

LaRouche asks, can Bush stop mudslide by fiat?

by John Hoefle

The first full week in March witnessed an exceptional level of activity by the so-called Group of Seven nations, indicating that governments and financial circles are frantically maneuvering to avert a major new financial shock. While very little news is emerging from the secretive meetings—and what little that does is mostly disinformation—the level of activity is a dead giveaway that something big is up. The collapsing Anglo-American financial empire is putting maximum pressure on its allies to force them to bail it out, with the Bush administration playing the role of international bully—morality, the Constitution, and fair play be damned.

Three G7 meetings will be held in a little more than one month. The first, a mini-meeting of sorts, occurred Feb. 28 in London, attended by U.S. Treasury Secretary Nicholas Brady among others. The second meeting occurred March 7 in Tokyo, attended by junior level ministers. The third meeting is scheduled for April 7 in Paris.

What the G7 is worried about was spelled out in recent interviews by U.S. congressional candidate Lyndon LaRouche, who warned that a “financial mudslide”—one that could sweep the Anglo-American financial system into oblivion—is imminent.

Rigging the markets

Speaking March 4, LaRouche reiterated his projection that a crash is likely during the March-April period. “Let’s qualify our forecast at this point,” he said. “For reasons which ought to be obvious, it can be flatly said, that within what are generally believed to be the existing lawful parameters and traditional practices of financial markets, between the period of approximately the 10th of March—that is, this coming Monday onward—into a period of April 10 or slightly beyond, we’re headed into a great financial mudslide inter-

nationally. By that I mean the tearing out of whole elements of longstanding—10 years or longer—financial structures internationally, with special emphasis on the United States.

“The reason for the qualification is this: We are in every respect in a revolutionary period, and that means fascist revolutions as well as republican ones. Communist revolutions seem to have, at the moment, gone to the wings to lick their wounds, but fascist revolutions and republican revolutions are very much on the table, so to speak. Now, George Bush and company, and their friends the Anglo-Americans, who are very capable of making a fascist revolution, are converging on this tendency, thus tending toward imposing absolute fiat conditions on financial markets, as an alternative to letting the markets run.

“This cannot be excluded; the Anglo-Americans are capable of going to outright fascist revolution, that is, a fascism-from-above variety, administrative fascism, on all financial markets, and doing it immediately. Whether they will or can, is another question. But they are coming very close to it, with the way the markets have been rigged by the Fed and the Treasury and others, with the collusion of certain big Anglo-American financial interests. And they’re desperate. They may try; they might succeed temporarily.

“Now, two things have to be said of that. First of all, if that does occur, then you will not get any normal financial collapse kind of phenomenon in markets; you will no longer have a semblance of what are called free markets. However, if there is any semblance of freedom in markets, then we are looking at a great mudslide, immediately, as a phenomenon. If there is not any semblance of freedom in markets, but fiat, then we may not be looking at an immediate, apparent mudslide.

“Fascist fiat does not put an end to or solve the financial

crises,” he explained, “it merely translates them into pressure—political, economic, and social pressure—against economies. It leads to great political instability throughout the world. But although the reality of collapse exists, it is a fact that a formal financial collapse may be temporarily postponed.

“There’s a third variant which must be considered in this: They may try and fail. They may try, and it might not work,” he added.

“Nonetheless, that is the kind of period we are coming into. We have to make that qualified forecast:

“a) If there is any semblance of continuing the rules of the game of financial markets, up to the beginning of this year, then from anytime beginning Monday [March 12] through the period going past the 15th of April, we’re looking at the great financial mudslide of 1990.

“b) If the Bush administration or the Anglo-Americans move to try to impose fascist fiat regulation on markets, as they are tending in that direction out of desperation already, since October 1987, then we would have a new geometry. This would not solve any problems, but would delay technically the actuality of a deflationary reckoning in financial markets. Rather, a deflation would take new forms, and the crisis would take new forms. That is, the reality cannot be suppressed. King Canute cannot stop the waves and the winds. However, the effect of the waves and the winds can be diverted by a breakwater, to hit the society in a different fashion than one might expect.

“Therefore, what we can say of both a) and b)—because one of the two has got to occur during this period—we can say of them combined, that we’re going into great shocks. Either the mudslide of 1990, or the institution of administrative fascist controls top-down by the Anglo-Americans, with success or failure in so doing.”

From Lyndon Johnson to Volcker to Bush

LaRouche, a candidate for Congress from Virginia’s 10th C.D., identified why we have come to this sad economic state, starting with Lyndon Johnson’s neo-malthusian “Great Society” and the rise of the counterculture around the Vietnam War. That policy and cultural shift led to the great financial collapse of 1967 through 1972. The devolution was then fueled by the artificial oil shortage in 1973-74, and the 1975 Rambouillet economic summit, where the Anglo-Americans decided to impose murderous IMF conditionalities upon the Third World.

Then, in October 1979, Federal Reserve Chairman Paul Volcker introduced as policy the Council on Foreign Relations “controlled disintegration” looting scheme. By 1982, the economy had collapsed, both in the U.S. and also in Ibero-America, as LaRouche had warned, both publicly and privately, to U.S. and Ibero-American leaders. At that point, there were two major policies on the table. One was LaRouche’s “Operation Juárez,” an economic development

plan. The other, pushed by the rentier-financier cabal and their pet politicians, was increased looting, through “creative financing” and deregulation. The looters won out.

“The shift from 1982 onward,” LaRouche continued, “is a shift toward cannibalism.” That is, “the use of a financial bubble, of creative financing as a method of cannibalism, of looting a shrunken base of stored-up physical value, in infrastructure, manufacturing, agriculture, and so forth, both in the United States and abroad, as a way of generating a small yield, which, under bubble-type multipliers, could be converted into a price-earnings ratio valuation, based on purely speculative appreciation being the earning factor in the price calculation.

“In 1986, the U.S. economy—together with the British, but the U.S. economy in particular—goes into a collapse. At the beginning of ’87, we’re headed toward a collapse. In the spring, the Fed and others take emergency action to try to prevent a chain-reaction collapse, thus moderating the effect of the October 1987 collapse, so that it was only a major collapse, and not a total rout.

“From 1987, we begin to move toward emergency measures, but they’re done informally, sort of ‘off balance sheet,’ through the Brady measures and the Fed committees, and that’s what we’re coming into, particularly since October of 1989, when a kind of echo of 1987 occurred, but under these controlled circumstances. Now, that being a limit, everything is falling apart.

“So now we’ve come to the point, that they go to absolute fascism, or into just a plain old mudslide under the kinds of rules which have been established over the ’82 through ’86 period, particularly most recently, since ’86 to the end of 1989. If those rules are continued, then we’re going into the pure mudslide no later than this spring, which is now the next 30-40 days coming up.”

LaRouche reiterated, “The banks are bankrupt by the standards which prevailed up to the end of 1989. Financial houses are bankrupt, the mudslide is on. Only fiat measures, that is, prices dictated at the point of a bayonet, effectively, would stabilize the thing under these conditions. And the question is, is that going to happen? We see tendencies in that direction.” But he cited the view of circles around ex-German Chancellor Helmut Schmidt, that the “capability does not exist” for “the kind of Group of Seven action required to pick prices at the point of a bayonet and make them stick.”

“Certainly what the United States is doing to Japan and the operation which is being run through Eagleburger-Kissinger, London-Bronfman circles, against Germany, through such channels of influence as Poland, is not helping to get the kind of consensus in which that kind of fascistic international market-rigging would be favored. There are too many conflicts. It looks like a real combination of political and financial and economic crisis all hitting at once globally during the coming 40 days.”