Behind the Keystone Cops Lies Fascism

by John Hoefle

It was a bit of a wild week, beginning with the weekend meetings of the G-7 finance ministers and central bankers, and the associated Spring meetings of the IMF and World Bank, and ending with the announcements of billions more in losses by major U.S. financial institutions. The G-7 issued its usual bland communiqué saying nothing of relevance, while the IMF and World Bank hinted at deeper problems but did nothing. That is to be expected, since these public meetings are essentially dog-and-pony shows, designed to calm the markets and the public. The real action, as always, was behind the scenes.

The bankers, emboldened at seemingly having survived the first quarter, have begun posturing to the effect that, to quote Lehman Brothers CEO Richard Fuld, "the worst is behind us." Such comments are intended, in part, to soothe the public and the markets, in the hope that the suckers can be lured into buying again, so the banks can unload more of their worthless paper on their customers. Considering what these CEOs know about the holes in their own balance sheets, it is fraud of the first order. Fraud, however, is but a small part of the problem.

The bigger problem, as we have often emphasized, is that the financial crisis is but one aspect of a much larger crisis: the breakdown of civilization itself, as reflected in the assault by the oligarchic forces which control the British Empire on the nation-states, and what little remains of national sovereignty in the world. The so-called financial crisis does not exist as a separate issue, because the system has died; it is being kept "alive" in a zombie-like state by a combination of trillions of taxpayer dollars and an accounting system designed to hide the losses.

Behind the Keystone Cops-like layer of incompetent bumbling by the bankers and their "regulators," lies a very nasty plan. Take the soaring price of food and oil, the food riots, the global warming hoax, the wars breaking out across the planet, the battle over natural resources, the vapidity of the Presidential campaigns, and put it all together; what you get is an assault on civilization itself by something very old and ugly, the imperial model trying to reassert its supremacy.

Studies, and Lies

The predictable response to any major disaster is for some august group to announce a study of the problem. There have been a flurry of studies of the financial crisis announced so far, among them Treasury Secretary Henry Paulson's blueprint for regulatory reform; the Financial Stability Forum's recommendations and options papers; Gerald Corrigan's counterparty risk management study; and one by the Institute for International Finance, to name but a few. In general, these studies purport to examine the current "subprime crisis/credit crunch" problems with an eye toward heading off the next crisis. Implicit in that, of course, is the assumption that the financial system will recover, an assumption that the bankers would dearly love the public to believe, and would love to believe themselves.

The bankers' public statements reflect this optimistic lie. Lehman's Fuld, quoted above, is one example. J.P. Morgan Chase CEO Jamie Dimon claims that the crisis is "maybe 75% to 80% over"; Morgan Stanley CEO John Mack says the turmoil will last "a couple of quarters" longer; and Goldman Sachs CEO Lloyd Blankfein says, "We're closer to the end than the beginning."

These statements can be taken more than one way, though, and you can bet that the real subject of many of these studies is actually how to manage the death of the financial system and control the transition to the global corporatism of the new order. Paulson's blueprint, for example, would impose the British model of (de)regulation, while the Financial Stability Forum and the IMF have called for governments to bail out the banks at taxpayer expense.

The New Poodle

Former British Prime Minister Tony Blair was known as "Bush's poodle," whereas it was Blair who was really manipulating the gullible George Bush, in much the same way Margaret Thatcher had manipulated his father. Now we have a new poodle in Prime Minister Gordon Brown, deployed to the United States to hook the dumb Americans into yet another British trap. In a three-day visit, Brown met with Bush, the leading Presidential contenders, Fed chairman Ben Bernanke, and a group of prominent Wall Street financiers.

IMF photo

British Prime Minister Gordon Brown has been deployed by London to hook the dumb Americans into the British trap.

Brown's April 16 meeting with some two dozen bankers in New York followed a meeting the previous day with bankers in London, amidst reports that the Bank of England was planning some sort of bailout of the U.K. mortgage market. Depending upon which report you read, the Bank of England is either planning on buying up British mortgage-related securities with government money, or planning to take in such securities as collateral for loans, much as the Fed is already doing. Given the level of duplicity in such matters, we place little credence in the details, but Brown's trip would appear to be a significant escalation of the British drive to lure the U.S. Government into a suicidal attempt to bail out the banks through government purchases of securities related to U.S. mortgages and other debt.

Like Enron

The way in which the bankers are handling this affair is reminiscent of the way in which they handled the demise of Enron. Enron, as the reader may remember, was rather suddenly discovered in 2001 to have significant problems which "nobody saw coming." Enron was a "black box" whose inner workings were hidden from all, which suddenly blew up, due to corruption by insiders. That was all a lie, however, and the "discovery" of Enron's problems was actually the beginning of a well-crafted takedown of a company which had already died. It is worth noting, for those who believe that the banks are still solvent, that Enron was number seven, ranked by revenue, among U.S. corporations in 2000, and rose to fifth in 2001, despite its demise, and was widely considered as being among the best managed of American companies.

The takedown of Enron began with the *Wall Street Journal,* which identified several off-balance-sheet vehicles run by Enron chief financial officer Andy Fastow and others as mechanisms by which the company was looted. The *Journal* and other press hammered away at this, establishing from the beginning who was to blame—a key part of any cover-up. An Enron investigation of these charges was initiated, led by a long-time board member and Lazard banker, which established that Fastow and company were indeed to blame; that was followed by a series of criminal investigations, guilty pleas, and convictions.

The whole scenario, from discovery to convictions, was a carefully scripted fraud designed to hide the way in which Enron was a giant shell game, run by some of the most powerful bankers in the world, as a vehicle for smashing the regulation of the electricity industry, and allowing the bankers to create the same kind of market rip-off in electricity they had created in the oil market. Enron itself was a longtime client of Lazard, and its board included Lord John Wakeham of N.M. Rothschild, who had been the energy czar under Margaret Thatcher, when Thatcher and Rothschild brought Enron in to the U.K. as part of British electricity deregulation. Far from being a black box, Enron was a bankers' looting ground; the supposedly secret off-balance-sheet vehicles were marketed by Wall Street, and counted some of the leading bankers on the Street as investors.

Look at the so-called "subprime crisis" from this perspective: a problem suddenly discovered, the perpetrators immediately identified, the banking system itself the *victim* of unscrupulous crooks. The details may be different, but the method is the same, and in both cases, what is covered up is the central role of the banks in running the operation.

The portrayal of the financial crisis as a "housing crisis" is critical to the orchestration of a bailout, providing a "protect the homeowner" cover for what is actually a bailout of the banks. That much is easy to see, though not publicly admitted. It allows the Fed, the Treasury, and the Congress to aid the banks in the name of protecting the "little guy," and seducing many ordinary people into believing that these measures actually do help protect their home values and other financial assets. With a nod and a wink, lots of people climb aboard the bailout bandwagon.

What very few understand, even among the bankers, is that there is a deeper level to this game, in which the bailout itself is a trap. The bailout, as a financial strategy, cannot possibly work, because the financial system has already failed, and like Humpty Dumpty, cannot be put back together again. There are quadrillions of dollars of derivatives bets and other financial claims that can never be paid, because the capacity to pay them does not exist. Should the governments attempt to "print" money in sufficient quantities to save the banks, the result will be a hyperinflationary blowout of the dollar, of the U.S. economy, and of the nation itself. The British poodles may not understand this, but the controllers of the Bank of England certainly do. The Redcoats burned Washington once, and now they wish to burn the whole nation to the ground.