the end of 2009, and the “unlimited” bailout by the Treasury of Fannie and Freddie securities held by banks.

Both Republican John McCain and Democrat Barack Obama announced they backed the bailout.

Paulson refused to name a figure for the bailout over any time period: Both the new capital being put into Fannie and Freddie by the Treasury, and the Treasury “Secured Credit Lending Facility” opened up to them, are open ended and unlimited (except by the current U.S. Federal debt ceiling). Worse, Paulson announced that the Treasury is mandating the two government-sponsored enterprises (GSEs) to use this Federal credit line to buy *more and riskier* toxic mortgage-backed securities (MBS), and more subprime and undocumented mortgages, through the end of 2009, than they have been buying in 2008.

Worse still, Paulson announced the Treasury *itself* will start buying MBS directly from Fannie and Freddie, whether issued by them or bought by them from investment banks.

A more transparent bailout of \$2 trillion of Fannie