



Written by [William F. Jasper](#) on January 19, 2009

## More Fright-peddling, More Bailouts

Citing Obama's economic speech of January 8, Summers wrote: "As the President-elect recently stated, 'we start 2009 in the midst of a crisis unlike any other we have seen in our lifetime.'" As you no doubt recall, last September Congress, fearing the wrath of constituents, rejected a bailout scheme put together by the Bush administration and bipartisan leaders in Congress. Refusing to take "no" for an answer, the White House-Capitol Hill bailout gang (aided mightily by media collaborators) began a crescendo of frightening predictions of impending economic calamity, if Congress did not reverse itself and vote for the bailout. Economic apocalypse was upon us! Failure to act would mean global financial meltdown. Governments would fall. Global chaos would ensue. We were facing "the end of the world as we know it."

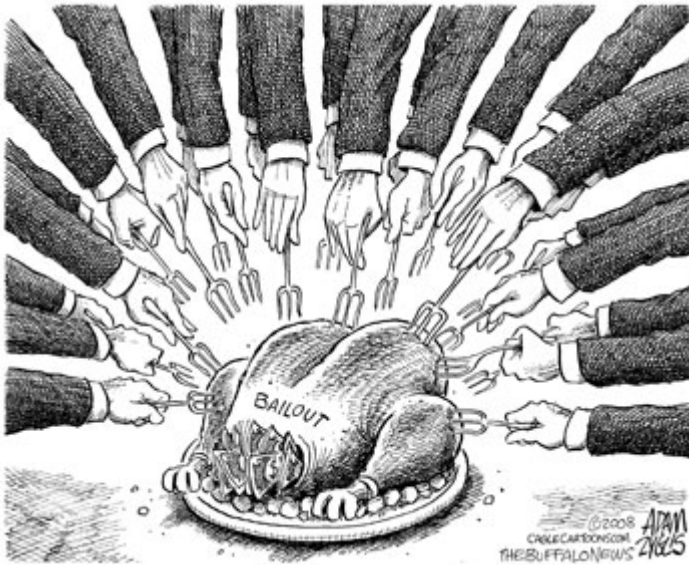


The ploy worked. Senators and congressmen who had resolutely opposed (or had pretended to oppose) the bailouts caved before the orchestrated chorus of fear mongers. Claiming they did not want to be responsible for a financial Armageddon, they flip-flopped and voted overwhelmingly for one of the biggest thefts in history.

Senator Obama voted for that plan. Now Lawrence Summers and the chorus of fear are invoking the same specter of looming catastrophe to effect another huge raid on the American taxpayers, savers, and producers. "We must work with the same sense of urgency to stabilize and repair the financial system," Summers declares in his letter. "It was that concern that led the President-elect to support the financial rescue plan back in September. If we had not acted together — Democrats and Republicans — this economic crisis would have already become an economic catastrophe."



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According to Summers, President Obama "shares the frustration of the American people" and "believes the American people are right to be angry with the way this plan has been implemented." Obama "believes there has been too little transparency and accountability." But, Summers promises: "That will change when President-elect Obama takes office. Today, he is asking for the authority to implement the rest of the financial rescue plan because the American people need to know that going forward our government has the resources to do whatever is necessary to stabilize our financial system and protect our economy from potential catastrophe. With the first half of the rescue package now committed, President-elect Obama believes the need is imminent and urgent. We cannot afford to wait."

Summers concludes his earnest appeal by noting: "President-elect Obama believes it is not too late to change course, but it will be if we don't take dramatic action as soon as possible ... [to] help our nation pass through this economic storm."

Crisis, catastrophe, catastrophic, imminent, urgent, rescue, dramatic, storm, etc. We will be hearing much more of this fear-engendering rhetoric in the days ahead, coupled with promises that the implementation of this new bailout round will be a pristine example of "transparency and accountability." Those gullible enough to fall for this "trust me" line would also fall for the always ravenous (and ever impecunious) Wimpy's perennial line to Popeye and other suckers: "I'll have a hamburger today, for which I will gladly pay you on Tuesday."

Next to Lawrence Summers, Wimpy appears a paragon of fiscal and monetary virtue — and a trustworthy credit risk. This is the same Lawrence Summers, remember, who, as deputy treasury secretary under Robert Rubin in the Clinton administration, designed the policies that drove Mexico's economy into the ground in 1995 with interest rates of 50-90 percent, and then bailed out the Mexican peso (and the Wall Street firms, like Rubin's partners at Goldman Sachs) to the tune of \$50 billion. Since Congress refused to go along with that raid on the American taxpayers, Summers, Rubin, Clinton & Co. simply raided \$20 billion from the Treasury Department's Exchange Stabilization Fund. The rest they got from the International Monetary Fund and the Bank for International Settlements. There never was any transparency or accountability for that deal. Ditto for Summers' 1998 U.S. Treasury-IMF bailout of the "Asian Tiger" economies and their Wall Street investors.

Summers' protégé and Obama's nominee to head the Treasury Department, New York Federal Reserve chief Timothy Geithner, is a key architect of the current bailout fiasco. Obama's choice of Summers and



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Geithner signals that the corruption and despoliation will continue — unless the American people force Congress to stop it.



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