

Has Congress Now Realized The System Is Finished?

Jan. 23—Facing the reality that the current financial *system* is bankrupt and finished is a crucial first step toward implementing Lyndon LaRouche's solution. The following statements, made during Senate debates on Jan. 21, indicate that that reality is finally beginning to sink in.

The first to state the bold truth was former Federal Reserve chairman Paul Volcker, now a leading advisor to President Barack Obama, who testified at the confirmation hearings of Treasury Secretary nominee Timothy Geithner.

"To put it starkly, we are in a serious recession with no end clearly in sight. The financial system is broken. It's a serious obstacle to recovery. There is no escape from the imperative need for the Federal government to come to the rescue to right the economic and financial ship of state."

The next was Sen. John Kerry (D-Mass.). After acknowledging his agreement with Volcker's characterization that the "financial system is broken," adding that, "this is the mother of all financial crises," Kerry continued:

"The problem I have is that, as it is currently proposed, the House [of Representatives] package and the investment package—I fear it stands a good chance of simply being wasted and of not having the impact that we want our overall economic recovery package to have, because—*because the system underneath it is broken.*

"People are fond of saying that we have a crisis of confidence. I don't believe we have a crisis of confi-

dence. I think we have a *reality crisis*. We have a real crisis in the fiscal reality of our lending institutions. And since they all know it exists, they're all frozen. And they hold back. And until you fix that, we're not going to be in a position to make the investment package and the other things we need to do, take hold the way they need to. . . .

"There are too many zombie banks out there, and I'd like to know if you and the President are prepared to put before us this comprehensive plan so that we can vote with confidence that we're delivering the American people and the message to the marketplace that we need. . . ."

Later, in the course of the hearing, both Senators Olympia Snowe (R-Me.) and Maria Cantwell (D-Wash.) took up the issue of financial derivatives, which are acknowledged by many to be a leading cause of the bankruptcy of the system. Cantwell, in particular, pressed the point that derivatives were a "mistake," in the words of former Securities and Exchange Commission chairman Arthur Leavitt, and that no such "exotic tools" should be allowed to wreak havoc with the lives of Americans. LaRouche has called for wiping them out.

In a different venue, Sen. Bob Corker (R-Tenn.) also rose to speak on the state of the financial system. A zombie banking system is being created, Corker said. Large banks are insolvent, and need to be seized. Write-downs must be done. The longer we wait, the further we will be from dealing with the root issue.

I talk to bankers on Wall Street, Corker continued. They know they are insolvent. We have to face it like adults. Face up to the insolvency. Face up to these major losses.

Corker couldn't be more correct. All that's missing, is the bankruptcy reorganization that LaRouche has called for.