

You Can't Rebuild U.S. with Piranha \$

by EIR Staff

EIR has noted the change among Democratic Federal Senators and Representatives which became obvious during the abortive battle over the Alito nomination: that after working with Lyndon LaRouche to return the party to the Franklin Roosevelt tradition during 2005, the party's Congressional leadership fell into disarray during the year-end holiday period, a disarray from which it has not yet recovered.

The problem is linked to the forthcoming 2006 midterm elections, but is more serious than the usual electoral "silly season" because of special circumstances: First, Representatives and Senators seeking re-election became aware some months ago, that Democratic Party Chairman Howard Dean had already spent the funds which they had counted on, in part, for the campaign. But the Federal legislators, overwhelmingly from the Baby Boomer generation, don't intend to do mass organizing door-to-door or in any other way. They prefer to rely on expensive mass-media advertising.

As for the masses of money this requires, they are not prepared to go out and raise it themselves, by earning it in organizing. Instead, they intend to make the rounds of a short list of ultra-wealthy individuals who will simply give it to them—or perhaps not so simply.

The list of "Business Leaders for Kerry-Edwards," announced Aug. 4, 2004 at Kerry's Economic Summit in Iowa, provides an indication of what such a list looks like. Side-by-side with more legitimate figures, one finds there the leaders of Synarchist banking such as Felix Rohatyn, along with the bottom-feeders of the hedge funds and private-equity firms, the maggots of a decaying former agro-industrial power.

In particular, the (highly conditional) takeover of General Motors' GMAC by a private-equity firm, the Michael Steinhart-founded Cerberus Capital, has focussed further attention on the burgeoning power of these firms,

The *Wall Street Journal* of April 4 reports from Dealogic that private-equity firms deployed \$353 billion in takeovers worldwide in 2005, up 36% from 2004. That was 12% of the cost of all takeovers in 2005, up sharply from only 4% in 2000.

Private-equity firms look for targetted victims which feature rich cash-flow, but little capital investment. Once

they acquire them, they pile them with massive debts, hand over the borrowed funds to their own investors as "return on investment," and then finally leave the looted victim-corporation to stumble along under the load of debt until it collapses.

These private equity firms are not just vehicles of criminal greed; they are a weapon against the nation-state for their Synarchist controllers like Felix Rohatyn.

In the United States, after rapidly buying up the fast-food chains and ventures such as Toys 'R' Us, Neiman Marcus, and Albertson's grocery stores, these firms have basically run out of victims of that class.

The new round focusses on giant IT service companies which garner fat fees from government, including defense contracts, as well as private industry: again, rich cash flow with only the most minimal capital investment. An early target in that category was Sun-Gard Data Systems, bought up by seven private-equity firms for \$11.4 billion. Silver Lake Partners, on the "Businessmen for Kerry" list, purchased Serena Software, and Golden Gate Capital bought out Geac Computer.

The next victim will likely be Computer Sciences Corp. (CSC), which could fetch \$10.6 billion. "Outsourcing firms like CSC sign long-term contracts with governments and other corporations to manage and maintain their computer systems and other operations. Such businesses generate huge streams of cash, a quality that private-equity firms seek because they can then put a lot of debt on the companies they acquire and produce greater returns for their investors," the *Journal* explains. "CSC has a relatively clean balance sheet, with about \$1.44 billion in debt." Against that, it reported revenue of more than \$1 billion a month and net income more than \$500 million last year.

Other private equity firms on the Democrats' prospective donor list include the reputed largest, Carlyle Group; the pioneer private equity firm AEA Investors, formed with parts of the Rockefeller, Mellon, Harriman, and S.G. Warburg fortunes; Blackstone Group; Greenbriar Equity; KKR (Kohlberg-Kravis); Apax; Francisco Partners; the highly secretive Perry Capital, linked to Wilbur Ross; Perseus, LLC; Pomona Capital; Ripplewood Holdings; Riverside Partners; and Texas Pacific Group. Hedge funds include Farallon. Corporate raider Kirk Kerkorian has the same morality and modus operandi. On a higher level of control are Lazard's Steven Rattner, Bruce Wasserstein, and of course Felix Rohatyn, and their ally, UBS (Union Bank of Switzerland).

When Capitol Hill Democrats rely on favors from these piranhas, little wonder that discussion of the Franklin Roosevelt tradition becomes taboo. These are the grandsons—moral, financial, and sometimes biological—of the men whose plot to overthrow and probably kill Franklin Roosevelt was laid bare by the famous Congressional testimony of General Smedley Butler in 1934.