

River of Denial Runs Through Washington, Jackson Hole

by John Hoefle

Aug. 21—The capacity for denial is a wondrous thing, serving to protect the mind from the horrors of reality—at least in the short term. That capacity was on clinical display at the Kansas City Fed’s symposium in Jackson Hole, Wyo., today, an annual gathering of some of the world’s most prominent financial soon-to-be has-beens. The speaker was Ben Bernanke, the chairman of the Federal Reserve, and a man widely regarded as an expert on the Great Depression.

The theme of Bernanke’s speech was that the bailout policy adopted by the Treasury, the Fed and other central banks, and finance ministers, had stopped the financial panic, and put the world back on track for recovery. In short, Bernanke asserted, we intrepid leaders saved the world.

It is not just Bernanke, of course. The “crisis is past, recovery is coming” mantra is being touted far and wide, a veritable chorus of bankers, regulators, economists, politicians, and journalists all singing the same tune, off key. There is a noticeable tinge of zealotry in the song, a hint that the truth of the recovery is too obvious to be ignored, and that anyone who disagrees simply isn’t paying attention.

They doth protest too much. The strident nature of their claims, the bending of facts to support their arguments, and the dismissal of the volumes of evidence to the contrary, all suggest a hope that saying it will make it happen. That if they make their claims loudly and frequently enough, the markets will get over their panic,

and the casino will return to normal. Or, to put it less politely, they are lying through their false teeth.

The reality is that the bailout has failed, and the world is descending into chaos. Bernanke and his peers chose to defend the disease rather than the patient. Through their incompetence and duplicity, they have managed to turn a global financial crisis into a crisis of civilization itself.

British Policy

Bernanke’s view, as expressed in his speech, is that the global financial crisis was the result of a “collectively irrational” panic which caused runs on various parts of the financial system. Such “a panic is possible in any situation in which longer term, illiquid assets are financed by short-term, liquid liabilities.”

By defining the problem in that way, the bankers were able to implement the solution they wanted, namely huge infusions of public money. That this policy was made in the British Empire was explicitly admitted by Bernanke, who said that the central banks were following the advice of Walter Bagehot, the 19th-Century British economist and editor-in-chief of the London *Economist*, a notorious mouthpiece for the empire, to this day.

“Bagehot instructed central banks—the only institutions that have the power to increase the aggregate liquidity in the system—to respond to panics by lending freely...” Bernanke said. “Following that advice,

from the beginning of the crisis, the Fed (like other central banks) has provided large amounts of short-term liquidity to financial institutions.”

Bernanke then detailed the multitude of bailout actions taken by the bankers, and asserted, “As severe as the economic impact has been, however, the outcome could have been decidedly worse.

“Without these speedy and forceful actions,” he asserted, “last October’s panic would likely have continued to intensify, more major financial firms would have failed, and the entire global financial system would have been at serious risk.”

Bernanke’s Fairy Tale

Bernanke’s speech was bad fiction, arguably rising to the level of a fairy tale. He asserted that “the abrupt deterioration in financial conditions was largely unforecasted,” when, in fact, many people had warned that trouble was coming.

The most notable and precise warnings came from Lyndon LaRouche, who uniquely identified the errors in thinking—and the brazen criminality—inherent in the Anglo-Dutch Liberal monetary system, and clarified precisely why it must, and did, inevitably collapse.

Bernanke also lied that the crisis had passed, saying that “fears of financial collapse have receded substantially. . . . Economic activity appears to be levelling out” and “prospects for a return to growth in the near term appear good.”

Good for whom? Bernanke’s made-in-Britain bailout policy has put the U.S. and its citizens on the hook for \$24 trillion in potential costs, according to the government itself, in the largest financial swindle in history. However, the real costs of allowing the creation of such a giant financial bubble, and the bailout of that bubble when it collapsed, go far beyond anything that can be measured in mere money. We are destroying ourselves by bailing out the London bankers, and their New York extension.

The bailout solved nothing beyond moving unpayable debts from the books of their banks to the books of our governments, while increasing the level of debt significantly. You cannot solve a debt crisis by borrowing more money, and the system cannot save itself by lending itself the funds to pay off its debts. The whole concept is absurd.

On top of that, the solution advanced by Bernanke and his British controllers, is to restart the debt machine, to have us resume the same fatal policies which

blew up the world in the first place. It is so remarkably stupid that Bernanke cannot possibly believe it will work, and yet this is how he defines success.

There must be, and is, an ulterior motive. That motive is implicit in the way the physical economy is being destroyed, in the rate at which people are losing their jobs, in the rate at which governments, at all levels, are collapsing into hopeless bankruptcy. And, it is implicit in the Nazi health-care policies of President Obama.

The goal of Bernanke’s controllers is not an economic recovery, but the transformation of the U.S. and other nations into fascist, corporatist states, controlled by and for the imperial financiers and their cartels. Their goal is a fascist global dictatorship, where nations are but colonies, and their people are reduced to servile peasants, to be looted and discarded.

Real Change

Without a fundamental change in economic policy, the U.S. and the rest of the world are doomed to a total breakdown, economically, politically, and culturally. We are on the very edge of a crisis, one that will hit with stunning force in the coming weeks.

Dramatic changes are required if we are to avoid this nasty fate. LaRouche has specified the immediate requirements—passage of the Homeowners and Bank Protection Act, which calls for putting the financial system into bankruptcy protection, stopping foreclosures, writing off the speculative debts, and reorganizing and tightly regulating the banking system; re-establishing a Hamiltonian credit system; launching a crash program to rebuild infrastructure at the highest technological level; and establishing a Four Powers Agreement among the U.S., Russia, China, and India, to form a bloc powerful enough to defeat the British Empire. The nations of this bloc would be able to adopt their own credit systems, and a fixed exchange rate, to allow for the rebuilding of world trade around an alliance of sovereign nations.

Those emergency measures can get us going, but what we need, beyond that, is a new mission for mankind, a goal around which to rally and work together to create a new Renaissance. That mission is a new space program, based upon the colonization of Mars, by way of the Moon. It would provide both the science driver for a scientific breakout, and the cultural optimism we so badly need. In this case, it is, literally, Mars or bust.

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