

## **FORCE THE FED TO OPEN A MAIN STREET LENDING FACILITY FOR PRODUCERS, NOT WALL STREET PARASITES**

**\$1 TRILLION IN CHEAP FEDERAL CREDIT FOR DOMESTIC PRODUCTION AND HUMAN NEEDS**

Nobody has been creating any special lending facilities for Main Street. – Rick Santelli, CNBC, Sept. 30, 2008

By Webster G. Tarpley

Washington DC, Oct. 2 – To stop the derivatives bailout monstrosity, we need to be able to answer and defeat the demonic propaganda line coming from the various Wall Street mouthpieces alleging that, unless the Congress capitulates to the Bernanke-Paulson-Bush blackmail (supported by Obama and Pelosi), a credit crunch will soon destroy the American economy. The New Deal answer to this credit crunch blackmail is to recall that the Federal Reserve System is supposed to be the credit engine of the US economy, and that it can and must be coerced and forced into serving the needs of the US economy, rather than catering to the whims of anonymous cliques of unelected and unaccountable parasitical financiers and bankers. We must move immediately to provide abundant credit for production and commerce and all the other vital needs of the American people, while preserving the vital system of regional and local banks, by forcing the Fed to open a Main Street Lending Facility, where producers of all kinds, including small business, local merchants, small, medium and heavy industry, energy producers, the Detroit automakers and all their subcontractors, salesmen, and dealers can receive immediate credit at between .5% and 1% interest to keep the US economy going. Up to now, that kind of deal has been reserved exclusively for the hyenas, jackals, and vultures of Wall Street. To keep this economy going, it is time to de-emphasize cheap federal credit to the parasites, and let them take their chances on the “free market” they claim to admire so much. We need a modern equivalent of FDR’s Lend-Lease program – not for war production this time, but to re-start the collapsing domestic economy and get a genuine economic recovery going as we move towards full employment for the first time in many decades.

**REFUTE THE DEMAGOGIC CLAIM THAT WALL STREET INTERESTS AND MAIN STREET ISSUES ARE IDENTICAL**

Since Monday’s defeat of the universally hated \$700 billion Wall Street derivatives bailout in the House, the desperate financiers’ party line has shifted: the Wall Street hedge fund hyenas and stockjobbing jackals have re-discovered their tender love for Main Street, small business, and the needs of blue-collar American workers. Wall Street and Main Street are in the same boat, they now assure us. The reason they wanted to take the \$700 billion and run was out of their touching concern for the welfare of working families. According to the current Wall Street argument, the great danger now is that, because of the refusal of JP Morgan Chase, Citibank, and Bank of America to make loans, the US credit system will be deprived of the liquidity necessary to provide loans

for consumers, small business, and commerce in general. “Unless we get our \$700 billion,” say the Wall Street vultures in unison, “the credit system will freeze up, and there will be no loans for car purchasers, businessmen needing credit to make payroll, department store and supermarket inventory, student loans, new credit cards, and new mortgages for home buyers. If stocks crash, then the little people will lose their IRAs and 401 (k) accounts. So give us the \$700 billion pronto, or Main Street will be the big loser.” This hysterical propaganda is now pouring out of the media outlets, who are all espousing a strange new version of trickle-down economics by proclaiming, “It’s not a bailout of Wall Street! It’s really a bailout of Main Street!” But this assertion is untenable, as is the related claim that anything short of full Wall Street access to the checkbook of the American taxpayer will lead to a systemic financial crisis in which chain-reaction bankruptcies force all banks and brokerages into insolvency and closure. The Bush economic depression is real enough, but there is no need for Main Street to share in the terrible fate which Wall Street has prepared for itself, provided that classic New Deal methods are applied.

The leading demagogue making this argument is, of course, Sen. Obama.

#### WALL STREET DERIVATIVES MONSTER: \$1 QUADRILLION-PLUS OF JUNK

In reality, Wall Street is nothing but a derivatives monster, a black hole of hundreds of trillions of dollars of poisonous derivatives. Total world derivatives are now between \$1 QUADRILLION (i.e., one thousand trillion) and \$1.5 quadrillion, and Wall Street represents the lion’s share of this. (We are forced to use estimates because most derivatives are not just unregulated, they are also unreported, so literally nobody knows the exact size of the derivatives bubble.) No money that is put into Wall Street will ever pass through it to benefit anyone else. The Wall Street derivatives black hole is so powerful that it could easily eat the whole earth and the entire solar system, and still be just as bankrupt as it was to start with. Banks like JP Morgan Chase, Citibank, and the Bank of America long ago gave up providing commercial bank services in the form of loans to companies seeking to purchase new plant and equipment for capital investment and job creation. The banks do not discount commercial paper any more. They deal in derivatives and speculation, and little else. A year ago, JP Morgan Chase alone officially had \$93 TRILLION in derivatives of certain types – more than six times the total Gross Domestic Product of the United States, and this is a very low-ball estimate indeed. When they were still investment banks, Goldman Sachs and Morgan Stanley created the Intercontinental Exchange (ICE) in London to facilitate their oil futures speculation; there are indications that Goldman and Morgan between them accounted for almost half of the run-up in the world oil price, meaning in effect that these two criminal organizations were responsible for almost 25% of the total price of oil. This means that about a quarter out of every dollar paid at the gas pump by commuters, cab drivers, and truckers was going to subsidize Goldman Sachs and Morgan Stanley.

#### WHY HELP HEDGE FUND HYENAS, ASSET STRIPPERS, AND DOWNSIZERS?

As for the hedge fund hyenas, their game is to buy companies, break them up, and sell the pieces, destroying countless jobs in the process. Chrysler Corp. is being destroyed by the Cerberus hedge fund in this way right now (and should be saved by immediate nationalization). The hedge funds are also past masters of the art of the runaway shop, sending formerly well-paid industrial jobs overseas to low-wage third world sweatshops. Otherwise, the hedge funds are occupied with speculation of all types.

From this brief summary, it should be clear that Wall Street, by choosing the path of derivatives, high-leverage speculation, and asset stripping, has severed any previous relation with the world of production, wages, employment, and capital investment. If Wall Street were to suddenly cease to exist, the immediate direct impact on commercial bank lending to industrial corporations, construction firms, mining companies, transportation firms like airlines, truckers, and railroads, small and medium industry, and small business in general would be minimal, with one exception. The exception is simply that, if the top ten money center banks succumb to the crushing weight of their derivatives, there will ensue a banking panic and general collapse of business confidence which will tend to paralyze the banking and discounting roles of local and regional banks in a way similar to the Herbert Hoover banking panic of 1932-1933. So far we have had panic runs on Countrywide Bank, Northern Rock in the UK and Ireland, Bear Stearns brokerage accounts, Lehman Brothers, Washington Mutual, Wachovia, and the Singapore branch of bankrupt insurance giant AIG. If this wave goes on to engulf local and regional banks and credit unions, the economic heart of the United States will stop beating in the same way as it did in March of 1933, when every commercial bank in the country was closed on the eve of FDR's inauguration.

The answer to providing credit in the crisis requires us to look very critically at the Federal Reserve. This institution was sold to congress under Woodrow Wilson with the argument that a private central bank would prevent any future panics like those of 1893 and 1907. In this, the Fed has clearly failed to deliver. The Fed contributed to the Wall Street bubble of 1929, and, much worse, did nothing to stop the banking panic of 1932-33. During the 1990s, Greenspan did everything to prevent limits or regulations on the \$1 quadrillion-plus derivatives bubble which is the main cause of the present crisis. Greenspan was also responsible for the dot com bubble and the housing bubble, with the collapse of the latter functioning today as the firecracker which sets off an avalanche. The Fed has long been recognized as illegal, unconstitutional, elitist, oligarchical, and more concerned with inflation than in job creation – indeed, as being hostile to full employment. Now we can add that the Fed has struck out three times (1929, 1932-33, and the derivatives crisis of 2007-8), and needs to be replaced. Obviously, the demand of immediate nationalization of the Fed as a bureau of the US Treasury is fully justified. We will quite soon need to get to a system where the money supply and short-term lending rates are established by an act of congress, passed by the House and the Senate and signed by the president. This is the only permanent way to get out of the current world depression, but the issues involved are widely misunderstood. We therefore require a transitional program to move from the bankrupt private Fed of today to the future Fourth Bank of the United States (fourth after those of Hamilton, Madison, and the attempted

one of Daniel Webster), which will be the world's greatest engine of economic development and progress in human civilization.

## NATIONALIZING THE FED ON THE INSTALLMENT PLAN

Let us consider ways to nationalize the Fed step by step, to nationalize the Fed on the installment plan, to help deal with the crisis, even as we educate our fellow citizens as to why this process must be pursued and accelerated. Rather than starting with the maximalist ideological demand of nationalization (although this is fully justified), let us move towards full nationalization through a series of graduated intermediate steps that will allow New Deal methods to prove themselves in the crucible of the world economic crisis, even as all the blather about deregulation, privatization, "free markets," etc., falls by the wayside in impotence and failure. Let us bridle the lawlessness of Bernanke and his gang through a series of practical demands which grow organically out of the unfolding events of the present crisis, and not based on an abstract ideological approach. Let it also be clear that we have no time or patience for those crazed exponents of the Chicago or Austrian schools who want to abolish the Fed altogether to gratify the shade of crackpot Andrew Jackson, so that we can go back to wampum, clam shells, or barter. Those who are so bewildered by the complexity of modern life as to entertain such ideas as serious public policy should address themselves to issues more easily grasped than international finance and development economics.

Under the current system the Fed controls the money supply and the issuance of credit. What is the Fed doing right now? Since the derivatives crisis exploded in June-July 2007, the Fed has been injecting hundreds of billions of dollars of liquidity (money) into the banking system in a desperate bid to shore up collapsing paper values. The policy of liquidity injections was the Fed's main emphasis from August to December of 2007, when its failure was recognized.

## BERNANKE'S ORGY OF EASY FED LENDING TO BANKS, BROKERS, STOCKJOBBERERS

After that, the Bernanke Fed began creating a series of special lending facilities where bankers, stockbrokers, insurance companies, foreign central banks, and other financial operators could get cheap credit at special subsidized rates, generally well below the Fed's discount rate (currently 2.25%), and even below the Fed's target rate for interbank lending known as the Fed funds rate (currently 2% in theory, but in reality oscillating between 1% and 1.5%). Here are the main special windows that the Fed has opened up. Notice that in each case the cheap federal credit is primarily for financial, banking, brokerage, insurance, and mutual fund companies, meaning that most of it goes to the parasitical interests who have created the present crisis and are now demanding an taxpayer-funded bailout.

### TERM AUCTION FACILITY (TAF)

Created in December 2007, the TAF is a way to allow troubled banks to avoid the public opprobrium of going to the Fed discount window. The TAF allows depository institutions

of take part in periodic credit auctions set up by the flagship New York Fed branch, where banks buy 84-day loans with special low interest rates. As of Sept. 29, the TAF amounts to \$75 billion in loans at the October 7 monthly auction, with an extra \$150 billion added before the end of the year. The Fed appears on track to lend at least \$375 billion – exclusively to banks – through the TAF before the end of the year.

#### TERM SECURITIES LENDING FACILITY (TSLF)

Under this program, the firms that are listed as primary dealers of Treasury securities are allowed to exchange certain types of collateral for Treasury bills and bonds, which are (so far) extremely liquid and easy to sell. The collateral these dealers can offer appears to include securities which can be very volatile. The program is operated together with the Bank of England, the European Central Bank, the Bank of Japan, the Swiss National Bank, and other foreign central banks. Here is an early 2008 list of the primary dealers who work with the New York Fed. Note the presence of many foreign banks, who thus qualify for special privileges where American producers and small businessmen do not:

ABN AMRO Incorporated  
BNP Paribas Securities Corp  
Banc of America Securities LLC  
Banc One Capital Markets, Inc.  
Barclays Capital Inc.  
Cantor Fitzgerald  
Bear, Stearns & Co., Inc.  
CIBC World Markets Corp.  
Credit Suisse First Boston Corporation  
Daiwa Securities America Inc.  
Deutsche Banc Alex. Brown Inc.  
Dresdner Kleinwort Benson North America LLC  
Fuji Securities Inc.  
Goldman, Sachs & Co.  
Greenwich Capital Markets, Inc.  
HSBC Securities (USA) Inc.  
J. P. Morgan Securities, Inc./Chase Securities Inc.  
Lehman Brothers Inc.  
Merrill Lynch Government Securities Inc.  
Morgan Stanley & Co. Incorporated  
Nesbitt Burns Securities Inc.  
Nomura Securities International, Inc.  
SG Cowen Securities Corporation  
Salomon Smith Barney Inc.  
UBS Warburg LLC.  
Zion's First National Bank

Under the TSLF, the Fed intends to lend about \$400 billion up to the end of October 2008, with much more coming before the end of the year.

### PRIMARY DEALER CREDIT FACILITY (PDCF)

This new Fed window provides overnight loans to these same primary dealers in exchange for very dubious collateral, including all investment-grade securities, meaning bonds that are subject to going to junk level within days in the current climate. As of Sept. 15, shares of common stock will be accepted for the first time. What if the stock turns out to be that of Bear Stearns, Lehman, AIG, Wachovia, or other bankrupt banks, and the stock value goes to zero? The taxpayers will be left holding the bag. This means that, for the first time in history, primary dealers can borrow directly from the Fed, while industrial corporations and farms still cannot. The interest rate here is the Fed's bank discount rate, meaning a very low 2.25%, far less than the prevailing prime rate from commercial banks, which is 5%, a rate none of these quasi-bankrupt brokers could ever qualify for anyway. Compare that to the interest rate on your credit card and you will see what a precious service the Fed is providing – now to banks and brokers who are not Fed member banks and not even banks at all. The Fed has not announced any limit in the dollar amounts that could be lent out under this program, meaning that the lending may be literally unlimited.

### ASSET-BACKED COMMERCIAL PAPER MONEY MARKET MUTUAL FUND LIQUIDITY FACILITY (ABCPMMMFLF)

This is part of the Fed's attempt to bail out these money market mutual funds after the Reserve Fund Primary Fund broke the buck by falling below \$1 per share, and the exclusive Putnam Prime Money Market Fund was liquidated to avoid bankruptcy, threatening to push \$3.4 trillion in similar funds into panic liquidation. The Fed effectively guaranteeing all of this, with an initial lending program of \$50 billion. Collateral includes asset-backed commercial paper, but only from these dubious mutual funds, not from businessmen who need credit for production, payroll, or commerce.

### CURRENCY SWAP LINES WITH FOREIGN CENTRAL BANKS

These are dollar loans to foreign central banks, with an upper limit of \$620 billion. They are allegedly used to protect the value of the US dollar and the other currencies against selling pressure in the foreign exchange markets.

In addition to these immense programs, the Fed has lent \$85 billion to the bankrupt insurance company AIG, plus \$35 billion to JP Morgan Chase to cover possible losses from the takeover of Bear Stearns back in March. By launching this stunning array of lending programs, the Fed oligarchs have thoroughly blurred the line between their member banks and the rest of the economic and business world, destroying their favorite earlier basis for denying credit for production. If the Fed serves only its member banks, that is one thing. But if a mutual fund company or an insurer or even foreigners can get cheap credit, why not a steel mill, a car wash, or a trucking company? After all, humanity does not live by financial paper alone, and real production and real services are the key to human survival.

**RESULT: OVER \$1.5 TRILLION OF CHEAP CREDIT FOR FINANCIERS, PARASITES, AND EUROGARCHS, BUT NOT ONE RED CENT FOR PRODUCERS AND THE PUBLIC**

From this summary, we can see that the Fed has in recent months provided more than \$1.5 trillion in lending for bankers, brokers, insurance companies, and mutual fund investment companies. Many of these lucky recipients of cheap US government credit are foreign commercial bankers, especially in the euro zone and Japan, to whom the US government is not obligated in any way. In effect, this means that the vast majority of these cheap federal loans are going to shore up the cancerous mass of kited derivatives which is crushing humanity. Incredibly, we have generously subsidized federal lending to support the bloated, fictitious, and usurious asset bubble which the derivatives represent. The Fed has been working overtime to support this mass of mortgage backed securities, structured investment vehicles, collateralized debt obligations, credit default swaps, and other over the counter, counterparty, and structured note derivatives. All of this is hidden behind the blather about poor people and subprime mortgages being responsible for the crisis, an absurdity. At the same time, there have been no special federal facilities for Main Street, for small business, for department stores, for small and medium industry, or even for the largest industrial corporations. (The same prejudice against real production has been shown by the Securities and Exchange Commission, which has temporarily banned short selling, but only against banks and financial companies, and not against industrial, pharmaceutical, transportation, or utility corporations!) It is time to redress this unbelievable situation.

#### A \$1 TRILLION, .5% MAIN STREET LENDING FACILITY FOR PRODUCERS

The Fed must now be forced, through a federal law or presidential executive order using emergency powers, to open a special window to provide cheap federal credit for those forgotten people, the producers. A Federal Reserve line of credit of (initially) \$1 trillion must be made available for productive activities of all kinds. In practice, this means that any businessperson or entrepreneur must be able to get credit for production through his or her local commercial bank. In technical terms, the local and regional banks must be directed to accept for discount purposes the commercial paper, bills of lading, bills of exchange, and promissory notes of productive businesses to establish lines of credit for said businesses at a rate of interest varying between .5% (one half of one per cent) and 1%. Maturities will be flexible, from 90 days for ordinary retail merchandise lending to 30-40 years for certain classes of capital and infrastructure investment. This will be done within the framework of the new Fed Main Street Lending Facility which will obligate and commit the Fed and its several regional branches to automatically and reliably accept for rediscount such commercial paper, bills of lading, bills of exchange, promissory notes, and related instruments generated out of production and hard-commodity commerce.

If the local bankers judge that productive investments in plant and equipment proposed by local entrepreneurs, whose reliability is known to them, are credit-worthy under these circumstances, they will be able to set up lines of credit for productive businesses and have these lines of credit automatically backed up by the guaranteed full lending power of the entire Federal Reserve System and all its branches, without exception. If state and local governments need capital to rebuild infrastructure in the form of bridges, roads,

water systems, mass transit lines, bus fleets, libraries, schools, hospitals, public buildings, parks, recreation areas, and other socially useful installations, these state and local governments will also be guaranteed lines of credit for such contractors and subcontractors as they designate. No “privatization” of such facilities will be permitted at any time now or in the future. In other words, a significant part of the Fed will be pressed into service for commodity production, socially necessary and useful services, and infrastructure development. The exclusive dedication of the central bank to financier interests to the detriment of business and labor will be finally broken.

#### MSLF WILL SAVE REGIONAL AND LOCAL BANKS, NOT WALL STREET

Local and regional banks participating in credit issuance under the MSLF will be kept in business by the Federal Deposit Insurance Corporation and given loan assistance as needed, on condition that they write off 100% of their derivatives book and refrain from making these dangerous investments at any time in the future. Banks which insist on maintaining their useless and socially destructive derivatives exposure will be seized as soon as they become technically insolvent, and bankruptcy judges overseeing Chapter XI proceedings will be given binding instructions by statute that all derivatives are to be wiped out in the course of bankruptcy re-organization as part of the effort to restore the viability of these banks. Shareholders who will be wiped out in this process should voice their concerns to bank management and directors at once, and thus help these banks to escape the deadly derivatives contagion, and survive.

Politically, this program addresses the urgent needs of small, medium, and large industry, small business, organized labor, working people in general, students, the working poor, and retirees. This proposal will tend to polarize the country between the overwhelming majority represented by these groups and others on the one hand, and a minority made up of Wall Street, its clients, hangers-on, and rent-seekers, and a few other groups – such as the foreign bankers the Fed is currently subsidizing -- on the other.

#### THE DERIVATIVES BAILOUT RESEMBLES HOOVER’S 1931 RFC, A FAILURE

The lesson of the Great Depression of the 1930s is that all attempts to shore up bloated speculative values in the midst of a panic are doomed to failure, and must make the entire situation still worse. The Reconstruction Finance Corporation was created by Herbert Hoover in January 1931 with \$3.5 billion of capital, a large sum at that time. But under Hoover, the RFC wasted its efforts in fruitless attempts to prop up bankrupt banks, and in attempting to support the speculative bubble which was inexorably collapsing. Thus, the RFC was able to save a few banks here and there temporarily, but was totally impotent to stop the banking panic of 1932-33, which led to the shutdown of every bank in the United States on March 4, 1932 in the early hours of FDR’s inauguration day. The success of the RFC began under the New Deal when Jesse Jones of Texas used \$50 billion for productive investment in plant, equipment, and jobs, many of them for defense purposes. The lesson is clear: in a depression, we must ignore the fate of speculative and fictitious paper and the price of that paper, and concentrate everything on helping people,

especially by providing the forms of useful production upon which human life and human civilization depend.

#### CHEAP GUARANTEED FEDERAL CREDIT FOR PRODUCTION, NOT SPECULATION OR DERIVATIVES

We know what is productive. Production means physical production, the manufacture of real physical wealth in the form of hard commodities. Productive activities include farming, mining, construction, scientific research, transportation (trucking, taxicabs, urban mass transit, ferries, airlines) infrastructure (including railroads, highways, power grids), commerce of merchandise and commodities, defense production, nuclear reactors, electric power, water projects, mechanical repairs, garment industry, food and canning, machine tools, capital goods, pharmaceuticals, health care and hospitals. By contrast, you cannot eat, wear, live in, ride in, or drive a derivative, and you cannot use a derivative as a tool of means of production of any kind.

So much has already been done for the greedy bankers and brokers that we can fairly say that this new lending facility should be strictly off limits to Wall Street, to hedge funds, to stock brokers, and to money center banks. Regional and local bankers, as we have seen, have a key role in administering these loans to local business in their capacity as local lending agents of the Federal Reserve. But no money under the new program should go for financial services, finance companies, insurance, or speculation of any kind.

Our definition of Main Street is thus as inclusive as possible. It includes the Detroit auto makers, California's Silicon Valley, the Maryland genome corridor, the Texas-Oklahoma-Louisiana oil patch, the Boston high-tech complex, the farmers of the upper Midwest and high plains, Chicago light industry, and southern rice and cotton farmers. It includes any auto repair shop, dry cleaners, restaurant, or plumber. Main Street as used here means any business that provides production or a socially necessary service, and these are precisely the interests that have been scorned, despised, and neglected by the banker-controlled private central bank known as the Federal Reserve. Apart from that narrow enclave known as Wall Street and the money center banks, Main Street means virtually the entire US economy. The MSLF is also the best way to support reasonable valuations, once the present tempests have passed, of the common stock of industrial corporations which many persons hold in their IRAs and 401(k) accounts.

#### NEW LEND-LEASE FOR ECONOMIC RECOVERY FROM THE BUSH DEPRESSION

In January 1941, Franklin D. Roosevelt secured congressional approval for Lend-Lease, the program which finally harnessed the US system of credit and production to provide the necessary equipment for the defense of the United States and its British, Soviet, and other allies. It was Lend-Lease which, by guaranteeing that the banking system and the Federal Reserve would be mobilized to provide abundant, cheap, long-term credit for defense production, which finally ended the Great Depression entirely and allowed the US to attain full employment during the months before Pearl Harbor. Lend-Lease made

this country the arsenal of democracy. Today, our task is not to mobilize against any foreign enemies, but rather to defeat the world economic and financial depression. The credit we need must serve to turn this country away from the perilous path of financial speculation followed during recent decades, most especially since the collapse of the Bretton Woods world monetary August 15, 1971. We must respond to the disintegration of the globalized world finance system with a concerted campaign for the re-industrialization of the United States using the most modern available technology, along with a rebuilding and massive upgrading of the national infrastructure.

The ultimate goal remains the complete nationalization of the Fed, and a return to constitutional legality. The power to create money belongs to Congress, which cannot transfer or alienate that prerogative by a mere statute like the Federal Reserve Act. There is also the little matter of saving the taxpayers hundreds of billions of dollars, year in and year out. Under the current system, the JP Morgan Chase borrows Fed-regulated Fed funds at 2%, and JP Morgan Chase then turns around and lends the same money back to the Treasury for 4% to 5%. This spread is often even wider, and the difference between the Fed funds rate and the interest rates on Treasury bonds is an outright subsidy to the Wall Street banks for doing nothing, pure gravy for the financiers. If the Fed's currency issuance function were brought back into the Treasury, the taxpayers could save an average of between two and six per cent on Treasury borrowing compared to the current system, which would save hundreds of billions of dollars on the bloated US national debt. The US federal government, if only it is properly managed, is the most powerful institution in the known universe, and it surely does not require the services of bankrupt derivatives sinkholes like Chase, Citibank, and Bank of America. Those banks, as corporations, are mere creatures of the government, and we can easily dispense with their services. Once the Federal Reserve has been nationalized, we will save literally trillions by having the government lend to itself without these parasitical Wall Street middlemen getting in the way.

#### AFTER SEPTEMBER 2008, ONLY NEW DEAL ECONOMICS IS LEFT STANDING

With this crisis, all existing schools of economic thought save one have fallen into discredit. The fascist corporate state, supported by Obama and many Democrats, has failed. Communism and Marxism have failed. The deregulation and privatization demanded by Milton Friedman's monetarist Chicago school and Von Hayek's Austrian school (both branches of the Mount Pelerin society) as applied to derivatives have created the present crisis, so they are also finished. Only the methods of the FDR New Deal are left standing, and it is to the vigorous application of New Deal that we must now turn without delay.

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