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Shaping Campaign Policy

Sedate That Accountant!

by Lyndon H. LaRouche, Jr.

The following was released by the LaRouche in 2004 campaign committee on July 8, 2003.

Herbert Hoover's foolishness of 1929-1933 has now been running the U.S. economy once again, for more than the past three, ruinous decades. The present result of that is, that the mental vacuum in the top ranks of the leading U.S. political party organizations, is now the source of that "great sucking sound" to which Ross Perot referred prophetically in his own 1992 campaign against the insanity of NAFTA. So, the U.S. economy is now sliding downward, toward a threatened early disintegration of the world's presently bankrupt, post-1971 "floating–exchange-rate monetary-financial system."

Admittedly, as of the date of this writing, we have not yet gone over the cliff; but we are presently sliding, at an increasing speed, down the steep slope toward that yawning precipice. Federal Reserve Chairman Greenspan's 1988-2003 financial bubble-blowing practices being what they are, no one can predict mechanically what hour, day. or week that final collapse will occur, but it could come as a gigantic, global explosion at almost any time. More important, if we do not make certain radical changes which I have proposed, the collapse will become inevitable, soon. Meanwhile, most of my silly rivals among current candidates squat, lugubriously, promising the greedy suckers a miraculous midnight recovery in Alan "Dracula" Greenspan's hopelessly rotten financial investors' markets.

Therefore: When, and why, under such circumstances, should anyone throw his or her money away as financial contributions to any of the leading parties, or their presently approved lists of Presidential pre-candidates? For example: What price should you be willing to pay, as campaign contributions, for the kinky, gutless, eternally boring "*adagio* rave dancing" of the joint political-campaign of the Democratic National Committee's list of nine pirouetting lame pretenders?

Therefore, the present economic crisis is warning you that the time has come to sedate your financial accountant. Let him continue to record the figures as honestly, promptly, and as calmly as his skills and sedated passions allow, but do not take today's popular financial accounting's business-investment advice as a substitute for the work of competent economists. Mercifully, still your financial accountants' occasional "bottom line" tantrums! Put their tantrums aside. Focus your attention on choosing a policy which will successfully end the wasteful economic habits most of you had come to accept during the course of a more than thirty-year down-trend, the long-term economic down-trend in the rate of physical growth of the economy per capita and per square kilometer, the down-trend traceable since U.S. Fiscal Year 1966-67.

Now, ask yourself, how could a Presidential election campaign actually earn the money it spends for its cause? Did you ever think of measuring the relative value of a candidate's campaign by that standard? What is the value of a campaign which convinces you to make necessary changes in your political habits? Do you actually know why I, dollar for dollar, more than beat, easily, even the relatively best—or less bad—of all visible rivals, most of whose campaigns have a markedly negative net economic value to the nation? I shall identify the scientific standard of measure required, in the following pages.

When Money Goes Mad

To illustrate the point: Look again at pedagogical curves covering trends since 1966-67. Concentrate on the admittedly simplified pedagogical curve which I have often used for classroom purposes; but, also check the simplified data-trends of that chart for fairness against the detailed data (**Figures 1** and **2**). In short, over the course of 1966-2003, the per-capita nominal valuation of financial assets and monetary emissions has increased more or less hyperbolically, while the net physical output per capita has declined at an accelerating rate. In other words, under 1996-2003 trends in policy, generally accepted standards of financial accounting have provided a monstrously dishonest measure of performance of the real

FIGURE 1
The Collapse Reaches a Critical Point of Instability

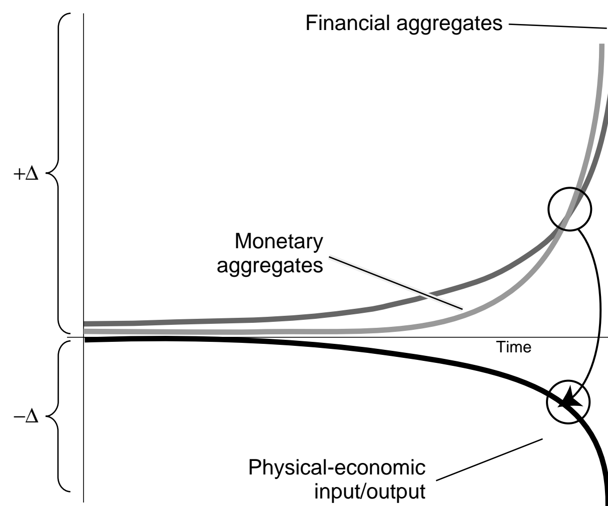

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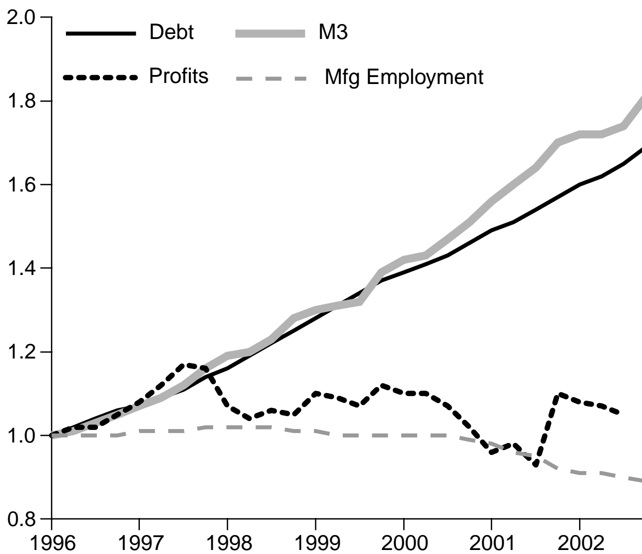
FIGURE 2
The U.S. Economy's Collapse Function Since 1996
(Indexed to 1st Quarter 1996 = 1.00)



Sources: Federal Reserve; U.S. Dept. of Commerce; U.S. Dept. of Labor; *EIR*.

economy. This has been true for the U.S. economy itself; it has been the characteristic feature of the world economy since the 1971-72 introduction of the so-called "floating-exchange-rate" form of the IMF-dominated world monetary-financial system.

Those charts show you that the present bankruptcy of the world's actual monetary-financial system is dwarfed only by the moral and mental bankruptcy of the majority among "free trade"-style academic and related economists and their treatises and textbooks.

In the history of modern economy, the causes for this present moral and intellectual bankruptcy of existing national financial accounting systems, can be efficiently understood only by contrasting the U.S.A. constitutional, Hamiltonian national banking system to the *fondi*-controlled "independent central banking" systems of today's Europe, such as the Anglo-Dutch Liberal, "Keynesian" models of parliamentary government. If we also recognize the existence of the U.S. Federal Reserve System as the outgrowth of an anti-constitutional reform imposed upon the U.S.A. by the overreaching influence of Britain's King Edward VII and his New York sub-agent Jacob Schiff, the U.S.A.'s victimization by quasi-European methods of central banking should begin to be clear.

The positive feature of post-1400, modern European civilization over the opposing Physiocratic and kindred, ultramontane relics of feudalism, is the adoption of the notion of perfectly sovereign nation-state republics, which were committed as the natural-law doctrine of the Preamble of our Federal Constitution prescribes our fundamental law. Our Constitutional system devotes the sovereignty of our republic to the obedient service of promoting the general welfare of the entire population, and the dedication of that population to the improved welfare of our posterity.

With relatively rare, and only temporary exceptions, that policy was almost never actually adopted in the constitutional forms adopted in post-1648 Europe generally. In opposition to that true republican principle, the emergence of sovereign forms of modern nations in European post-feudal institutions, was generally of the form which became what we know today as that Anglo-Dutch Liberal model of parliamentary government, a form lately typified by the curiously fertile financial folly of John Maynard Keynes. This model was shaped under the overreaching influence of a pack of financier parasites known either as Venice's *fondi*—the so-called "Lombard banking system," or imitations such as, most notably, the post-1688 Dutch and British models of private-financier-controlled central banking.

The practical result of that difference is the following.

Money is an absolute idiot, by definition. Under the world's best system, the so-called "Hamiltonian" American System of political-economy, the creation and control of the circulation of money is a Constitutional monopoly of the Federal Executive, a monopoly subject to the consent of the Congress. The official currency is nothing but a special kind of indebtedness, whose value in circulation is set and defended by action of the U.S. Executive branch as conditioned by the laws set by the Congress. Indeed, there is no form of money, metallic or other, which has intrinsic value. Money has only a relative value, as determined by the care or recklessness with which it is issued, circulated, and regulated.

As the pedagogical charts should suggest to the reader, the chief business of our republic's national Treasury and law-making, is to regulate the issue and circulation of money in ways which promote useful employment and capital investments, and which intervene in markets to keep monetary and financial values within the bounds of fixed, or improved physical value of the content of circulated goods and services. The appropriate intention of the policy of a modern republic, is to maintain a steady increase in the relative physical value of the purchasing power of a national currency, and to effect that result through fostering capital improvements in science-driven forms of productive and related technologies. The latter policies are integral to the use of the market as an instrument which mediates the population's disposition to save.

The policies of a true republic such as that intended by the Preamble of our Federal Constitution, rest upon a notion of the nature of the human individual as set absolutely apart from and above the beasts. This sublime quality of superiority of the human individual's potential, is expressed typically by the accumulation of experimentally validated universal

physical principles, from which we derive the technologies through which the average physical-productive powers of labor are increased. A "zero-growth" economy is a design for monkeys, not men and women.

Thus, value is not determined by the assigned price of a product or service, but by the role of the consumption of that item in fostering increases in the average productive powers of labor, as a relative valuation which is measurable in useful objects, or improved cultural conditions of life.

The difference between the value of a currency under the American system, and the inflationary trends inherent in the European style of "independent central banking system," is as follows.

In the Venetian model of "independent central banking system," an inherent price-inflation is the result of what is described as the "multiplier factor" in a Keynesian system, such as that of Keynes' Bank of England. An arbitrary discount factor is added into the capital financial expansion of both productive investment and trade. The relatively most vicious form of this development occurs in what Herbert Feis described as a sick global system of international financial loans, such as the post-1971 IMF "floating-exchange-rate" monetary-financial system. The usual result is a compound-interest piling-on of inflationary charges built into the cost of both physical goods and financial instruments generally. The result is that illustrated by the referenced pedagogical charts.

Thus, the financing of financial-capital expansion by the mechanisms of a Venetian-style "independent" central banking system, is inherently inflationary, with resulting, increasingly powerful, recurring tendencies toward inflationary financial expansions which lead toward a purging of the financial system through large-scale, collapse-driven waves of deflationary bankruptcy. On the contrary, a protectionist Hamiltonian system of national-banking-orchestrated credit expansion, is characteristically deflationary, but nonetheless expansionary, most of the time. This advantage tends to be prominent in a well-regulated, protectionist form of fixed-exchange-rate monetary-financial system.

Thus, the economic policy-shaping of a rational form of government, tends to focus on using monetary expansion as a driver for modes of technology-driven, long-term capital formation in basic economic infrastructure and production of physical goods and science-related services. This should be done on the assumption that money is an idiot, and money circulated by an independent central banking system, a dangerous lunatic. This should be done under policies of protectionist fair trade and monetary-financial regulation which combine effects to act as a deflationary trend in long-term value of necessary market baskets. It is therefore the responsible function of government to promote and regulate monetary processes and total investment within bounds which foster long-term deflationary trends in net physical expansion of both total and per-capita market-baskets.

Under a sane government, about half or more of the throughput of a national economy is represented by cycles of investment in generating and maintaining basic economic infrastructure, and approximately half in the entrepreneurial sectors. Government manages its monetary and financial policies, through aid of regulation, to encourage increases of intensity of productive capital formation, and physical standard of living of households, through emphasis on scientific-technological progress in quality of infrastructure and expressed ingenuity of entrepreneurs and their employees.

Such is what is known, alternately, as "The American System of political-economy," or, as by the German-American Friedrich List, "The National System of Economy."

The proper objective of today's urgently needed, drastic reforms of the international monetary-financial system should be to the effect of ending the hegemonies of Venetian-style "independent central banking systems," and "invisible hands" groping in your purse, in favor of the American System of political-economy.

The possible economic value of a Presidential candidacy lies in the candidacy's contribution toward the latter class of desired results.

My Campaign, For Example

An election-campaign's economic function does not lie within the sale of objects, such as periodicals, canned goods, snake-medicine-man rallies, or what-not. It lies in those actions which induce useful changes in thinking and cooperation among our citizens. If those changes, so induced, would result in an improvement in the average conditions of life of present and future generations, that campaign has delivered a net positive economic value to the nation. If not, it is probably a net waste. Today, most of the money contributed to, and spent for the Republican and Democratic campaigns is a monstrous mass of such economic waste, a vast expenditure which does far, far less than nothing of benefit to the economy as a whole.

The economically useful function of a Presidential campaign is to propagate those changes in policy which contribute to reversing the economic-social trends of the recent three-odd decades, and putting our nation back on that track of net physical growth which was bequeathed to us by President Franklin Roosevelt's recovery. This work must go further, to present those proposed great tasks which are, first and foremost, the visible requirements for the coming two generations on this planet. It means, most urgently, a vast expansion of productive employment in needed items of basic economic infrastructure, which are the most immediately accessible, relatively large-scale programs of upgrading of a burgeoning sea of unemployed, infrastructure programs urgently needed to bring the total income of the labor force above national economic break-even. It must include long-range mission-orientations toward developing the needed technologies of the future.

In such ways, an appropriate Presidential or comparable election-campaign makes the same kind of contribution to the general welfare of a nation's economy, as an important break-

through, or set of break-throughs in technology. That, implicitly, is the way in which the economic impact of an election-campaign itself should be estimated.

The present package of policies of the U.S. government, and of the nine referenced rival Democrats, are the policies which have continued to lead the nation down into the sink-hole of a global monetary-financial-economic calamity. Therefore, what the nation and its people need, most urgently, is the immediate scrapping and replacement of the defective financial-monetary system which has brought the present calamity upon us.

The principal long-term source of growth of the U.S.A. and other national economies, will be an aggregation of vast programs of development of basic economic infrastructure throughout the planet. The largest single new world market for long-term capital investment lies presently in the great concentrations of population-growth of East, Southeast, and South Asia.

This immediate national task is coupled with urgent changes in global relations among states. We require a return to the kind of fixed-exchange-rate, protectionist model of international monetary-financial system which served us so well during the immediate post-war decades. We also require a new system of cooperation among a community of respectively perfectly sovereign nation-state republics, a community of nation-states united by a common principle of cooperation.

Look briefly at some leading features of such a change in policies.

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The largest single new world market for long-term capital investment lies presently in the great concentrations of population-growth of East, Southeast, and South Asia. A combination of massive investments in transportation, power, water, and related basic economic infrastructure, combined with emphasis on high rates of gain in scientific-technological progress centered on Eurasia, will be the keystone-driver of world-economy growth for two generations to come.

The fact, that relatively high rates of scientific-technological progress are being generated within the indicated Asia markets, means that the rate of increase of productivity world-wide should be the result of combining new technologies developed in various parts of the world, into the designs of products and processes generated from many other parts of the world. We are thus now entering a new phase of world economic history, in which export of technology-transfer overtakes the role of export of finished goods.

If we are sane, we shall build the needed revival of the principle of the original, fixed-exchange-rate Bretton Woods system, on the basis of this long-term perspective.

This presents us with an interesting paradox. "Globalization" must be scrapped as an idea whose time to be never was. The sovereign nation-state is the only form of economy which has any long-term viability. However, the shift of world trade from export of relatively finished goods to technology-transfer exports, places a much greater emphasis on the need to return to a fixed-exchange-rate monetary-financial system. In other words, a fixed-exchange-rate monetary-financial system becomes the urgently needed form of general economic-treaty partnership among respectively sovereign nation-state economies.

This means, in practice, a long-term, deflationary trend in capital loans of between 1-2% simple interest, with emphasis on capital formation of basic economic infrastructure over terms of one to two generations: 25 to 50 years.

For example, the case of China.

The characteristic feature of China's development during the coming 50 years will be a two-phased process. First, an infrastructure-based shift of population and production, from the coastal toward interior areas. The first generation will build up that infrastructure in its initial phase; the succeeding, second generation will see China emerging among the world's absolutely leading national economies.

Similar, related development is now getting under way in the Mekong water-development region of Southeast Asia, in the North Asia corner of Japan, China, Korea, and Russia, and in the trend toward extensive cooperation with the Asia subcontinent.

We in the U.S.A. have an analogous challenge, in our part in rebuilding the economies of Central and South America. We in Eurasia and the Americas, have a common duty to bring about the economic development of Africa, especially Sub-Saharan Africa.

Overall, this means a global shift away from the cheap-labor orientation of the 1971-2003 period, toward emphasis on upgrading employment toward both more technology-intensive and science-driven advanced-technology rations of total employment. The present U.S. crisis on its border with Mexico, should warn us of the sheer lunacy of the NAFTA and related orientations toward destroying Mexico, which has been done in service of ultra-cheap labor roles for both the

population in Mexico, and the spill-over into the U.S. labor markets. In a world economy oriented increasingly to the export of technology-transfer product, there is no place for a continuation of cheap-labor policies in employment. This means relevant changes, immediately, in educational and capital formation policies, and labor-force upshift policies.

An After-Thought: My Youth Movement, for Example

My rivals repeatedly express their awe and fear of what has become known internationally as my youth movement. Unlike some youth movements of the recently remembered past generations, the fear does not come from a sense that these youth are violence-prone; quite the opposite. What frightens my rivals is the manifestly superior intellectual qualities of those youth, youth recruited from all walks of life.

Admittedly, most political-party organizations have what they regard as their own youth movements. That means errand-boys and errand-girls for passing out cookies and lapel buttons at party functions: not spectacularly intellectually challenging occupations. My youth have been organized around the thematic topic of a 1799 revolutionary paper by modern history's greatest mathematician, Carl F. Gauss: Gauss's initial definition of what is called the "complex domain." That challenge sets the intellectual standard for the movement, and its political expression as a whole.

The point is, these youth are oriented toward building the kind of future society which fits the now-oncoming agenda of global technology-transfer. What those youth dispense, as their campaign materials, are ideas which are aptly designed to meet the requirements of a general recovery, from the presently onrushing global monetary-financial crisis, to the work opening up for us now.

My movement and I represent actual ideas for building the future. My campaign is already worth far more to every U.S. citizen than the dollar spent to conduct it. Could any rival campaign dare to claim as much? What the rivals appear to be producing, is chiefly waste-materials.

Fiscal 2004 Begins: States in Maelstrom

by Mary Jane Freeman

Forty-six of the 50 American Federal states began a new fiscal year on July 1. At least five or six of them started Fiscal Year 2004 with no budget, or only a stop-gap measure to keep government open. Another four squeaked by, passing a budget in the wee hours of June 30-July 1. Three others saw their governors use executive powers to suspend payment of already-appropriated funds, warning that they deemed adopted budgets out of balance. Turmoil abounds as states face the worst fiscal crisis in 50 years.

In California, where the deficit ($38 billion) is the gravest and where no budget was adopted, Democratic Gov. Gray Davis had to issue an order July 1 to keep a hiring freeze in effect and eliminate all currently unfilled state positions, to save $250 million. All remaining California state workers' salaries were reduced to the Federal minimum wage, $6.25 per hour, as of July 1, by a court order mandating the action if no budget were adopted.

In Connecticut, where a brutal budget battle raged for months and the deadline was missed, Republican Gov. John Rowland is running state finances by executive decree. No grants for cities and towns, libraries, museums or pharmacies were issued. Nursing homes, mental health programs, and some hospitals won't receive any money until a budget is passed.

Nevada, as the deadline passed, adopted a partial budget, lacking sufficient funding for education. This led Gov. Kenny Guinn to file suit to force legislators to pass a tax hike that would fund education. Pennsylvania Gov. Ed Rendell cut $4 billion to prevent the adopted budget from taking effect July 1, and forced renewed debate. Deals and compromises struck in the wee hours got budgets passed in New Jersey, North Carolina, Missouri, and Rhode Island. How long these can last is a question: Days after adoption, Missouri Gov. Bob Holden used executive powers to withhold $240 million from appropriated funds. Maryland and Massachusetts Governors had already done the same, and Wisconsin's may do so too.

'An Impossible Situation'

Lyndon LaRouche, Democratic Presidential pre-candidate, in his July 2 campaign webcast, declared that the states are in an "impossible situation" as he forecast publicly nearly

two and a half years ago. Legislators, he said, "can not possibly balance the budget of these states. It can't be done. . . . Take the case of California: It's way beyond that." LaRouche Youth Movement organizers brought this reality to dozens of state capitals, and provided elected officials with LaRouche's alternative to their genocidal slash-or-tax insanity: a "Super-TVA" job creation initiative. To undertake this, LaRouche reminded his audience how American System economics works: "There's only one way to deal with it. The Federal government has the power to create credit. No other agency in the United States has the legal, constitutional power to create credit. . . . [W]what is needed, is Federal funding, which would . . . the states would participate in, for infrastructure projects."

Budget battles intensified in legislatures as revenues plunged. At least 16 states have held special sessions since January, to slash budgets and/or hammer out new ones. The upheaval began in January when expected revenues fell short by $26 billion (cumulatively, for all states). By fiscal year's end, 37 states had cut their FY 2003 budgets by a combined $14.5 billion, on top of the nearly $49 billion which had been cut from those budgets before adoption in July 2002). All told, states juggled a revenue gap of nearly $80 billion in FY 2003.

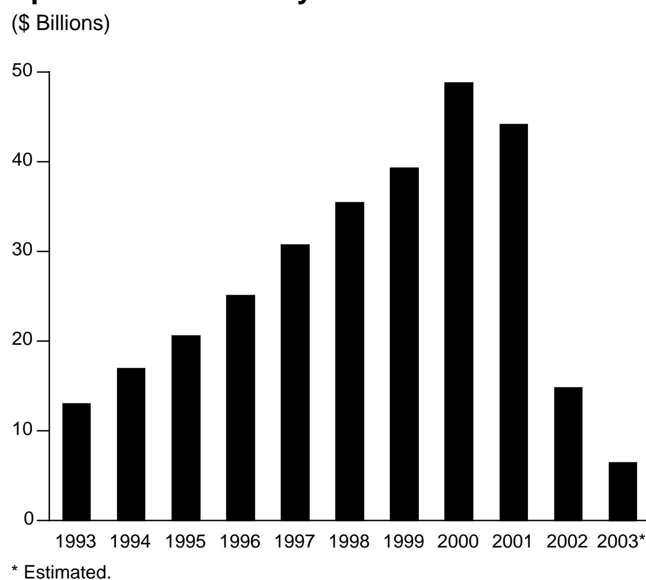
How did they do it? According to a recent national survey, 28 states made across-the-board cuts to services and programs; 17 laid off state workers; 10 furloughed workers without pay ("temporary layoffs"); and 10 cut aid to localities. Ten states hiked fees to increase revenues; 22 tapped rainy-day funds. Medicaid's health insurance coverage was cut. Finally, states borrowed $224 billion in FY 2003—double the 2001 level—to cover everything from salaries, to capital projects, to debt service payments.

At a Dead End

To pass 2004 budgets has been no small task. In 2001-03, states suffered a $200 billion revenue loss, due to the collapse of the productive economy, which threw millions of workers out of jobs; and to states' foolish previous reliance on revenues from the speculative economy.

The lack of a real wealth-generating, productive economy is epitomized by the near-insolvency of California's unemployment insurance fund. On July 3, the state's Employment Development Department announced it will raise unemployment taxes by a record 51% to stem losses. The fund dropped from $5.6 billion in 2001 to $2.9 billion in June 2003, a 48% decline in three years! The tax increase will raise employers' premiums to 6.2% on the first $7,000 of a worker's pay, or $434 per employee. The collapsed job market, putting more people on unemployment for longer periods; and higher benefits paid, especially to the high-tech employees who have lost their jobs *en masse;* have combined to cause rapid draw-down of the fund. Should the tax hike fail to stem the rate of loss, California may, for the first time in its history, have to borrow from the Federal government to pay benefits.

FIGURE 1
States' Total Reserve Balances Plummet as Speculative Economy Crashes
($ Billions)



* Estimated.

Source: NASBO June 2003 Fiscal Survey of States.

Going into FY 2004, the cumulative projected revenue shortfall of all the states was $80 billion-plus. Since states must have balanced budgets—no deficit spending—that meant slashing budgets. But that wasn't enough. Rainy-day funds had been largely drained; one-time revenue fixes from tobacco settlement or other sources had been used up.

This end-game situation is reflected in the drastic collapse of states' total reserve balances. These balances include year-end balances, rainy-day funds, and other special funds for unforeseen events. **Figure 1** shows that during the high-flying 1990s speculative binge of taxable capital gains, states built up reserves. They peaked in FY 2000 at $48.8 billion. But then the New Economy's bubbles burst, and with no buildup of the manufacturing base whereby regenerative revenues could have been created, these reserves were liquidated. They dove from $48.8 billion in 2000 to an estimated $6.4 billion in 2003—a whopping 87% decline.

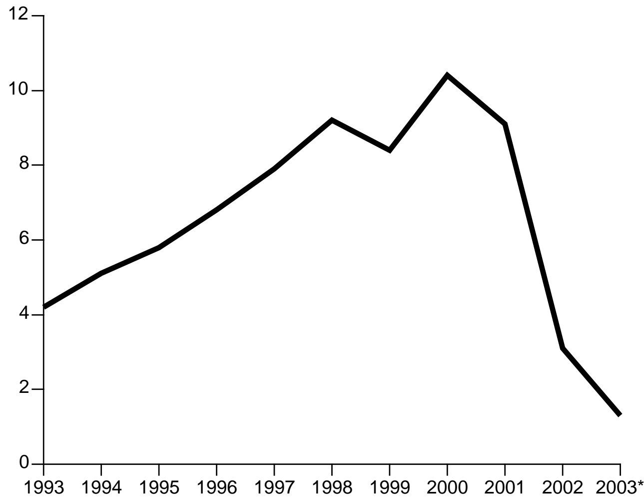
A safe ratio of reserves to expenditures is a minimum of 5%. **Figure 2** shows the ratio has plummeted to 1.3%, based on 2003 estimates.

States without budgets as of July 1 have already felt the consequences of their delay; inability or difficulty in borrowing money in the face of growing shortfalls. Moody's credit-rating agency downgraded Connecticut's state bond ratings from AA-2 to AA-3, saying the state's "balance sheet will remain weak at least over the next few years." The Fitch agency has Connecticut on a watch list due to its "very high

FIGURE 2

States Reserve Balances Collapse as Percent of Expenditures

(Percent)



* Estimated.

Source: NASBO June 2003 Fiscal Survey of States.

debt" level and weak job growth. Similarly, in California, Standard & Poor's and Moody's issued downgrade warnings for the state's already low credit rating. Moody's said the warning was due to the "political climate" of the budget debate and recall efforts targetting Governor Davis. A local newspaper wrote, "Moody's . . . could drop California from A2 to 'the Baa category,' that is regarded as junk-bond status."

For California, Wall Street's move has serious consequences: 1) the state would have to pay a $33 million penalty to eight banks that just guaranteed an $11 billion loan, to tide it over the Summer months; 2) market value of the states', cities', and counties' bonds would fall by perhaps 10% or more; and 3) bankers have told Davis that without a budget by July 15, a $3 billion loan needed by the state in August, may be delayed. With or without the downgrade, California has entered into a deadly loan-debt to loan-debt cycle. The recent $11 billion loan was largely needed to pay back a $12 billion loan taken out last Fall.

More Pain, or Prosperity?

Just how dire the crisis is, was suggested by National State Budget Officers Association executive director Scott Pattison, who was quoted in the *Washington Post:* "Here comes the bleeding, the real pain. We've crossed the line where this has lasted long enough and the budget shortfalls are deep enough that states really do have to do painful actions, whether it's [to] cut politically popular programs or raise taxes."

Such so-called solutions are nothing but fascist austerity with ideological spin one way or the other. Republicans insist on "no new taxes," and cut programs. Democrats want tax hikes, and no cuts. Both are no-win options—this is not a state problem.

The problem is the imminent collapse of the world monetary-financial system. In the current situation, the depression reality has nearly all states both slashing *and* taxing, in hopes of managing the hemorrhaging; whereas in recent recessions of 1981-82 and 1990-91, two-thirds of states increased taxes, and one-third cut budgets.

A bittersweet irony of President Bush's tax-cut "stimulus" package is that, while he claims he'll put dollars in Americans' pockets, 29 governors have asked for tax and fee hikes in their plans for 2004 budgets. California and Pennsylvania would increase personal income taxes to rake in $2 billion each in new revenue. Fifteen states plan to raise sales taxes, while 19 plan to hike fees on everything from driver's and fishing licenses, to motor fuels, cigarettes and alcohol, and nursing homes.

Contrast this approach to that of economist and candidate LaRouche. He noted the quandary: "Forty-six, at least, of the 50 states are in a virtual state of bankruptcy: They can not raise the taxes to balance their budgets! And if they don't, something is going to collapse inside the state economy." At his July 2 webcast, LaRouche pointed to the way out of the mess. "Look at the state budget as a total state budget—not just a state budget, but the total income of the state. Look at it from a physical standpoint first, rather than money first."

Using FDR's Reconstruction Finance Corp. as a model, he called for "the Federal government . . . to create credit." The states would participate in a "special fund outside the regular budget, . . . for infrastructure projects: water projects, transportation projects, things of that sort, which are long term—15-, 25-year investments."

This, LaRouche said, "will create employment [and] production. So the trick here is to increase the total employment level, to the level that the income of the population is now able to pay the bills of the state."

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