

# ENRAGED AT GOLDMAN-SACHS?

## *Return to FDR's Glass-Steagall & Bretton Woods System*

April 28th, 2010 — Now that Senator Carl Levin and his colleagues have shone the light of day on the systemic criminality of Goldman Sachs and other investment banks of its ilk, the United States Congress must move *immediately* to implement the bankruptcy reorganization measures, consistently outlined by leading economist Lyndon LaRouche, that will bury the current system, and create one appropriate to saving the nation, and the world, from the ongoing breakdown crisis.

Just as Franklin Roosevelt used the Pecora Commission of 1933 to build up the necessary public support for his Glass-Steagall Banking Act, so American patriots have to utilize Levin's revelations to move forward to restore Glass-Steagall, and then revive FDR's Bretton Woods fixed-exchange rate system as well.

Any obstacles to such emergency measures — such as President Obama — have to be removed immediately, while we forge ahead.

While bills to revive Glass-Steagall have been introduced in both the House and the Senate, they have been languishing for lack of the necessary political kick-in-the-ass from the U.S. population. Even Goldman Sachs CEO Lloyd Blankfein testified to the crucial role that Glass-Steagall would play in preventing crimes such as his, arguing that the removal of the bill (in 1999) was a crucial factor in permitting the firm to act as it did — i.e. commit systemic fraud.

To create a true credit system which would eliminate the fraud, and create the basis for productive growth, LaRouche on April 28th specified two immediate measures:

"The first one is the Pecora Commission, which was used by Franklin Roosevelt to set up the question of the Glass-Steagall system. The second stage occurred in 1944, under Roosevelt's direction, at Bretton Woods. And the Bretton Woods decision, on a fixed-exchange-rate system, combined with the Glass-Steagall provision, defined a *world system*, which was destroyed by degrees, beginning with, by Harry Truman and company. Who made a concession to Keynes — Keynes and the British.



"So, then you had, in 1971, the cancellation of the fixed-exchange-rate system, which meant that the Glass-Steagall system was really no longer in effect! Because you didn't have a fixed-exchange-rate system. And if you don't have a Glass-Steagall type provision in the world system, you don't have a fixed-exchange-rate system! And that was immediately apparent, the minute this happened. That was the first effect.

"So therefore, you have to consider that Glass-Steagall and a fixed-exchange-rate system, are one and the same thing. And that's the first assumption. So therefore, if you're not going to that goal, immediately, you don't have a reform! You have another piece of half-assed confusion..."

"You have a crisis, which is beyond palliatives: You must now make a reform. You must start with the United States, with the Franklin Roosevelt approach, which had two steps to it: The first was the reform, Glass-Steagall; the second one was 1944, the fixed-exchange-rate system. Without the combination of the two, you could not organize a revival of the world economy! If

you don't have a fixed-exchange-rate system and a global Glass-Steagall system, you can not revive the world economy! And we never did.

"The world economy has been in an overall, general collapse, since the day after Franklin Roosevelt died! Because the Truman Administration cut back, on the potential represented by the industries, which had been war industries; these war industries were the basis for supplying the high-technology-driven things to develop the former colonial nations, and to rebuild Europe, to rebuild the Soviet Union, to rebuild China.

"So, by cutting back, on the so-called reduction of the investment in so-called war production at the end of the war, we ensured a general, long-term collapse, of the world economy, physically. And that's what's led to this.

"We now have to reverse that. Therefore, we have go back to Roosevelt's intention. And you'll not be able to *do that*, unless the United States initiates that. It's not possible. And if we don't concentrate on the kind of programs which are necessary for that, we're not going to make it."

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# THE ISSUE IS GLASS-STEAGALL

Back in 1932-33, the famous prosecutor Ferdinand Pecora both stunned and aroused the American people, with his hearings into the gory details of the fraud and corruption of Wall Street banking institutions. With the light of “pitiless publicity” focussed on arrogant bastards such as J.P. Morgan and Thomas Lamont, President Franklin Roosevelt was able to ram through the raft of banking regulation, led by the Glass-Steagall Act, which kept the U.S. banking system functioning for the next 50 years.

It's no surprise that many people are today comparing the relentless prosecution by Pecora, with the drive by the senior Senator from Michigan, Carl Levin, to get to the bottom of the criminality of Wall Street institutions such as Goldman Sachs, in creating the current financial breakdown crisis. Levin is systematically building his case against Goldman for its ripoffs of its clients, but it is crystal clear to everyone that the abuses he is discussing, riddle the deregulated financial system as a whole.

While it would be satisfying, and just, for individuals like Goldman Sachs CEO Lloyd “I'm doing God's work” Blankfein to go to jail

for their crimes, the larger issue is whether Congress will finally get the guts to junk the system that created this mess, and go back to the Roosevelt regime which worked so well.

One major problem arises immediately: While Pecora had the blessing of FDR, Senator Levin has a President whose philosophy is the very antithesis of FDR's, the philosophy that the way to prosperity of Main Street leads through Wall Street. The American people see through such sophisms, but so far, the Congress has submitted shamelessly to a President who is owned lock, stock, and barrel by the British and their Wall Street tools (including Goldman Sachs).

One conclusion is inescapable, and that is that President Obama must be gotten out of office, by impeachment or resignation.

The next step is that the Administration, and the Congress, move immediately to put the financial system in order through a Glass-Steagall reform, of the form that Lyndon LaRouche has repeatedly outlined. Let us repeat the principles again:

First, there must be a sorting out of legitimate debt (related to the requirements of the physical economy's functioning), as

against the hundreds of trillions of dollars in casino betting debts. The latter claims should be deemed illegitimate, and sent into the deep freeze, if not cancelled outright.

Second, the Glass-Steagall rule separating the operations of commercial banking (linked to the physical economy) from investment banking (speculation), must be put into effect, with protections from the Federal government reserved for transactions of the first type.

Third, the U.S. government must get together with the other three most powerful nation-states—Russia, China, and India—to cast off the entire British globalized financial system, and establish joint Glass Steagall-style rules for cooperation among them, including fixed currency exchange rates, and arrangements for long-term, low-interest investments in infrastructure development, in order to start a real industrial recovery.

Nervous Nellies who have, up until now, been afraid to acknowledge that LaRouche's Glass-Steagall approach is right, are finally beginning to speak up. Now we have to take it the next step: Impeach Obama and ram through Glass-Steagall now.

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Lyndon LaRouche's National Spokeswoman Debra Freeman discusses the British assets inside Russia's government, and our own, working against Mr. LaRouche's proposed Four Powers Agreement.

### THE LPACTV WEEKLY REPORT

Lyndon LaRouche follows up his appearance on last weeks show, and is joined by Rachel Douglas, head of the Russia Desk at Executive Intelligence Review, to discuss the historical context of the British influence in Russia and worldwide.

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