

From Laissez-faire to Autocracy

by Mike Whitney via reed - ICH *Monday, Sep 22 2008, 3:05am*

international / imperialism / other press

Mushroom Cloud over Wall Street

These are dark times. While you were sleeping the cockroaches were busy about their work, rummaging through the US Constitution, and putting the finishing touches on a scheme to assert absolute power over the nation's financial markets and the country's economic future. Industry representative Henry Paulson has submitted legislation to congress that will finally end the pretense that Bush controls anything more than reading the lines from a 4' by 6' teleprompter situated just inches from his lifeless pupils. Paulson is in charge now, and the coronation is set for sometime early next week. He rose to power in a stealthily-executed Bankster's Coup in which he, and his coterie of dodgy friends, declared martial law on the US economy while elevating himself to supreme leader.



Henry 'Nero' Paulson

"One bank to rule them all;
One bank to bind them..."

"All Hail Caesar!" The days of the republic are over.

Section 8 of the proposed legislation says it all:

"Decisions by the Secretary pursuant to the authority of this Act are non-reviewable and committed to agency discretion, and may not be reviewed by any court of law or any administrative agency."

Right; "non-reviewable" supremacy.

Congress, of course, is more than eager to abdicate whatever little authority they have left. They're infinitely grateful for their purely ceremonial role, the equivalent of Caligula's horse, albeit, with considerably less dignity. Has even one senator spoken out against this madness, which--according to informal internet polls--is resoundingly rejected by the voters? Does it concern the members of congress at all, that the present financial crisis was brought on by the proliferation and sale of trillions of dollars of mortgage-banked garbage which were fraudulently represented as Triple A rated bonds by the very same people who now claim to need unprecedented and dictatorial powers

to fix the problem? Or are they more worried that the steady torrent of contributions which flows from Wall Street to congressional campaign coffers will be inconveniently disrupted if they fail to ratify this latest assault on democratic governance? The House of Representatives is one big steaming dungheap that should be leveled and turned into an amusement park instead of a taxpayer-funded knocking shop. What a pathetic collection of cowards and scumbags.

Bloomberg News:

"The Bush administration sought unchecked power from Congress to buy \$700 billion in bad mortgage investments from financial companies in what would be an unprecedented government intrusion into the markets. Through his plan, Treasury Secretary Henry Paulson aims to avert a credit freeze that would bring the financial system and the world's largest economy to a standstill. The bill would prevent courts from reviewing actions taken under its authority."

"He's asking for a huge amount of power," said Nouriel Roubini an economist at New York University. ``He's saying, `Trust me, I'm going to do it right if you give me absolute control.' This is not a monarchy." (Bloomberg)

The banksters own this country, always have; only now they've decided to strip away the curtain and reveal the ghoulish visage of the puppet-master. It ain't pretty.

Paulson decided that the financial markets needed an emergency trillion dollar face-lift just weeks before his former business partners at G-Sax were dragged off to the chopping block. Was that the reason? Everyone on Wall Street knew that the bulls-eye had already been ripped from Lehman's bloody back and was about to be fastened on Goldman's. Now, it looks like they will escape their day of reckoning due to Paulson's eleventh-hour reprieve. Nice touch, eh?

From the proposed legislation: LEGISLATIVE PROPOSAL FOR TREASURY AUTHORITY TO PURCHASE MORTGAGE-RELATED ASSETS

"(3) designating financial institutions as financial agents of the Government, and they shall perform all such reasonable duties related to this Act as financial agents of the Government as may be required of them."

Market Ticker's Karl Denninger summed this up best:

"This is the de facto nationalization of the entire banking, insurance and related financial system..That's right - every bank and other financial institution in the United States has just become a de-facto organ of the United States Government, if Hank Paulson thinks they should be, and he may order them to do virtually anything that he claims is in furtherance of this act.....The bill gives Paulson the ability to nationalize unlimited amount of private debt and force you and your children to pay for it."

Denninger again:

"The claim is that this is intended to 'promote confidence and stability' in the financial markets. It will do no such thing. It will instead strike terror into the hearts of investors worldwide who hold any sort of paper, whether it be preferred stock, common stock or debt, in any financial entity that happens to be domiciled in the United States, never mind the potential impact on Treasury yields and the United States sovereign credit rating.

I predict that if this passes it will precipitate the mother and father of all financial panics." (Market Ticker)

Amen. The transformation from a free market to a centralized, Soviet-style economy run by men whose judgment and credibility is already greatly in doubt; does not auger well for the markets or the country. Anyone with a lick of sense would cash in their chips first thing Monday and look for capital's Elysium Fields overseas or as far as possible from the circus sideshow now run by G-Sax ringleader, Colonel Klink.

Paulson's Chicken Little routine might have soiled a few senatorial undergarments, but let's hope the American people are made of sterner stuff and will reject this charade. The conversation should be shifted from conceding more authority to hucksters in pin-stripes to indictments for securities fraud. Even the most economically-challenged nation ought to be able to afford a few sets of leg-irons and a couple hundred jail cells. That's all it will take. That, and a couple brisk dunks on the waterboard. Glub, glub.

Paulson's plan to revive the banking system by buying up hundreds of billions of dollars of illiquid mortgage-backed securities (MBS) and other equally poisonous debt-instruments; ignores the fact these complex bonds have already been "marked to market" in the recent firesale by Merrill Lynch. Just weeks ago, Merrill sold \$31 billion of these CDOs for roughly \$.20 on the dollar and provided 75 percent of the financing, which means that the CDOs were really worth approximately \$.06 on the dollar. If this is the settlement that Paulson has in mind, than the taxpayer will be well served. But this will not recapitalize the banks balance sheets or mop up the ocean of red ink which is flooding the financial system. No, Paulson intends to hand out lavish treats to his banker buddies, while interest rates soar, pension funds collapse, the housing market crashes, and the dollar does a last, looping swan-dive into a pool of molten lava. Thanks, Hank.

Economist and author Henry Liu summarized the current maneuvering like this: "The Fed is merely trying to inject money to keep prices not supported by fundamentals from falling. It is a prescription for hyperinflation. The only way to keep price of worthless assets high is to lower the value of money. And that appears to be the Fed unspoken strategy."

Indeed. The Fed and Treasury have decided to backstop the entire global financial system (foreign banks can access the Fed's facilities, too!) with paper money which is rapidly losing its value. Watch the greenback tumble tomorrow in currency trading.

Congress is getting steamrolled and the American people are getting snookered. Consumer confidence--already at historic lows--is headed for the wood-chipper feet-first. Something has got to give.

One minute everything is hunky-dory; the subprime meltdown is "contained" and "the fundamentals of our economy are strong".(Paulson) And, less than a week later, congress is forced to surrender their constitutionally-mandated right to oversee spending in order to forestall economic Armageddon. Which is it? Or is the real objective just to keep the country on an emotional teeter-totter long enough for all state-power to be subsumed by the Wall Street Politburo?

No one knows what will happen next. We are in uncharted waters. And no one knows what the political landscape will look like after the dust settles from this outrageous power grab. According to Paulson, things are so dire, the entire nation will be reduced to smoldering rubble and twisted iron. But can we trust him this time after his long litany of lies?

Isn't it about time to send the cockroaches scuttling back to their hideouts and bring in the cleaning crew to hose the whole place down? It sounds like a job for Ralph Nader, a man of vision and unshakable integrity. Give Ralph a badge and let him deploy his Raiders to Wall Street armed with bullwhips and tasers. Let them post a guard in every CEOs and CFOs office and every boardroom on the Street---and if even one decimal is accidentally moved to the right or left on the corporate ledger; clap them in leg-irons and drag them off squealing to Guantanamo. That's how you clean up Wall Street!

Don't let the prospect of a national crisis trick you into giving up your freedom, America. The people behind this scam are the same landsharks and flim-flam men who polluted the global marketplace with their snake oil and toxic sludge. These are the fraudsters who manufactured the crisis to begin with. This is just the latest installment of the Shock Doctrine; engineer a crisis, and then, steal whatever is left behind. Same shit, different day. Be resolute. Don't budge. Our economic foundations may be crumbling, but our determination is not. This is our country, not Goldman Sachs'. The people who destroyed America must be held to account. Their time is coming. Justice first.

Author retains copyright



What day is it, Hank?

<http://www.informationclearinghouse.info/article20839.htm>

Cleaves Alternative News. <http://cleaves.lingama.net/news/story-1249.html>