

After Wall Street's Bankruptcy

The Wall Street system of banks is again facing a bankruptcy crisis—this time triggered by collapsing oil and commodity debt and derivatives. Even central bankers know that it will be as bad as a second 2008 crash, or worse.

These banks have been generally bankrupt since the impact of the elimination of Glass-Steagall. Wall Street's bankruptcy crisis is made worse by the free fall of the euro, and the fact that all the biggest European banks, most definitely including the London banks, are loaded to the gills with toxic debt securities of more and more varieties.

A financial crash worse than 2008 is looming over this whole bankrupt London-Wall Street system. The United States must immediately generate a buffer against this crash for its economy and citizens. LaRouche has the plan:

The Wall Street banks should effectively be shut down, and put through a bankruptcy reorganization so that they may continue some limited function as commercial banks. Their ability to manage things in the U.S. economy must be terminated now.

Launch bankruptcy reorganization of these megabanks by reinstating the Glass-Steagall Act to separate the doomed speculative divisions from their insured, regulated commercial banks—and let the former go.

As a substitute, a buffer of credit must be created—Federal credit—to put people into productive, well-paid work. That means work related to crucial new projects of modern infrastructure.

Provide a source of Federal credit to be used by states and Federal governments to provide skilled employment and economic development. The United States must incur a limited debt to do so, but devoted entirely to this purpose. This has been done before; it must be done again.

Create a Reconstruction Finance Corporation with initial government capital and issue RFC bonds to the public and to commercial banks, to support national and state projects.

And, create a National Bank with an initial capital of new Treasury debt, and provide the great majority of that Bank's capital by the voluntary trade of existing 3- to 30-year Treasury debt. If \$500 billion of U.S. debt is voluntarily invested in the National Bank, the Treasury can issue \$500 billion in Treasury notes to the Bank to start providing credit for productivity and employment.

Most crucial for this new National Bank and RFC: Join the BRICS! Accept China's President Xi Jinping's offer to Obama at the APEC Summit last November.

Use the National Bank and RFC to join with the Asian Infrastructure Investment Bank and the other new international development banks and funds for Silk Road and Maritime Silk Road infrastructure. In the process, multiply the buffer of Federal credit for new infrastructure and productive investments in America.

Create a new economic platform for America's economy, "driven" by development of fusion technologies and thermonuclear fusion power. Relaunch America's presence in the Solar System in competition and cooperation with China's lunar program, now the world's leading space program.

A new Wall Street blowout will hit the economy like a major war. And Wall Street is escalating financial and other warfare actions against "enemies" China and Russia, which is leading toward actual, *thermonuclear war*.

With the LaRouche plan put in place immediately, that can be stopped.