

The Strategic Turning Point of 2008

There is widespread recognition, both in the United States and globally, that 2008 represents a strategic turning point. Most believe that the “issue” on which things will turn is the U.S. Presidential elections; others are looking at the strategic situation around South-west Asia, particularly stopping war against Iran.

But, in fact, the world strategic situation will pivot on only one question, the economic question: Will the United States reverse its 40 years in the Wilderness of free-trade lunacy, and return to the economic principles of Franklin D. Roosevelt, or will it permit the currently ruling financial elites to drive us into a New Dark Age?

Start from the indisputable fact that the post-Bretton Woods financial system, put into effect between 1968 and 1972, has proven itself to be totally bankrupt. LaRouche warned this was coming, and stated the reality of the financial collapse clearly back in July of this year. Now, the financial powers-that-be are as much as admitting the truth.

Two “super-bailout” schemes have been announced by the U.S. Treasury Department over the last two months. The first, the so-called Master Liquidity Enhancement Conduit (MLEC) which was announced in October, was supposed to attract tens of billions of funds from the banks to bail out the Structured Investment Vehicles (SIVs). From the beginning, LaRouche said that “the whole thing stinks. It’s fishy as hell,” and he was proven totally right. By Dec. 13, when not a dime had been raised for MLEC’s bailout operation, Citigroup was forced to swallow all \$49 billion of its own SIVs. The pretense of a bailout had collapsed.

The second bailout scheme surfaced on Dec. 12, the day after the Federal Reserve failed to satisfy the desperate international banking community with its one-quarter percent interest-rate cut. According to reports, the world’s major central banks had reached an agreement to expand access to Federal Reserve loans, based on all kinds of junk “assets.” As Ian Stannard, an economist at BNP Paribas, put it, according to the London *Daily Telegraph*, “This is drastic action. The central banks want to place a fire-break to stop credit ten-

sions spilling over into the broader markets, and becoming the catalyst for a global economic crunch.”

In fact, the central bank announcement only fueled the sense of global panic. It served as a virtual declaration of bankruptcy.

A senior European financial source told *EIR* that the only purpose of the emergency bailout plan was to try to prevent a total banking crash between now and New Year’s Day. The credit crunch is “worsening by the hour,” and the situation is “unbelievably bad,” he said.

The immediate reaction on financial markets to the central bank announcement reflected the fact that the bankers know the measures will do nothing to stop the ongoing crash. Bank stocks, in particular, lost value in markets worldwide. Panic increased.

It is not only within the banking sector, of course, that awareness of the desperate nature of the economic/financial crisis exists. Among the lower 80% of U.S. income brackets, people are getting increasingly enraged and desperate as well. They are losing their jobs, and their homes—and they see Congress doing nothing about it. Many lower-income citizens are showing signs of being prepared to string up their Congressmen—if they can find them.

The situation has reached a revolutionary phase. No institutional authorities—economists, members of Congress, or Presidential candidates—have a shred of credibility in addressing the reality of the financial/economic crisis, or how to get out of it. The only leadership that exists is that of LaRouche and his movement, as the record shows.

So, the situation comes down to this: If you want to go to Hell, then continue to do what you are doing. Comment. Kvetch. Beg for handouts. But if you want to save yourself, your family, your nation, and the world, face the fact that LaRouche has been right. Follow his lead, and force the Congress to implement the emergency measure he’s put forward, the Homeowners and Bank Protection Act.

That is the pathway to making 2008 a positive turning point for all mankind.