U.S. banking to get a new face—fascism

Major steps were taken during 1989 to reorganize and consolidate the U.S. banking and financial systems along outright fascist lines, in which the very largest banks, insurance companies, and investment houses would get a political and financial stranglehold over the economy. Set into motion were the elimination of savings and loans as viable institutions through the FIRREA thrift "bailout" bill, thus allowing Wall Street to begin plundering their $1.2 trillion in deposits; the virtual FBI takeover of the Chicago commodity exchanges, as a base from which manipulations could be run to prevent the New York Stock Exchange from crashing; and the elimination of the Glass-Steagall Act of 1933, which set up a regulatory barrier between banks and investment houses. Standing behind this conglomeration would be the Federal Reserve, ready to pump in countless trillions of taxpayers' money to keep these houses afloat.

The goal of this conspiracy, economist Lyndon LaRouche warned in February, "is to place the world under the control of a handful of international financier cartels, who enrich themselves by looting the industries, farms, infrastructure, and populations of North America and Western Europe in the same way they are looting the nations of Africa and Central and South America."

Police state

The first step in implementing such a plan is to remove from the scene any independent political forces capable of resistance. That job was assigned to the Department of Justice, which has already railroaded LaRouche and several of his associates, for daring to expose the plot and propose measures to defeat it. The Justice Department, through carefully orchestrated press attacks and illegal threats, also silenced any potential congressional opposition by forcing the resignation of House Speaker Jim Wright and targeting the so-called "Keating Five" U.S. senators, sending a clear message to Congress that the police state will not tolerate interference from mere politicians. At the same time, this American "Gestapo" has targeted for frameup thousands of former savings and loan officials, whose only "crime" was to try to do business in the deregulated environment established by the financial elite for the very purpose of furthering consolidation.

The FBI raids and sting operations against the Chicago commodities markets were of the same stripe. Whatever actual corruption may have existed there, is not only incidental to the FBI's actions, but is dwarfed by the criminality of the FBI itself. The FBI, on behalf of Wall Street, virtually seized control of the Chicago markets in order to run them top-down. It is well known that relatively small manipulations of the Chicago market indices can have significant impact on the New York Stock Exchange, including halting and preventing catastrophic crashes. Such tactics stopped the 1987 crash from spreading, and thanks to the FBI, kept the 1989 crash much smaller.

The Glass-Steagall Act, passed after the last depression to curb criminal activity by Wall Street, is being jettisoned just as LaRouche forecast. In December 1989, the Securities Industry Association board, in a move engineered by Morgan Stanley, Goldman Sachs, and CS First Boston, offered to drop its decades-long support for Glass-Steagall. The SIA proposal boils down to this: We'll let the banks sell securities if the Federal Reserve will agree to bail us out, just like the big banks. The proposal also paves the way for the big commercial banks to buy up the investment houses—which are rapidly going broke—as part of the consolidation process.

The insurance companies are also scheming to get a lifeline to the federal Treasury, through their plan for mandatory national earthquake insurance, and a federally run earthquake insurance fund similar to bank deposit insurance. Furthermore, proposals have been circulating to let the Federal Reserve step in to buy securities, to keep the market stabilized, as a buyer of last resort. The idea behind these proposals is simple: Use the taxpayers' money to prop up the financial corpse of Wall Street, no matter what the cost.

Mussolini revisited

Henry Kaufman, whom some have called the Henry Kissinger of Wall Street, gave the overview of the process in an opinion column in the Nov. 21 *Journal of Commerce*. Kaufman called for "a slow process of change" in the United States, into a "social" democracy that is "corporatist in character." This corporatism is the "inevitable consequence" of deregulation, he admits.

Those who remember Il Duce, the Fascist dictator of Italy, Benito Mussolini, have an idea of the nasty reality behind Kaufman's academic facade. In Mussolini-style corporatism, Wall Street and big government work hand in hand to control the country top-down, with no dissent allowed. This is precisely what Lyndon LaRouche has been warning of for 30 years.

Kaufman brags that in his fascist state, "Large financial institutions and business organizations dominate. . . . In the field of finance, corporatism is readily evident in the close interconnections that have long existed between government and the large banks. The universal bank, essentially a European institution, will be fully in place by the end of the 1990s in the United States. It already exists here de facto to a degree."