

Editorial

The real crimes behind the S&L crisis

Despite the effort to blame the current crisis in the U.S. banking and thrift systems on the criminal behavior of some admittedly very dirty characters, the fact is that a careful accounting shows that at most 3%, or \$5 billion, of savings and loan losses can be attributed to fraud and the like. The rest came as a result of high interest rates, the fall in real estate prices, and the general destruction of the U.S. economy.

The real story of that destruction begins in 1963 with the murder of President John F. Kennedy, and the official coverup of that murder. That was the beginning of a policy shift away from productive investment. By 1970, NASA, which had successfully put men on the Moon, was scrambling for funds, and forced to cut back on its plans for the kind of space frontier exploration which Kennedy had envisaged. The Vietnam War was going to its dismal conclusion and the counterculture was on the way to becoming hegemonic.

None of this occurred by accident. The unpunished assassination of the U.S. President was the beginning of the process of a British takeover and looting of the United States, aided and abetted by a series of more or less British-dominated administrations in Washington, D.C., most emphatically including the Bush administration, which is now presiding over the bankruptcy of the United States as a whole.

Let's take a look at the years 1962 and 1963. There were other significant assassinations those years, including the assassination of Enrico Mattei in Italy; the assassination of Lambracos in Greece; the new assassination attempts against President Charles de Gaulle in France; the dumping of de Gaulle's key political partner, Konrad Adenauer, from his position in Germany, in order to engineer a change in profile in Germany. And in Britain, this coincided, with the Profumo scandal, which dumped Harold Macmillan, and led, in short order, to the establishment of the terrible government of Harold Wilson.

At the same time, the phenomenon of the Beatles took off, aided and abetted by a massive publicity campaign attendant upon their appearance on the Ed Sullivan TV program. This was the beginning of the para-

digm shift into the "Age of Aquarius." The core values of Western civilization came under attack, in particular those connected with the family as a social institution with a direct moral connection to the welfare of the entire nation. The assassination of Kennedy was the beginning of a process in which cultural optimism was wiped out in the American population, to be replaced by an increasingly despairing hedonism.

These events were the precondition for the present crisis in the United States and in Britain. The British pound sterling collapsed in November 1967, to be followed by the collapse of the U.S. dollar in February-March 1968. This was the beginning of the end of the Bretton Woods System, to all intents and purposes. Then followed the 1970 Chrysler bankruptcy, when Nixon pushed the Federal Reserve to lower interest rates, so that the dollar was devalued, and on Aug. 15, 1971 he took the dollar off gold.

From then to now, the die was cast, although the Carter administration was the real disaster which sank the United States economy. In 1978, the doors were opened for the deregulation of the United States banking system, together with a shutdown, ultimately, through deregulation, of major elements of the transportation system. Rail transport was sent on the road toward a crash, trucking collapsed, and the aircraft went into a tailspin. The end phase was 1979, the introduction of Paul Volcker's measures, when interest rates were more than double the average rate of return on mortgages outstanding, and the rate of profit in industry and agriculture.

So, if there are criminals to be found, let's not fixate on the small fry. The jails can be stuffed with S&L officials and their advisers, and the U.S. economy will still be bankrupt, until we take a good look at how we really got into this mess. A first step in such a process would be freeing Lyndon LaRouche, and his associates, from prison. It was he more than anyone who has warned over decades that precisely the policies which were followed would lead to the present mess. There is still time to clean things up, but not by looking for scapegoats.