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LaRouche Webcast: Surviving The Greatest Financial Crash Ever

January 17, 1 P.M. ^{EASTERN TIME} Washington, D.C., www.larouchepac.com

January 6, 2008 (LPAC)--On Jan. 17, 2008, Lyndon LaRouche will deliver his latest in a series of international webcasts designed to educate the public and policymakers on the most important event of our time, the collapse of the international economic and financial system. This crash has already occurred, with well over \$1 trillion in asset valuations having vaporized in the past few months, with many trillions more to follow. The battle is raging behind the scenes, in New York, Washington, London and other capitals, about the nature of the system which will now be put into place. On the one side are the forces rallied around Lyndon LaRouche and his Homeowners and Bank Protection Act, fighting to put up emergency firewalls to protect the welfare of the population by stopping home foreclosures, and stopping the disintegration of the banking system by putting it through an orderly bankruptcy process to separate valid claims from speculative bets. On the other side are the central banks of the Anglo-Dutch rentier-financier system, which seek to preserve their own power by dumping their financial losses on the taxpayers, effectively putting the nations themselves into bankruptcy.

In his previous webcast on July 25, 2007, LaRouche stated:

"The world monetary financial system is actually now currently in the process of disintegrating. There's nothing mysterious about this; I've talked about it for some time, it's been in progress, it's not abating. What's listed as stock values and market values in the financial markets internationally is bunk! These are purely fictitious beliefs. There's no truth to it; the fakery is enormous. There is no possibility of a non-collapse of the present financial system--none! It's finished, now! The present financial system can not continue to exist under any circumstances, under any Presidency, under any leadership, or any leadership of nations. Only a fundamental and sudden

change in the world monetary financial system will prevent a general, immediate chain-reaction type of collapse. At what speed we don't know, but it will go on, and it will be unstoppable! And the longer it goes on before coming to an end, the worse things will get. And there is no one in the present institutions of government who is competent to deal with this. The Congress, the Senate, the House of Representatives is not currently competent to deal with this."

As LaRouche delivered his remarks, the ramifications of this collapse were being felt worldwide. For some four decades, the economy of the United States has been operating at a net loss, with the difference made up by debt. One of the key features of this process was the securitization of debt into assets which could be traded and speculated upon as if they had value, and this debt machine was in turn largely dependent upon ever-increasing flows from the home mortgage market to feed the growing market in mortgage-backed securities, CDOs, and related items. In 2003, there were \$3 in mortgage-related securities issued for every \$1 of new mortgage money. This scheme blew up last year, and has thrown the global financial system into chaos.

Now the U.S. Treasury, the Federal Reserve, and the central banks of Europe are engaged in an effort to limit the damage to the financiers by having the governments move to stabilize the values of speculative bets, instead of protecting the welfare of the public by putting the financial system through bankruptcy.

While the financial technocrats work feverishly to save the tumor, the politicians are doing nothing. The Presidential candidates are engaged in rhetorical debates about how much "change" can fit on a pinhead, while the whole world burns.

Your future, literally, depends upon the outcome of this fight. Tune in to the LaRouche webcast at www.larouchepac.com on Jan. 17 and find out what you can do to save the nation.

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The Homeowners and Bank Protection Act of 2007

Save the Homeowners, and the Banks!

In August 2007, while many Americans were choosing where to vacation, which movie to see, or which gender their Second Life avatar would be, Lyndon LaRouche *acted* to save the American people, and the physical economy, from sharing the same fate as the world financial system (i.e., death). LaRouche drafted a proposed piece of legislation for the Congress, which would create a firewall of protection for people, and banks, from the sweeping foreclosure crisis resulting from the collapse of the housing bubble. His legislation, dubbed the Homeowners and Bank Protection Act, is, still today, the only proposal on the table that will actually prevent the millions of anticipated home foreclosures, and, importantly, reorganize the presently dead banking system as well. Other “official” proposals, as in the tradition of providing CPR to a corpse, have simply continued to bail out the banks, when what is required is a *systemic change* in our financial system.

Here are the essential features of the Homeowners and Bank Protection Act of 2007:

1. Congress must establish a Federal agency to place the Federal and state chartered banks under protection, freezing all existing home mortgages for a period of however many months or years are required to adjust the values to fair prices, restructure existing mortgages at appropriate interest rates, and write off all of the cancerous speculative debt obligations of mortgage-backed securities, derivatives and other forms of Ponzi schemes that have pushed the banking system into bankruptcy.

2. During this transitional period, all foreclosures shall be frozen, allowing American families to retain their homes. Monthly payments, the effective equivalent of rental payments, shall be made to designated banks, which can then use the funds as collateral for normal lending practices, thus recapitalizing the banking system. Ultimately, these affordable monthly payments will be factored into new mortgages, reflecting the deflating of the housing bubble, the establishment of appropriate property valuations, and reduced fixed mortgage interest rates. It is to be expected that this shakeout of the housing market will take several years to achieve. In this interim period, no homeowner shall be evicted from his or her property, and the Federal and state chartered banks shall be protected, so they can resume the traditional functions, serving local communities, and facilitating credit for investment in productive industries, agriculture, infrastructure, etc.

3. State governors shall assume the administrative responsibilities for implementing the program, including the “rental” assessments to designated banks, with the Federal government providing the necessary credits and guarantees to assure the successful transition.

In the four months since LaRouche put forward this proposal, 250,000 families have lost their homes, an increase of 100% above the previous four-month period, and the central banks of the world have injected an estimated \$2 trillion of liquidity into the banking system, all to no avail. On the national stage, while there is much *discussion* of LaRouche's proposal, there is little *action*, although Senator Clinton's remarks point in a useful direction. As the foreclosure rates mount, and home values plummet, cities and counties are finding their property tax base disappearing, and the nation's largest state, California, has been declared to be in a state of “fiscal emergency,” by the governor. The freezing of foreclosures, along with protection for banks, is the vital *first step* in a thorough economic reorganization.

Follow-up steps would involve the Federal Reserve System itself, being put through bankruptcy reorganization, and transformed into a Third National Bank of the United States. As developed in Lyndon LaRouche's September 2007 draft platform for the Democratic Party, these actions shall be complemented by the creation, by treaty agreement among leading nation-states, of a new Bretton Woods System, based on fixed exchange rates, and long-term treaty agreements for large-scale development projects on a global scale.

Through intense organizing by LPAC, hundreds of state and local elected officials from around the nation have personally endorsed the HBPA, dozens of city councils have passed resolutions in support, and it stands introduced into the legislatures of, at this point of writing, six states, and is pending introduction in many more. But this is not enough.

LaRouche said the foreclosure tsunami is occurring, not because of a mere housing crisis, or mortgage crisis, but the death of the entire global financial system. There is no resuscitation for this system--only a legislative firewall, created now, to protect the general welfare, will work. The alternative, as the likes of Felix Rohatyn and George Shultz would enjoy, is a new British Empire, involving dark age and war, where the *globalized* British Empire is on top, and the masses of jobless, homeless people, lowing like cattle, are on the bottom.