‘It’s Wall Street or Mankind; Your Choice’

Here is the response given by EIR Ibero-American Intelligence Director Dennis Small, to a question posed during the June 27 LaRouchePAC weekly Friday webcast: “What is the underlying intention behind this policy [regarding Argentina], and how do we defeat it?”

Well, this is the *bail-in* policy. This is exactly what the British Empire’s intended policy is. They intend to not simply try to collect the debt, because they’re actually not interested in a viable, restructured debt arrangement. They are planning, according to various accounts, to try to seize Argentina’s oil, other resources, and even its national territory, and simply take over and destroy any actual physically productive capabilities, in order to maintain a pre-selected, predatory, very small portion of the global financial system.

After the Cyprus template, the first trial run of this bail-in policy, where people’s bank accounts were simply stolen—i.e., they were “bailed in”—they’re now trying to proceed with what you might call the “Argentina template,” as a precedent and bloody example for the rest of the world; except this one is backfiring, because Argentina is resisting.

What’s going on here, is the idea of enforcing paper, property rights, over human existence! That’s what’s at issue. And Lyndon LaRouche, when we discussed this with him today, was quite emphatic: *There is no such property right which has any validity over the rights of human beings to exist. Our Constitution provides no security for speculation. The whole discussion is a fraud!*

Just take a look at a couple of historical precedents from American history. If you’ve heard arguments about how “we have to respect people’s property rights no matter what”—well, I seem to recall a discussion about that topic, during the Civil War in the United States, when slaves were considered property. After all, the slave-owners had actual title to their “property,” and probably had better legal arguments than NML Capital does today against Argentina. Did they really have “rights” to that “property”?

Or, let’s take it back a little bit further, to the original Tea Party. What was that all about, actually? I mean, who owned the tea? Did we respect that? Did the British have a property right to that tea, over and above our right to create a sovereign nation? Of course not!

Now, on this question of what can be done, given the Supreme Court decision backing the vulture funds: We’ve had numerous discussions with people in Congress over the course of the last couple of days, where many have asked us: “Well, what can *we* do? We’re the Legislative branch; they are the Supreme Court, and we can’t interfere. So what can we do?”

I would suggest that what the Legislative branch should do, is what the Constitution says they should do, which is to pass laws. And the simplest and quickest way to make sure that the Supreme Court’s crazy, genocidal decision on Argentina is overturned, is to pass a law called Glass-Steagall. If that were passed, the *entirety* of *everything* that NML Capital and all of these hedge funds are doing—in fact pretty much all of Wall Street as well—would be instantly illegal and wiped out, and we’d be back where we should be, on square one. So there’s plenty that the Congress can do: Pass Glass-Steagall, followed by LaRouche’s three additional proposed laws for economic recovery.

Threat of Financial Blowout

The underlying issue here is the blowout of the trans-Atlantic system. Let’s take a step back, because this is not an Argentine problem. What has been going on, as we can see in the graph depicting “World Financial Aggregates” [see box], the totality of all financial instruments that are out there, is that they have been growing astronomically, and are now about to break the $2 quadrillion barrier. At the bottom of the graph are financial derivatives, which are completely speculative activity, nothing but *bets* against losses, which are backed by nothing. Then there are two small slivers of the total global bubble, which are the debt of countries, companies, and individuals; and then all the stock markets in the world. But the vast majority, 90% of all financial assets, are derivatives.

What you can see, is that especially after 1999, when Glass-Steagall was repealed, derivatives took off like a rocket. Then in 2007-08, the system blew up, and all of a sudden it wasn’t so easy to keep going with this hyperinflationary process. What should have happened is that the whole derivatives bubble should have been completely written off then and there, as LaRouche said at the time. But, instead, what happened is that arrangements were made, through quantitative easing, and a hyperinflationary process, to hold onto the existence of that total cancerous bubble.

That continued up until the end of 2012. What happened then, is that from December 2012 until today, the rate of growth of derivatives has gone from 8.5% in the first six-month period, on a yearly basis; to 12.3%; to an over *19% per year* growth rate of derivatives as of March 2014. As of now, the growth rate has undoubtedly exceeded 20% per year, and total financial aggregates are about to break through the $2 quadrillion barrier.

This is a hyperinflationary blowout! And if you want to know why the British Empire is so desperate to launch a thermonuclear war; if you want to know why they're so desperate to wipe out nations such as Argentina, and get the bail-in locked in place; you don't have to look any further than this. All you need to know is that *this system of theirs is gone.*

Bail-in and Bail-out

How does this relate to the bail-in policy? Well, it's really not that complicated. Because the point to be made is that one man's bail-*out* is another man's bail-*in*. In other words, the whole idea of the *bail-in* policy, is to seize assets of depositors and so-called "unsecured creditors" to salvage or *bail out* a handful of banks. So whose assets are seized, or bailed-in, and whose are excluded? In the entire trans-Atlantic bail-in policy, in Dodd-Frank, in the European Commission documents, in the Bank of England, derivatives are excluded! *They* don't get touched! They have a "go home free" pass. And everybody else gets bailed-in, to bail-out that 90% of the global cancerous bubble.

That's what's going on, which is why the British policy, in fact, leads to—intentionally—wiping out 6 out of 7 billion human beings on the planet.

When this was discussed with Mr. LaRouche earlier today, and he had a chance to glance at this graphic, he said simply: This is a hyperinfaltionary blowout underway. Just cancel it. It's speculative. The claims are fraudulent. Our Constitution provides *no* security for speculation. This all comes from the British Empire's policy: The Queen is the source of the evil, and she has nothing coming to her, other than pain. Mr. LaRouche went on to say that Wall Street is perpetrating genocide. Their speculation is unlawful, they should be wiped out—we don't need them. Alternately, they could be hung by their testicles with a piano wire!

And he then specified: "It's Wall Street or mankind, your choice."

Bubble About To Break $2 Quadrillion Barrier

After a period of relative stagnation from 2008 to 2012, the British Empire's global speculative bubble took off like a rocket in early 2013, and is currently hyperinflating at a rate of over 20% per year. This translates into total global financial assets reaching somewhere in the range of $1.90-1.95 quadrillion as of June 2014, on a trajectory of breaking the $2 quadrillion barrier imminently. Nearly 90% of those global assets are financial derivatives—that is, totally speculative assets with no backing whatsoever in real production.

The latest statistics published by the Bank for International Settlements show that officially counted derivatives (which are about half the actual total of all open derivatives bets, according to *EIR*'s estimates) had contracted by 2.3%, from December 2011 to December 2012. But in June 2013, the annualized rate of growth jumped to 8.5%; in December 2013, the annual rate leapt to 12.3%; and as of March 2014 (the latest data available), derivatives were soaring by 19% per year. It is expected that when the figures for June 2014 appear, they will easily exceed 20%.

Total global financial assets grew "only" from $1.370 to $1.465 quadrillion in the five years from 2008 to 2012. But in the most recent 18 months, they have soared to an estimated $1.963 quadrillion.

—Dennis Small

World Financial Aggregates

(quadrillions of dollars)