LaRouche Calls for Emergency Actions After Reckless Rate Cut

The following press release was issued by EIR on April 18.

EIR's Founding Editor, economist Lyndon H. LaRouche, Jr., a registered candidate for the Year 2004 Democratic Presidential nomination, today called for the following three emergency actions, in response to today's reckless Federal Reserve interest-rate cuts, along with the pattern of severe losses at major U.S. corporations, and today's bankruptcy petition of Winstar Corporation. The United States, Japan, and Europe must:

- 1. Immediately raise short-term interest rates.
- 2. Dry out the speculative bubble now, which will melt in any case—but the purpose of an interest-rate increase is to force the dry-out now.
- 3. Adopt the approach of Chapter 11 bankruptcy-protection and reorganization towards the real economy. Protect

what is viable in the economy, and infuse vast, low-interest, long-term credits, earmarked for capital investment, especially high-technology investment, and for infrastructure. This is comparable to what Franklin Roosevelt did in the Depression-era U.S.A., and what economist Dr. Wilhelm Lautenbach recommended—but was not carried out—for Germany in the 1920s.

There is already an enormous amount of hyperinflation in the financial system, while at the same time, there is a severe credit-crunch in the real economy, especially in infrastructure.

Under these circumstances, today's interest-rate cut again highlights President Bush's recklessness, along with that of Alan Greenspan. As LaRouche has warned, they are proving that they will go to any length whatever to keep the dollar debt bubble going, without regard to the consequences to the real economy.

We are on the verge of a new hyperinflationary spiral already. As markets contract, desperate corporations, stumbling into bankruptcy, will raise prices. After the massive first-quarter losses by U.S. airlines, for instance, there will be moves to increase airline fares.

No one should be surprised at the events of April 18. LaRouche had forecast them, and it should be obvious that he has been right all along. The question now, is what must be done about them.



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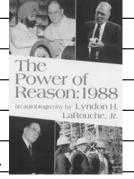
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