The British Empire's Economic Suicide Club

by John Hoefle

It was, as such spectacles often are, both amusing and disturbing. The amusement came from the soap-opera-like nature of the proceedings, with a cast including the sleazy victim, the pious sharpie, the regulators who saw nothing amiss until the very end, and the lawmakers who do nothing, pompously. The disturbing aspect was the utter cluelessness of nearly everyone in the cast, fawning over their failed system while the world crumbles around them.

The spectacle was the April 3, 2008, hearing of the U.S. Senate Banking Committee, chaired by Connecticut Democrat Chris Dodd, on the subject of financial market turmoil. The testimony was provided by officials from the Fed, the Securities and Exchange Commission (SEC), the Treasury, J.P. Morgan Chase, and Bear Stearns. The hearing itself was a dog-and-pony show, designed to allow all the players to posture and spin, with softball questions and self-serving answers before the cameras, while the real action occurs behind closed doors.

The consensus presented by the hearing was, that bailing out the financial system is the right thing to do, that preserving it is necessary and proper. Implicit in all the discussion was the idea that the system is undergoing a temporary episode of turmoil from which it will rebound, because it is, as we all know, fundamentally sound. All we need to do is hang on, take reasonable actions, and the system will recover. We'll probably even turn a profit on the bailout, after the markets roar back!

The whole thing is a lie, a self-serving product of delusion and deception designed to provide cover for a bailout of world-historic proportions. We have entered the era of open government bailouts of the banks, with Bear Stearns (and J.P. Morgan Chase) just the beginning. In doing so, we are committing economic suicide. The idea of bailing out the banks is actually a trap, a trap set by the imperial bankers to transfer their losses to the governments, and thereby bankrupt and destroy the nations, paving the way for a return of the British Empire. That's the plan the empire has cooked up, but the empire is just as crazy as the bankers, and just as ignorant of the science of economics. Neither the bailout nor the trap will succeed, with both sides joining what is, in effect, the British Empire's economic suicide club.

Denial

The level of denial among the bankers was shown by the testimony of Alan Schwartz, the CEO of Bear Stearns. Schwartz painted himself and Bear Stearns as victims who were unfairly destroyed by "unfounded rumors and attendant speculation." "You could never get the facts out as fast as the rumors," he complained. "It looked like there were people that wanted to induce panic." Asked if Bear bore any responsibility for its demise, Schwartz replied, "I just simply have not been able to come up with anything, even with the benefit of hindsight."

"There was, simply put, a run on the bank," Schwartz declared, a message that was repeated throughout the hearing. The nice thing about the "run" line, is that it basically absolves everyone—from the bank to the regulators—of responsibility for Bear's demise, and sweeps all those pesky questions about the bank's sleazy activities under the rug.

SEC Commissioner Chris Cox played his own version of "not my fault," insisting that, "at all times, the firm had a capital cushion well above what is required to meet supervisory standards." The failure of such a well-capitalized firm, with its "high quality collateral," was "an unprecedented occurrence," he postured. The SEC, it should be noted, is the primary regulator of investment banks.

Tim Geithner, the head of the New York Fed, said he was informed on March 13 that Bear was broke and would have to file for bankruptcy the next morning. Had that happened, he testified, "the result would be a greater probability of widespread insolvencies, severe and protracted damage to the financial system, and, ultimately, to the economy as a whole. This is not theoretical risk, and it is not something that the market can solve on its own." The Fed's actions, which involved handing Bear $30 billion, and helping to arrange a takeover by J.P. Morgan Chase, "helped reduce the risk of systemic damage to the financial system," Geithner insisted.

Treasury Under Secretary Robert Steel, like his boss Henry Paulson, a former Goldman Sachs banker, retailed the same basic line, saying that the failure of Bear "would have caused financial disruptions beyond Wall Street." Meanwhile, Fed chief Ben Bernanke babbled about the "possibility" of a recession, and a contraction in the economy in the first half.

Nowhere in any of this is there even a glimmer of comprehension that the global financial system collapsed last year when the Bear Stearns hedge funds collapsed, that Bear has been a zombie ever since, and that the system itself is disintegrating before our very eyes. Neither is there even a glimmer of comprehension that the bailout process which "everybody" agrees is necessary, is the worst possible response to the crisis.

Blueprint for Disaster

What the bankers are doing is insane, but not without its own twisted logic. Treasury Secretary Paulson, the President's Working Group, and the bankers know they are bankrupt and cannot survive without a bailout, and the only pockets deep enough belong to the governments. But while they are desperate for government assistance, they do not want governments messing in their affairs; international finance, they insist, must be above mere governments in order to be effective.

This is the essence of Treasury's "Blueprint for a Modernized Financial Regulatory Structure," released by Paulson on March 31. It would create for the United States a regulatory system based on the British model, reducing the control by Federal and state governments over the banking system, while expanding the already unconstitutional power of the Federal Reserve to engage in bailouts. It would bring the investment banks under the protection of the Fed, and eliminate the barriers to commercial corporations owning banks, and vice versa.

The advocates of the blueprint claim that our outmoded 1930s-style regulatory system is the problem, a position which conveniently overlooks the way in which nearly every regulatory protection enacted by FDR has been systematically repealed, amended out of existence, or simply ignored. There is no effective regulation of the financial markets these days, as the events of the past year glaringly show.

The claim that regulation is the issue is a red herring. The real issue here is the drive by the Anglo-Dutch Liberal financial system to eliminate the nation-state system as a rival for world power. As ineffective as our government has been in defending the interests of the citizenry, the Empire still considers it an obstacle—which should give some insight into what they have planned.

Treasury is hardly alone in pushing for bailouts. The Bank for International Settlements' Financial Stability Forum has produced an "options" paper for discussion among central banks and governments, which sets out a series of "hypothetical" steps for governments to give the banks money and buy their bad assets. The head of the IMF, Dominique Strauss-Kahn, suggested that France bail out its banks along the model of the 1990s bailout of Crédit Lyonnais.

These actions speak louder than words. The banking system is bankrupt, and the banks plan to save themselves by stealing from the public. Regulations must be eliminated because they are an obstacle to that theft. Which is, of course, why FDR enacted them in the first place.

It's the British

Just as regulation is a false issue, so is the "financial crisis." The real issue is the British Empire's intention to destroy the nation-state system and return the world to an ancient, and evil, imperial rule. The financial bubble, far from being an indicator of America's strength, was actually a way of inducing the United States to commit suicide. We were induced to dismantle the most powerful industrial economy in the world and turn our country into a giant casino, precisely so that it would collapse. Now that collapse is upon us, and we are being told that we must give up what remains of our sovereignty in order to save our money.

The great danger is that, in attempting to save a financial system which has already died, we destroy the nation. The central banks have already made trillions of dollars of loans into the banking system since this crisis began, and the amounts are escalating. The result is hyperinflation, and we are already on the way to a Weimar Germany-style blowout which will destroy the dollar, the United States' economy, and the United States itself. In the chaos that follows, the oligarchy will step in and take over, in their time-dishonored tradition.

Our enemy is not a nation, but an oligarchic system centered in the City of London, with satellite cities worldwide, including New York, Frankfurt, Paris, Tokyo, Hong Kong, and others. This is the system which the United States was created to defeat, and still can, if we ignore the siren calls of the bankers and return to the Constitution. Money is just a tool, but humanity is priceless.