

‘Bail-In’ Means Collapse of British Financial Empire

Special to EIR

April 7—The driving force behind the British Empire’s war drive, Lyndon LaRouche has explained repeatedly, is the collapse of the entire trans-Atlantic financial system, accelerated by the decision to shift into the “bail-in” approach to global banking reorganization. LaRouche has likened this current bail-in stage to the free-fall of an elevator from the 70th floor of a skyscraper. “The cable has already been cut,” LaRouche stated.

Under bail-in, people’s pensions, bank deposits, and other unsecured assets are simply seized, to try to salvage a select few surviving financial institutions. The rest of the world goes to hell in a handbasket—but Wall Street and London face doom as well. Thus, the Empire’s desperation to *crush* all opposition, by nuclear war if necessary, in order to be able to set the terms for the post-crash period.

But, if, as LaRouche demands, the U.S. Congress moves *first* to bankrupt Wall Street on Constitutional terms, by re-imposing Glass-Steagall, both the war threat and Wall Street’s killer economic policies come to an end.

From Bailout to Bail-in

In a discussion on April 5, LaRouche elaborated on the financial process involved.

“You can use a very simple rule of thumb: Take the inflation which has occurred, that is the growth of Wall

Street’s speculation since Bill Clinton left office. Take the entire accounts of the United States, since Bill Clinton left office as President. Now, everything that has increased in terms of Wall Street, is fake.

“Therefore, when the bail-in starts—remember, there was never any real net growth, in the physical economy of the United States, actually not since Bill Clinton, but also even earlier.

“The downturn in the United States, in terms of the productive powers of labor, began essentially with the opening of the war in Indo-China. It collapsed at that point. Since that time, the United States has had no actual net gain, in physical-economic productivity.

“Now, look at the figures then, look at the ratios: That is the ratio, on the upscale (ascending) bailout. All the bailout goes from that level, actually. Now, when bail-in comes in, what you do, is you actually collapse all the nominal value which is involved in the bailout system. And it comes down at a hyper-accelerated rate. That’s what the key is to understanding this issue. Once it starts, the bail-in process, as London has understood it, the rate of acceleration of collapse is inevitable.

“So if the British cannot pull off a successful war operation, a military operation, against the planet, they are screwed. *And that’s what the issue is: That’s what the war is all about.*

“See, if the British came out—tattered and battered and so forth—out of the crash, during a war period,

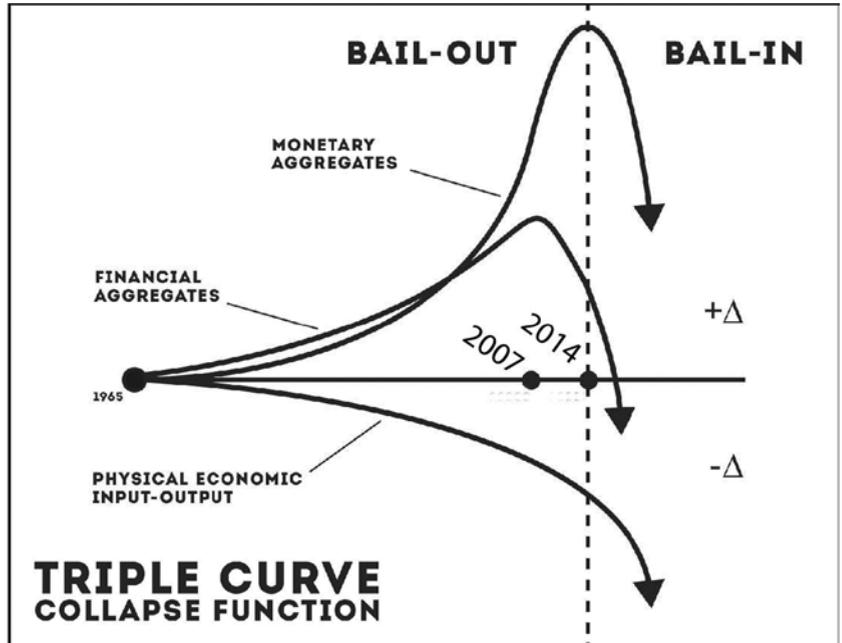
they don't owe anything! What kills them is the debts they owe! The only way they can cancel the debts they owe, now, under bail-in conditions, is by going to war! And it is the British Empire, not anybody else, who is starting this war."

LaRouche's "Typical Collapse Function" pedagogical graph (Figure 1) provides the best tool for understanding the process now underway. Since the assassination of John F. Kennedy and the launching of the Vietnam War, the rate of growth of the U.S. physical economy has been negative. Against that, a hyperbolically rising growth of total financial aggregates (such as derivatives) was buttressed by growing monetary assets. During this phase of the growth of the speculative financial bubble, at a certain point the rate of growth of monetary aggregates had to exceed the growth rate of the financial assets, just to keep that asset bubble from bursting—a policy sometimes known as "bailout" or "quantitative easing."

With the shift to the British Empire's attempted "bail-in" policy, a process of uncontrolled implosion of financial aggregates has been unleashed—like the free-fall of an elevator from the 70th floor of a building. And Wall Street and the City of London are so bankrupt and so desperate, that they have begun to market what they themselves call "bail-in bonds"—bonds that will be rendered worthless at the point of a bail-in. That's like buying and selling seats on an elevator in free-fall, with the notion of somehow being able to jump off safely at the 10th floor.

What are the magnitudes involved in the imploding speculative bubble (Figure 2)? In 1999, at the point that the Glass-Steagall law was repealed in favor of the Gramm-Leach-Bliley-(Lewinsky) bill, estimated total financial aggregates worldwide stood at *only* \$275 trillion. Today, that bubble has grown hyperbolically to about \$1.7 qua-

FIGURE 1



drillion—a sextupling in 14 years! As a result of the British Empire's bail-in policy, you can expect about \$1.5 quadrillion in worthless financial assets to go up in smoke.

That is the driving force for thermonuclear war. And that is why Obama must be immediately impeached, and FDR's Glass-Steagall law reinstated.

FIGURE 2
World Financial aggregates
(\$, quadrillions)

