

## On the Edge of October; The Fuse Is Already Lit

by John Hoefle

Sept. 25—As of this writing, we are just days away from the end of the Federal fiscal year, the point at which the U.S. Federal government, must attempt to settle its accounts. That will be difficult. The Federal government is hopelessly bankrupt, having destroyed the nation through deregulation, a deregulation which opened the door to the greatest looting and pillaging the world has ever seen. What's more, that looting and pillaging has already bankrupted 49 of our 50 states, and bankrupted countless cities, counties, and other local governments, as well as a large swath of the population. Our nation, once the most productive industrial power in the world, has been reduced to a shadow, run by financier parasites with neither the slightest clue about how economies actually function, nor the slightest interest in the welfare of the citizenry.

It took us four decades to get to this point. We stand on the edge of the cliff, peering down into the abyss, poised to take a fatal step forward.

### **Globalization Has Failed**

Nothing has been resolved. The great bailout—the biggest swindle in history—is said to have saved the day, when in fact it has only made matters worse.

Our economic problem is two-fold: We have destroyed the economic productivity that generates our wealth, and we have substituted for it the creation of history's largest debt, a debt so vast that the mere

thought of paying it all back is absurd.

The mechanism which made this possible was globalization. And globalization is really just a polite name for empire. What we have really done, is to betray the principles upon which the United States was founded, and turn our nation into a financial playground for the British Empire. The U.S. became the world's leading consumer, the buyer of products produced all over the world—including many that we used to produce domestically—and in the process helped create a group of corporate cartels which now control the necessities of life for nations across the globe. To pay for our purchases, we went into debt. And to fund that debt, the British Empire created a giant debt machine, based upon a dizzying array of derivative securities. Debts were magically turned into assets, and sold everywhere. It was a sight to behold, and it grew unimaginably large, before it collapsed.

But collapse it did, because under its gleaming facade, it was really a looting machine, a pyramid scheme which made its controllers and operatives seemingly rich beyond measure, by looting the rest of us.

The proper response to the collapse of this perverse system would have been a sigh of relief, and commitment to repair the damage it had done. Instead, our so-called leaders rushed to bail out the criminals, at the expense of the victims. They took a horrible situation, and made it far worse.

# The New York Times

Copyright, 1933, by The New York Times Company.

NEW YORK, SATURDAY, JUNE 17, 1933.

TW

## PRESIDENT STARTS RECOVERY PROGRAM, SIGNS BANK, RAIL AND INDUSTRY BILLS; WHEAT GROWERS WILL GET \$150,000,000

### AIDS FARMERS THIS YEAR

Wheat Processing Tax, 30 Cents, to Take Effect Soon After July 1.

### ACREAGE CUTS IN 1934-35

Payments to Growers on Production Allotments Will Also Include This Year's Crop.

### WILL PROTECT CONSUMERS

Wallace Promises No Undue Price Rises—Will Give Decision on Cotton Today.

Special to The New York Times.

WASHINGTON, June 16.—Soon after July 1, Secretary Wallace announced today, the farm relief plan under which wheat growers agreeing to curtail their crops will receive approximately \$150,000,000 will become operative.

The acreage reduction and allotment provisions of the Farm Relief Act will be applied to the wheat crops of 1934 and 1935, and the fund of \$200,000,000 will be reduced by a processing tax of around 30 cents a bushel levied against milling. By Sept. 15 two-thirds of the \$150,000,000 will have been distributed among wheat growers who have complied with the government's terms.

Eligibility to share in this distribution requires that growers agree to reduce planting up to a maximum of 20 per cent next year. The exact reduction called for will depend on the outcome of the negotiations at the economic and monetary conference for joint international action to reduce world wheat production. It is possible that no

### Powers Granted to the President

Special to The New York Times.  
WASHINGTON, June 16.—Extraordinary powers granted in the first session of the Seventy-third Congress to President Roosevelt are:

To establish control over all industry with the view to fixing minimum wages and maximum hours of work, regulating production and otherwise to promote, encourage and require fair competition.

To set up a system of government licenses for business if necessary to require conformance to the above.

To initiate and direct, through a Federal director of public works, a \$2,500,000,000 public works program as a further government contribution to re-employment.

To direct through a Federal director of relief, expenditure of \$500,000,000, supplied by the Reconstruction Finance Corporation, for relief of destitution.

To invoke the Presidential powers of the World War to regulate transactions in credit, currency, gold and silver, even to embargo gold or foreign exchange; to fix restrictions on the banking business of the Federal Reserve System irrespective of the Federal Reserve Board.

To eliminate the old system for compensation and allowances for veterans and set up an entirely new pension system, with himself at the head.

To reduce by executive order the salaries of government employes by an amount not to exceed 15 per cent upon the finding of commensurate reduction in cost of living.

To transfer, eliminate, consolidate or rearrange bureaus in the executive branch of the government in the interest of public economy.

To repeal by executive proclamation certain new taxes voted in Industrial Recovery Act upon showing of restoration of business or in event of repeal of the Eighteenth Amendment.

To publish heretofore secret income tax returns to the extent he may deem in the public interest, and under such rules and regulations as he may prescribe.

To inflate the currency either by requiring open market operations in Federal securities, devaluing the gold dollar by not more than 50 per cent, issuing United States notes up to \$3,000,000,000 or accepting up to \$200,000,000 in silver in payment of the allied war debt.

To employ more than 250,000 unemployed young men in reforestation operations as still further government contribution to re-employment.

To appoint a coordinator of railroads to effect economies among the carriers and increase service to the public.

To appoint a Tennessee Valley Authority to develop natural resources of Tennessee River basin, including construction of Muscle Shoals project.

### ROOSEVELT HAILS GOAL

He Calls Recovery Act Most Sweeping Law in Nation's History.

### JOHNSON ADMINISTRATOR

Col. Sawyer Is Named to Direct Public Works, Eastman as Railway Coordinator.

### 'MILLION JOBS BY OCT. 1'

Employers Urged to Hire More Men With Government Stopping Unfair Competition.

Test of President's statement on recovery policies, Page 3.

Special to The New York Times.  
WASHINGTON, June 16.—Assuming unprecedented peacetime control over the nation's economic life, President Roosevelt placed in operation today his sweeping program for recovery from the depression.

Within two hours he signed acts of Congress giving him control over industry, power to coordinate the railroads, and authority to start work on a \$3,000,000,000 public works program, and then began the active administration of these and other major measures.

In signing the National Industrial Recovery Act the President declared that it was "the most important and far-reaching legislation ever enacted by the American Congress," and said that it "represents a supreme effort to stabilize for all time the many factors which make for the prosperity of the nation and the preservation of American standards."

The Glass-Steagall Banking Reform Act, which the President signed

WIDE WORK SPREAD ASKED BY JOHNSON  
TREASURY TO ORDER \$25,000,000 WORK

nation choking on its own debt. Some of this debt is legitimate, tied to real physical-economic activity, but most of it is bogus, the result of gambling in the empire's derivatives casino. And it is the bogus debt, the fictitious claims of the casino, that our government is protecting, while letting the rest of the economy collapse. It is any wonder that the nation is bankrupt?

Lyndon LaRouche recently compared this to playing with "nitroglycerine on a hot day. Because, the day that somebody decides that that fictitious debt may never be paid, and that the guy next to them may not believe it's worth buying, you have a far different condition."

The value of the derivatives and related instruments is based upon what financiers call the "greater fool theory," which says, in essence, that there will always be some fool out there willing to pay you more than the paper you sell them is worth. As it turns out, they were the greater fools, holding worthless paper after the game stopped.

Thus our commercial banks, our investment banks, our insurance companies, our mutual and money market funds, our pension funds, *ad infinitum*, are stuck with staggering amounts of worthless junk, still carried on their books at high values. They had counted on the bailout process to restart the markets so that they could unload their crap on the greater fools, but it never happened.

A few institutions favored by the empire have been saved, for now, but the rest have been left hanging out to dry.

### Reality Bites

As we enter the new fiscal year, the claim of the government is that the bailout has worked, the recovery has arrived, and that we must now turn our attention to putting our nation in fiscal order. The bailout mechanisms are being wound down as no longer needed, we are told.

This is pablum for the masses, the claims of "all is

In just the reverse of the actions of the Obama Administration and other G20 governments, the administration of Franklin Roosevelt reined in the criminal financiers who had provoked the 1930s crisis, and launched programs to restart production and put people back to work. Here is the New York Times of June 17, 1933, when the enactment of the Glass-Steagall Act and other measures was announced.

### Debt Reckoning

The fools tried to solve a debt crisis by creating more debt: huge, hyperinflationary amounts of debt, which they pumped into a dead system and its zombie banks. In doing so, they laid waste to much of what was left of the underlying economy. Households were thrown into turmoil as jobs were lost, access to credit curtailed, and the safety net which people thought would protect them was ripped to shreds. The faster the debt grew, the faster the capability of the economy to repay that debt shrank.

Now comes Sept. 30, the end of the fiscal year, to a

well” designed to lull them back to sleep. However, the insiders all know it is a lie. They say so openly, if in more discreet language. That is clear from the “leaders” assembled in Pittsburgh for the G-20 meeting this week: Their main message is, don’t stop the bailout!

Think about this from the position of a speculator on Wall Street, or in the City of London, or anywhere else in the world, who is sitting on a pile of this worthless paper. Without a buyer it has no value, and the only buyer in sight, the governments, are talking about scaling back. If you’re not panicked, you’re not paying attention.

The whole system is ready to blow up. The collapse of the economy means legitimate debts won’t be paid, and there are no buyers for the toxic waste. The fuse has been lit, and the explosion is imminent. It is a question of when, not if.

### **Glass-Steagall**

The only solution at this point, LaRouche says, would be the immediate re-enactment of the Glass-Steagall law on Sept. 29, to stabilize and protect the commercial banks.

Otherwise, LaRouche said, you go into a new phase of the collapse, a different phase-space where the state of affairs is different, even if the numbers look the same. He compared this to “a man whose pulse is still functioning and he’s breathing, but he is in the process of dying. Therefore, his pulse reading, as such, and his breathing are not the decisive thing. It’s what underlies it. It’s the condition which is going to threaten his pulse and his breathing, which is what’s important. And that’s the comparison here.”

People who are waiting for “something to go wrong” have missed the point. That something has already happened. The financial system has entered its death phase, and its final gasp is imminent. It’s a dynamic process, not a chronology—causes and effects playing out in ways that are often not immediately visible.

The “cause” has already occurred, and the effect is coming, relentlessly. The debts cannot be paid. And as that scary reality dawns on the toxic waste holders, panic will set in. The runs will begin, as the parasites race each other to cash out. There will be no safe haven, as the world as we know it disintegrates in a chain-reaction collapse.

The empire is pushing austerity, letting people die to save itself. Saner heads must prevail, and quickly.

*johnhoe fle@larouche pub.com*