

## LAROCHE WEBCAST

# The Greatest Economic Crisis in Modern History

*Here are the remarks of Lyndon LaRouche at his webcast on April 27, 2006, in Washington, D.C., sponsored by the LaRouche Political Action Committee. The moderator was Debra Freeman, Mr. LaRouche's national spokeswoman. The webcast can be viewed at [www.larouchepac.com](http://www.larouchepac.com).*

**Debra Freeman:** Good afternoon, ladies and gentlemen. My name is Debra Freeman, and on behalf of the LaRouche Political Action Committee, I'd like to welcome all of you to today's event.

I normally give some introductory remarks. But given the nature of the current situation, I think that most of us recognize that with the issuance of his statement last week, that the world system is on a Weimar collapse curve, the dimensions of the crisis that Mr. LaRouche referred to there, that led to many of the people who are here today, being here, and which also has resulted in an unprecedented number of institutional gatherings around the nation's capital, and in fact, around the world, who want to hear what Mr. LaRouche has to say today.

We are witnessing what is, without question, the acceleration of the greatest financial collapse in modern history. Accompanying that collapse, is also an intensification of a series of strategic crises. I know that Mr. LaRouche is anxious to begin to address some of these questions with you, and I know that the people who are listening are anxious to hear what he has to say. So, ladies and gentlemen, without any further introduction, I'd like to present to you Mr. Lyndon LaRouche.

**Lyndon LaRouche:** Thank you very much. Thank you all.

This nation and the world are now facing, in the weeks and months immediately ahead, the greatest crisis in modern history; a greater crisis than World War II. This does not mean that it's a hopeless situation, it means that it only *seems*

hopeless. There are clear solutions which are obvious to me, partly because I've spent a lifetime, or the greater part of a lifetime, in dealing with precisely these questions, and have an expertise in this matter, which unfortunately most of our people in government, for example, do not have. I can tell you, presently, the U.S. Congress, the Senate in particular, has no comprehension at present of what they're dealing with, or what's about to hit this nation, and what's about to hit them.

*As of today, they don't know what to do!* And if you see what they're doing, lately, you *know*, they don't know what to do. They may have watches, but they don't know what time it is.

So therefore, I shall try to make this clear in terms, as much as possible, that intelligent lay people can understand what I'm about to say. And I shall go through a series of stages, getting nastier, and nastier, and nastier, until we come to the nature of the solution.

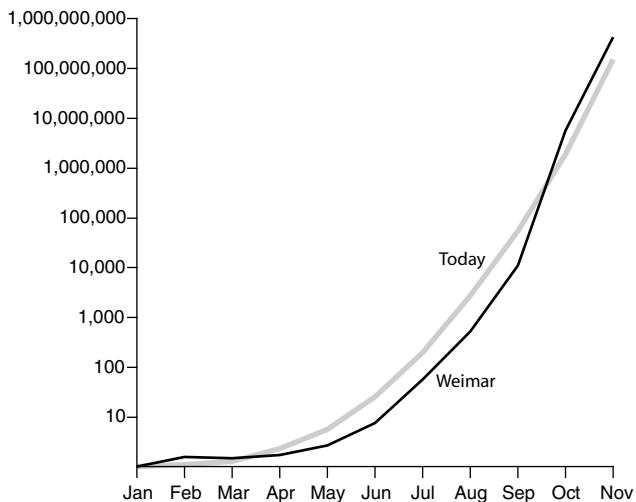
Now, first of all, I want to show, as a thematic point which I'll refer to a number of times, this diagram, which is just a schematic representation of what I discussed this past week. The curve, please (**Figure 1**).

### Like Weimar Germany, 1923

Now, what you're looking at, is a comparison of what is projected, first of all from early January 1923, in Germany, until about the end of the year, November of 1923. And this is looking at specifically, emphatically the part that begins about June of 1923. And it concludes at that part, in the first case, with the total collapse of the German economic *and* monetary system, together, at the end of that year, in 1923. The United States presently, and the world presently, *is on the same rate of change of curve*. It's not the same in terms of identical figures, but it's the same in terms of the general

FIGURE 1

## Hyperinflation: Weimar, 1923 and the World, Today



*A German housewife of the early 1920s lights a fire with worthless currency to cook her breakfast. Today, we're reaching the point where people will be melting down pennies and nickels for the copper in them, which is worth more than the coin itself.*

rate. *The rate of collapse of the world economy is increasing geometrically, month by month, such that, by September, unless there's a major change introduced as a matter of policy, particularly by the United States before September, by September, the United States will be in the bucket and we will be finished as a nation for some time to come. And obviously, the members of the Senate, and parts of the Congress, and other parts of the world, are not paying attention to that reality.*

I've just identified, that this curve that we're looking at, is a reflection of Leibniz identified as the principle of physical least action, which is tied to the so-called catenary function: That in physical processes, there are certain kinds of processes, which define a characteristic of a system. And this kind of curve, that I've just referred to here, *this means, that the present system is finished! And it's finished this year, unless, dramatic interventions to radically change the situation are made by the U.S. government.* Which means, you've got to get the nerd out of the White House. And Cheney, first.

And Cheney, I understand, could be in deep trouble this week, or next week. It's already in process. There's no chance that this nation would survive, number one, unless we change the composition of the Presidency. Because, this President would *never do what is required*. He hasn't got the brains to do it, and he'd be "agin it"—sort of like the Mortimer Snerd of the White House.

And if Cheney's not out, then, it's not possible to make the kind of changes that are required, which are changes which are *consistent* with what Franklin Roosevelt began to do in early March of 1933, at the time of his inauguration. Unless we go back to Franklin Roosevelt, and do it this year, this nation is not going to make it. We're going to go to Hell—

and we're going to take the rest of the world with us.

There're some people who will tell you, "Well, the United States will fall, and you'll have this group of nations around the euro, around Iran, the Arabian oil countries, they will set up a new currency, and they'll deal with the problem." No! Never happen. That China will deal with it. No. China can't deal with. No part of Asia could deal with this problem. Europe could not deal with this problem.

The only nation which could make the kinds of decisions which would save the world from Hell, is the United States. And in the living memory of some of you, or the recollections from study of others of you, the only precedent for saving this nation and civilization, is the policies taken by Franklin Delano Roosevelt, during his Presidency. That's where we stand. And I can tell you, as you probably know, this Senate is in no mood to do that, right now. They seemed to be getting in the mood to do something during the previous year, but they've lost it since the beginning of this year. They're running in every direction. They're like the cockroaches, when the light's turned on in the kitchen—running in every possible direction except a useful one.

I'll just give you one example before going on to this further: The example of the oil price discussion in the Senate. Now, I don't disrespect these ladies and gentlemen in the Senate, on the question of what they're doing because of the oil price. *But they're wrong, they're dead wrong and what they're doing is worse than useless. This is not a matter of bringing the oil companies into control. That is not the problem. It is not caused by a price manipulation by oil companies. It is caused by the same thing that is running the price of copper up, so people are melting down pennies for the copper!*



EIRNS/Stuart Lewis

*"If I were President of the United States, I'd know exactly what to do," LaRouche said. "I'm not President of the United States. So, we've got to get rid of the one we have, and find somebody else in there, to handle the job. But we have to have a policy for that President to carry out, and which Congress will support and carry out. Under those conditions, we can make it."*

Because the copper's worth much more than the penny. And the same thing is going to happen to your other hard coins: The metal in these coins is *worth more* than the currency, to say nothing of the paper of the dollar bill or the ten-dollar bill.

So, we're at that kind of point. So therefore, money has nothing to do with it. Let's go through this thing right now, and I'll come back to this immediately.

## From Harding to Roosevelt to Truman

The history of the United States, and of the world economy, in my lifetime, which began a long time ago—about 83 years ago, nigh on 84 years ago—is the following: I was born during the Harding Administration, and then he was succeeded by Coolidge, who was no damned good, and also Herbert Hoover, who sucked. These fellows who were going along with a certain kind of policy, in conjunction with the British and the French, sent the world into a general depression, by their manipulation. We had a crash in the United States, a stock-market crash. And the U.S. economy, *physical* economy, employment and so forth, all these factors, crashed by *half* between the time of the '29 crash under Hoover, and the time that in early March of 1933, that Franklin Roosevelt was sworn into office. *By half!* It was a *disaster*. And Roosevelt reversed that. It was a change in policy.

We can divide the history of the United States, modern history, actually from the time that Roosevelt was inaugurated in March of 1933: We had a steady recovery under Roosevelt. It wasn't easy, but the steps which led to the recovery were

fully in motion. Harry Hopkins' administration was part of this thing under Roosevelt. But at the same time that Roosevelt came into office, barely a week before, Adolf Hitler had become the dictator of Germany. And everybody in the world who had any sense and was well informed, knew the world was going to a *new world war*. That is, the new world war was made almost certain, before Roosevelt was actually inaugurated as President. When Roosevelt began to organize the recovery, he had to do two things: He had to not only revive the U.S. economy, he had to prepare for a U.S. role in World War II. Our recovery during the 1930s, also was, at the same time, a *war mobilization recovery*. We had to build up the material engines by which to prevent the Nazis from conquering the world; and we knew we were going to be drawn into the war, and we had to prepare.

So, relative miracles were pulled, by pulling people who were ashen-faced, from poverty—men who would have employment, who were suddenly ashen-faced, because, it was not whether they could buy gasoline, they couldn't get food! And they'd been in

a deep recession, a deep depression, for several years before Roosevelt came into office. And we had to remobilize these people, who were despondent. And we spent most of the 1930s trying to get people back into shape. Roosevelt backed John L. Lewis in what became known as the Congress for Industrial Organization, as a part of this process: To get private operations, as well as public operations, to get the economy moving, knowing we were headed for war.

Now, if you take the discussion in Europe, before Hitler came to power and immediately afterward, everyone in leading positions in Europe knew this; everyone in the United States in leading positions knew it: A war was being prepared. It was also understood, that unless the United States were mobilized to tip the balance, the Nazis would win the war. And we saved the world from a Nazi empire, by Roosevelt's mobilization, by the mobilization of our people.

We also went into great debt. We had about 17 million people in military service during World War II, but we had a population of over 130 million people. We had about 17 million of the adults, young adults and others, involved in military service. We were not the best soldiers in the world, we were not the best fighting force in the world. But we had tonnage of logistical support, against hundreds of pounds of matériel for the opposition. We crushed the opposition with logistics, with engineering, and with Detroit and with the auto industry, which produced planes and about everything else you can imagine. And it was that crushing power, of U.S. economic power, which we funded by a great debt,



National Archives

*During the Great Depression, miracles were achieved, by “pulling people who were ashen-faced, from poverty—men who would have employment, who were suddenly ashen-faced, because, it was not whether they could buy gasoline, they couldn’t get food!”*

in order to save the world from Hell. And we did it by Roosevelt’s methods.

That’s the first phase of our history up to 1945. Then Roosevelt died. And Roosevelt was not buried, before Truman had betrayed him. Now Truman and company could not do as they wanted to, because the entire world depended at that point on the U.S. economy. Europe was a shambles. There was no other part of the world that had a currency worth trading in—only the United States dollar. And Truman betrayed us. He got us into war. Where Roosevelt had planned to organize the United Nations, in order to break up the colonial system, the imperial system; to foster the development of a system of sovereign nation-states on this planet, who would be equal in their sovereignty, if not in their power and size. And the United Nations was supposed to be an agency to assist in the development of what had been formerly colonized countries into full, true citizenship among nations.

Truman turned that around, with Winston Churchill and company. They went out to *repress* the people of Indo-China. They reactivated Japanese troops out of prison camps, gave them back their guns, and got them to occupy Indo-China again, until the British and French could come in and replace them. The Dutch, with British support, committed



Franklin D. Roosevelt Library

*President Roosevelt in Wilkes-Barre, Pa., in 1936. At right, Walter Reuther of the autoworkers’ union and John L. Lewis of the United Mine Workers. Roosevelt backed Lewis in what became known as the Congress for Industrial Organization, to get the economy moving, knowing we were heading for war.*

mass murder in Indonesia! And similar things went on in most parts of the world. Eventually many nations in Africa and elsewhere were given nominal freedom. But it was never *real freedom*—it was lackeydom. You could get a hand-out if you behave yourself. That kind of “independence.” That’s what Truman did.

He got us into an unnecessary war with the Soviet Union, and other forces. There was no need for it, we had control of the situation. There was no threat to us. We were the only power on this planet of any importance. We didn’t have to do anything, except what Roosevelt planned to do. But we got ourselves into a mess. But Truman had to keep the thing going. So finally, Truman was dumped, because he was such a menace to humanity. And he was replaced by Dwight Eisenhower—a man, who, by the way, I had supported for candidacy for the Democratic nomination in 1947, who had written to me back, and said, it wasn’t his time. But he did come back in in the 1950s. He saved us from Trumanism—he didn’t save us from everything, but he did prevent us from going into a nuclear war, and he did initiate a number of policies which were very useful to us.

## 1964—When We Began the Plunge Into Hell

Some good things happened under Kennedy. But that was quickly ended, and so was he. And then, in 1964, we began to plunge to Hell: We began to destroy what had been the continuous progress in the U.S. economy from the time that



Library of Congress

*President Dwight Eisenhower after his inauguration, Jan. 20, 1953. Outgoing President Harry Truman is behind him. Eisenhower saved us from Trumanism, and prevented us from going into a nuclear war.*

Roosevelt took office in 1933, until about the beginning of the Indo-China War, the United States' intervention into Indo-China.

At that point, we began to destroy the U.S. economy. The destruction became official in the first form, with Nixon. Nixon, apart from bringing a fascist government to power in Chile and a few other delicate things like that, took the first step to destroy the international monetary-financial system, on which the strength of the United States and the postwar recovery of nations had been based.

Then, in the second half of that decade, the latter part, we had Brzezinski. Brzezinski with the Trilateral Commission brought in Carter, who didn't know what time it was, made him President and ran the administration for him, largely. And what Brzezinski did, with the Trilateral Commission, was to destroy the entire system of protection, of regulation, upon which the economic recovery of the United States under Roosevelt and afterward had depended. Look at your airlines. Look at the number of airlines, which had been proud, powerful, effective airlines prior to 1981, which quickly went into bankruptcy. Do you remember Pan American? Do you remember Eastern Airlines? What happened to them? What happened to a lot of industries that went under? What happened to the trucking industry? It was turned from an industry into a system of slavery, highway slavery. Hmm? Agriculture began to be destroyed. And if you look at the map of the United States, year by year, county by county, you see a pattern from 1977 on, of a systematic destruction of the physical economy of the United States, county, by county, by county; industry, by industry, by industry.

We are now being destroyed.

And it was the *intention* to destroy us! It was the intention which the British had. We're a unique nation. There's no nation on this planet like us, in our Constitutional form. For example: We do not have a monetary system. We have a credit

system—read the Constitution: The creation of money, in the United States, is regulated by the Congress. The Federal government has a monopoly on the issuance of money. This monopoly is exerted *only* with the agreement, consent of the Congress, specifically, the House of Representatives. This is the way in which we create credit. The proper way to run this system, under our Constitution, is with a *national banking system*. That is, the credit-creating power, and the regulatory power, of the United States government, the Federal government, should be centered in a national banking system, instead of what we have as the Federal Reserve System. That can be remedied: The Federal Reserve System is about to go bankrupt; therefore, if the Federal government takes over the Federal Reserve System in bankruptcy, and manages it, we will then turn that into a national bank, a national

banking system. The national banking system organizes the credit, both on the public account, and in order to manage credit and manage the banking system, the private banking system, so that our system can produce the credit, the long-term credit for *investment* in technological progress, in capital goods, in infrastructure, which we require to increase the productive powers of labor per capita. That was destroyed.

Europe never had that, really. It tried it a few times, particularly under the Bretton Woods system protection. Europe to this day, is a monetary system. There is no such thing as a sovereign government in Europe, in Western Europe, or Central Europe. Each of these governments is subject to a private financial cartel, called "an independent central banking system." The governments of those nations are subject to government *by* independent central banking systems! Typified by the Bank of England: That is, a syndicate of international financial cartels, based on the Venetian model, based on the same thing as the Lombard League, controls the government and the credit of the nation.

Now the typical European, who doesn't understand economics very well, will say the principles of Roosevelt's reform were Keynesian. Actually, Roosevelt defeated Keynes, in the organization of the Bretton Woods system! *Because our system is not based on central banking! Independent central banking. Our Constitutional system, by our Constitution, is the power of the credit, the power of issuance of money, and regulation of money, is a monopoly of the Federal government, conducted by the Executive branch with the consent of the Congress!* Specifically the House of Representatives. Because the House of Representatives is the agency that says whether the United States government can contract debt or not. And if the House of Representatives agrees, and the Federal government requires this, and we wish to rebuild our economy—as *today*, from the wreckage it is!—and put the system into bankruptcy reorganization because the entire



*Zbigniew Brzezinski, who ran the Carter Administration, destroyed the system of protection in U.S. transportation, by deregulating trucking and just about everything else (including himself). Here he dances at the opening of the musical "Hair," in 1979.*

banking system of the United States, *the private banking system is hopelessly bankrupt, including the Federal Reserve System!* Therefore, the job is, to put it into bankruptcy under government.

## What Are We Going To Do?

What are we going to do? We're going to balance the budget? No, we're going to balance the minds, first.

We're going to freeze things, we're going to put things into bankruptcy reorganization. Things that must continue to function, including pensions and things like that, will continue to function, backed by the credit of the United States, the United States government, what it can muster. We will keep these institutions functioning. We will take large categories of this debt which can not be paid, we will freeze it and reorganize it. For example, a certain category of debt, the so-called hedge-fund debt, or financial derivatives debt, is not honest debt. Forget it. It's gambling debt. It has no basis in reality. Freeze it. We'll see what we can do with it later.

But we must keep the industries going and growing! We must develop our agriculture, we must develop infrastructure, we must have productive employment. We want people employed, not to get a paycheck: We want people employed, *with* a paycheck, in order to produce wealth. Because the security for the credit of the U.S. government, when loaned, is the wealth created as a result of investment by that credit. We create water systems, we create transportation systems, we create power systems, we create educational systems. We also provide credit for the development of industry. Those industries which are necessary to us, which are the option to us at that time.

That's what we're going to have to go to, and that is what the Congress is not ready to do. Because the only way you can deal with the kind of crisis we have now, not merely a depression like 1929—this is new. We have to go to these kinds of methods. Methods which are modeled on the precedent which Franklin Roosevelt demonstrated for a crisis *less severe* than we face now, but which would work equally well, under the present circumstances.

And, as you see in the Senate and other parts of the Congress, let alone the White House, you see no sign of any intellectual preparation, or emotional preparation, for voting up the kinds of actions which save this country and its people from being sent to Hell, when it's being threatened by being sent to Hell within the months immediately ahead of us, now.

And this curve I showed you is key to understanding what this means. That's our problem.

The problem is that in the middle of the 1960s, you had a split of a generation which had been born in the postwar period, white-collar versus blue-collar. You had people coming into maturity, that is, into young adulthood at that time, who had been born either at the end of the war, or shortly after that. And they became known as the 68ers: They went crazy, took their pants off and everything else off on the streets, raved around, did all kinds of things, made un-music copiously—all this sort of thing. And they *hated* blue-collar people. The 68er, the secondary feature of the 68er, was the hatred demonstrated against the average working man.

This split the Democratic Party. Because, it meant that the liberal anti-war faction of the 68er was in organic opposition to the vital interest of the guy of the same age-group or slightly older, who was working in the factory producing things, or the farmer. It was anti-labor. It was a yearning for a post-industrial society. It was a yearning to have pleasure and opulence and comfort, and sexual satisfaction, in a society which actually did not produce wealth, but got wealth from abroad from cheap labor.

And we were able, because we had more money, we could get those products, without actually having to work for them! And we made new laws and regulations to destroy the ability to develop our energy potential, to maintain our basic economic infrastructure. Look at the charts which we've projected in various broadcasts and reports—look at the United States, county by county, for physical characteristics of life



EIRNS/Philip Ulanowsky



EIRNS/Linda Ray

*The 68er generation at a 1979 Shad Alliance anti-nuclear demonstration (left) and a 1980 pot parade, both in New York City. The 68ers hated blue-collar people. "This split the Democratic Party, because, it meant that the liberal anti-war faction of the 68er was in organic opposition to the vital interest of the guy of the same age-group or slightly older, who was working in the factory producing things, or the farmer. It was anti-labor. It was a yearning for a post-industrial society."*

in those counties, over this period, from the middle of the 1960s or even earlier, to now. We have become a post-industrial society. We no longer produce what we need.

Whole sections of the country, for example, the area of western New York State, western Pennsylvania, Ohio, Michigan, and Indiana (**Figure 2**). And take one little aspect of this thing—it's not the fundamental one, but it's a good one, to illustrate. Now, most of the people who worked in auto and similar industries in these states, had the habit of having housing. They would invest in a mortgage and buy a house. Now most of these things are still mortgaged, in terms of General Motors, and not only General Motors employees alone; GMAC holds a lot of mortgages. These mortgages are held by auto workers or those in similar kinds of industries, or by retirees living on pensions.

Now, you have right in this area, in the Washington, D.C. area, you have one of the greatest real estate bubbles in history that is about to pop; as a matter of fact, it's beginning to decay. And within a short period of time, you're going to find that this whole area, around the *Washington Post* (it's where you go to die, you know)—this whole area, especially Loudoun County, in Northern Virginia, is going to disintegrate! It already *is* disintegrating. It's doomed! Whole sections of the country, the real estate bubble, on the West Coast, California, whole other areas of the country, are going down.

But now, you've got another: GMAC. They're trying to sell off GMAC and spin it off. Some sharks. But what's going to happen to GMAC? Is that a prize possession? What happens when you start to dis-employ the people in the auto sector and related sectors in the states I mentioned—western New

York, western Pennsylvania, Ohio, Michigan, and Indiana—what happens? These people lose their incomes; their pensions are being taken away. What is going to happen to the mortgages? You're going to have an ignition of a collapse of the entire U.S. financial system, coming out of things, such as these states! You're going to take an area like Northern Virginia, where people have a bigger debt, than the value of the equity of the thing they have debt against in a mortgage! Up to 60% of recent mortgages are of that category in Loudoun County—which is the fastest growing county in terms of real estate speculation in this whole area.

In other words, you're at a point where the whole thing is ready to come down. You look in Europe: There's no country in Western or Central Europe, which is not operating below breakeven, substantially below breakeven. Italy is bankrupt. France is ready to disintegrate. It's sucking on the blood of Germany. And Germany's about to collapse. Maybe it won't collapse, but it's about to collapse. The other countries of Europe are in a similar condition.

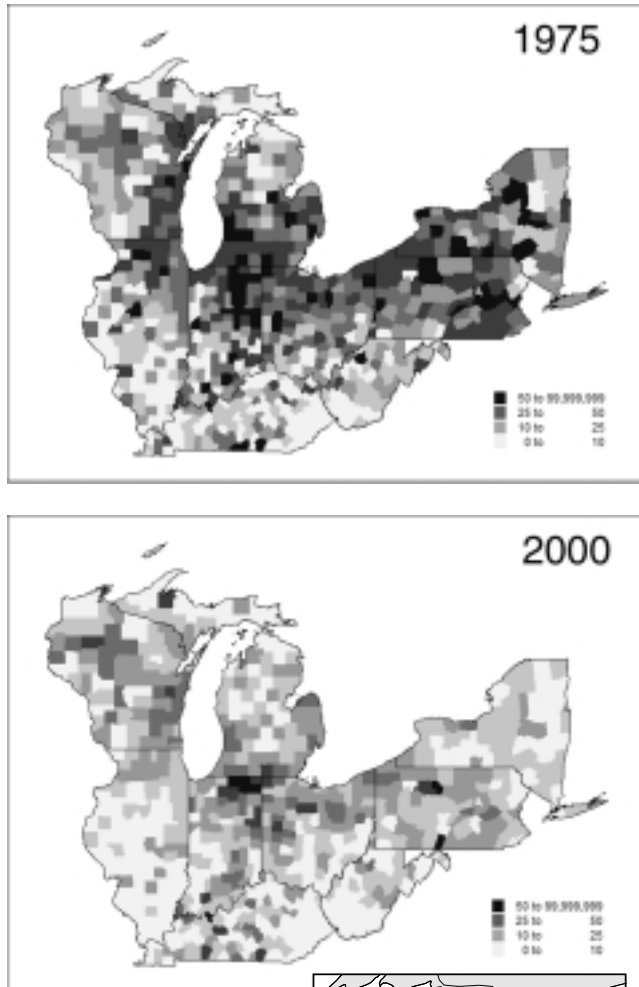
China—you say China's a big power? But what does China depend on? China supplies cheap labor for production of products, which are sold—where? In Europe and the United States. India is similar. Other countries of Asia are largely vendors to China or India. What happens if the U.S. market and the European market collapse? What happens to China? What happens to India? What happens to Asia in general? Let alone what happens to Africa.

You're in a world which is about to collapse, as a result of the stupidity, the foolishness, especially since 1964 in the United States, following the Kennedy assassination, which



FIGURE 2

## Decline in Manufacturing Workers As a Percentage of Workforce, by County, Upper Midwest, 1975-2000



Source: Bureau Labor Statistics.

is the marker—'64 to '68—when the direction of U.S. policymaking shifted, when the Democratic Party split, between blue-collar and the so-called 68ers, the street 68ers. That's how Nixon came in. That's how this fascist drive came in, which is dominating the world today.

### We Did This To Ourselves

*We did this to ourselves! We, as a nation, did it to ourselves! We had the power. We were the greatest power on this planet: We wasted that power. We betrayed our heritage. We betrayed the world: Because, we're the only nation on this planet which has a constitutional system which can meet the challenge of this crisis. No European government is capable,*

at present, without our help, of putting its central banking system into receivership in bankruptcy. We're the only system that can do that—unless you want to start a dictatorship, simple rule of fist, and that's not a very good idea. It generally doesn't work out too well, as the French Revolution demonstrates. So, don't do that.

But we are the one nation, we're still the world's leader—and think of one thing about it: What are we? We're the Americas. How did we come into existence as a phenomenon today, the Americas, including the United States? Because people from Europe, finding that the oligarchical corruption which is the characteristic feature of European states, was so powerful in those states, that you could not have a just society in Europe. So, people left Europe, beginning in part, in the 16th Century. And more in the 17th Century. And they moved into various parts of the Americas. People fled from Spain, to get out of the *horror* that Spain was, at that time, to get into the Americas. To find a place in which to take the best of European civilization, to engage with the people who already lived there, particularly the Peruvians and the Mexicans—you had about 2 million Mexicans at that time, indigenous, and they were a key part of the culture. So, you had a Hispanic-indigenous Mexican population; similar thing in Peru. And these people went to the Americas to try to build nations, which would do here, in this hemisphere, what could not be done in Europe, because of the reigning role of the oligarchy.

We, in our country, the same thing. We had some crumb-bums who crept in through our gates, but we also had people like the Massachusetts Bay Colony, and other colonies, which were dedicated to establish on these shores, societies based on the principles, the best principles of European civilization, but free of the curse of the oligarchy.

As a result of the French Revolution and what followed, the wars that followed, we are the only nation with the exception of some things that happened in Mexico and elsewhere later, but we're the only nation, the prime nation on this planet, which represents the tradition of the best of European civilization. We are a truer representative of that, than any country of Europe. Because, we do not like an oligarchy. Do you say, "Oh! You have to respect him, because he's Baron So-and-So; he's Count So-and-So"? You say, "Get that no-count outta here!" Even when we are fools and asses, we know better than to say, "We need barons, and viscounts, and dukes, and whatnot." We don't need an oligarchy. And our idea of having a *free* people, is a people *free* of rule by oligarchy, either by the fist, or by corruption.

And in Europe, of course, the oligarchy, the old oligarchy, simply rules by corruption. It hangs around. It pollutes the atmosphere. It's just an unseemly thing.

But this country of ours was founded by Europe, by Europeans to bring here the best of Europe, to mingle what we represented with the people already living here. And to form nations which would be true nations, representative systems of government, systems dedicated to progress, to improvement of the welfare of people. We're the only nation on this





planet which still has that tradition in an active way, even though it's buried under the Bushes.

If we can reactivate ourselves, if we can recapture what many of us recaptured in the 1930s and 1940s under Roosevelt—when, after a bad period of corruption, the 1920s, we came back to being *ourselves* for a while—we *rebuilt* a ruined nation as the greatest power on this planet, we made possible great improvements in the world situation, continuing into the middle of the 1960s, until we began to ruin it. We still have within us, within our cultural legacy and within our Constitutional institutions, the power, the authority, to do again what we did before.

The problem is, we lost it.

And the only way we're going to get it back, is when a very scared generation—including a generation in the Congress which is about to be terrified by what it's trying to pretend will never happen, but is happening—when they're *shocked*, into realizing that we have to make a change. And they give up saying, “No, you can't stop this. It's inevitable.” You've heard the statement, “It's inevitable—you may be right, but you're not going to stop it, it's now inevitable. It's going to happen. You can't stop globalization. You can't stop this, you can't stop that.” And when you realize that your existence depends upon stopping precisely some of these things, and most of your friends and neighbors find that the price of food is higher than the price of rent—which is about to happen, if we don't deal with that—then they'll get up on their hind legs—if there's someone around, if there are people around who represent a quality of leadership that people will trust.

And what I'm worried about, is trying to get at least some of our Senators and others, to behave in ways in which they will attract that kind of trust from among our people. The way they've been behaving this year so far, does not attract much trust. What they're doing right now, does not attract much trust.

Now, for example: This question of inflation—go back to this image again, of this curve.

Now, what's going on here? The price of copper, the price of gold, the price of zinc, the price of petroleum: Has it got something to do with gouging by oil companies? No! Then why are the Senators making fools of themselves by pretending that that's the case? It's not just petroleum—it's gold, it's zinc, it's iron, it's copper, and so forth. You have armed gangs out raiding junkyards! A phenomenon in the United States, and in Europe. Why? Because of a certain system that's operating, and these members of the Senate, and others, aren't willing to face the reality!

## How the Financiers Escaped From Their 1987 Crash

In 1987, I told the boys we were going to have a depression in October, early October 1987, and it happened on time. What did these idiots do? They called in Alan Greenspan, who had been designated as the new appointee for the Federal

Reserve System. And Alan Greenspan said, “Don't do anything, until I get there. I got a plan.” The plan was financial derivatives.

Now, the October 1987 financial collapse, was a classical depression collapse, of the type we had in 1929. In about two days, you had about the depths of 1929, all at once. This was panic. The banks were strapped. The banks had been virtually out of cash, which is how this thing happened, out of assets. What he did: He started printing fake money called “financial derivatives”; he authorized an illegal form of money called financial derivatives. Gambling side-bets. You got a couple a crap shooters, there in the alley—ya know, two guys are shooting against each other, and two guys on the side are betting on how it's going to come out, right? Side-bets, gambling side-bets. Financial derivatives!

Now, what did they do? How did they get the money back into the banking system? Financial derivatives. They had the Federal Reserve System go to Fannie Mae and Freddie Mac, and told these fellows: “Bundle mortgages.” In other words, a bank will take a group of mortgages it has, sort them out, make a collection, make a description of them, and put it in a package. And market this as a financial asset. This is a pack of mortgages. They take it now, and they dump it on Fannie Mae or Freddie Mac.

Now what happens? The Federal Reserve System now comes in and subsidizes Fannie Mae and Freddie Mac's purchase of these bundled mortgages. As a result of that, Now, Fannie Mac, Freddie Mac, take this Federal Reserve money, and dump it into the coffers of the banks!

*Real estate speculation became an integral part of the way in which the banking system was supported.* In other words, you go in and you tell the banks to go out there and get mortgages. “C'mon boys! Go out there and get mortgages. I don't care what you do to do it. You have to take latrines, and you have to put them up, and call them mansions, McMansions or something—get a mortgage on this, quick boys! And get some sucker to sign for it,” which makes it official.

Now, take a bunch of these things at the bank, and you do what you call “bundle” them, you put them together under one little wrapping. And you march this over to Fannie Mae or Freddie Mac, or somebody else's fanny, huh? And now the Federal Reserve comes in, and with this financial derivatives operation which it's working with, it now gets the money back into the banking system, which now engages in this financial derivatives operation, in many kinds of gambling ways—which previously were considered illegal.

So, what we've had, is this kind of speculative system, which is integral to this operation with getting money back into these bankrupt banks, through bundling of Fannie Mae-type and Freddie Mac-type mortgages, this system was going to blow! This is a bubble, this is a classical John Law-style bubble, as John Law from the early 18th Century. You had one in England, you had one in France. South Seas Island bubble, and the Mississippi bubble. Same kind of thing. It's

a ponzi scheme. It's a pyramid club scheme—same kind of thing. But a pyramid club scheme betting on a pyramid club scheme, betting on a pyramid club scheme—off into the stratosphere.

Now, the money is being printed, which is generally registered under the category M3. And notice that you can't find out what M3 is, any more. They officially decided to hide the figure! Because, if the figure were published, it would show you how much money is being printed, printing-press money by the Federal Reserve System, and being pumped into the system now, to bail out and fund these financial interests.

Anyone knows this, who knows the system: When you build up this kind of bubble, a super-John Law bubble, layer upon layer—this thing is going to pop. Then, if you're a smart banker, what're you doing? How are you going to get out of the bubble, which you are going to cause to pop? Why aren't you going to go down with the bubble? You have to find a landing place outside the system. What is that landing place? Gold, silver, iron, zinc, copper, petroleum!

These are physical assets, so-called natural materials, these are assets which will be marketable in the future. So what you do, is, *you corner the market in possession of these materials*. You raise the price to the sky, because you're bidding against each other to grab these materials, and trade them back and forth, day after day. It's all done by this bunch of financiers. That's where you get that curve! So, when you look at the curve of inflation, don't look at the groceries—you will get grocery inflation very rapidly; you're already getting it, as many of you know. It's going to get serious, like housing inflation has been. Hmm? But this inflation, is where the powers of the future intend to be: They will control these assets; they will control the real estate; they will control the water systems; they will control the water. They will control the food. They will own you, and decide which of you lives and which dies.

A landing place.

Now! See what's wrong with the Senate?

*This is not oil companies trying to "gouge the public"—oh, they do that all the time! But, this is nothing new; that part's nothing new. What they're doing that's new, is, they plan to sink the whole world economy, into a breakdown crisis, from which they will emerge, where governments are bankrupt and powerless, and they will emerge as the owners of everything in sight. And their banking systems will come—not the government!—but they will come, and foreclose on you. And there'll be nothing to protect you. That's the game.*

## Felix 'Rotten'

This is what Felix "Rotten" says (otherwise known as Felix Rohatyn), hmm? You call him "Rotten" for short. Now, Felix Rotten is not just an interesting, eccentric character from Vermont. (You do have eccentric characters who inhabit Vermont, but he's not a cow. He's much less useful.)

Rohatyn is a protégé of the people who created the Nazi system. The Nazi system in France was typified by an organization called Banque Worms. Banque Worms was a subsidiary operation of Lazard Frères. And these firms were not shut down when the de-Nazification occurred. They owned it! The Nazis got shot, or other things happened to them, but the people who set them into motion, who owned them, were left untouched! As a matter of fact, they got the assets. Like the whole Göring Werke in Austria—Linz, Austria. That wasn't owned by Göring. Nominally, Göring controlled it. *But!* Who had the paper on Göring? Who had the paper on the Göring Werke? It was Synarchist bankers.

And when Truman came in, they weren't touched. They kept their assets. They remained in power. And they're back at it, again.

Felix himself is tied into a whole group of these characters in France, who are hard-core Synarchists. He himself was trained by Lazard Brothers, which was a U.S. branch of Lazard Frères, the same organization which created the Banque Worms, which was a key part of the Laval-Hitler operation in Europe.

And his policy is—he says it! But fools in the Congress, the Senate in particular, don't pay any attention to that reality. He says it openly! His intention is to shut down government, and put the power over the world, and the world economy, and people, into the hands of giant financial agglomerates, who are more powerful than governments, according to him, and must be more powerful than governments. The people are being turned into serfs. This is a system of a return to serfdom, back to the system of the 10th through 14th Century A.D., that kind of system. *This is your enemy! And he's called a Democrat!* Who needs such Democrats? He's also a Republican, he's interchangeable. He's bisexual.

So, this is the problem: The problem is, that our people, who are supposedly our courageous leaders contending for the Presidency and other appointments in power, are sitting around twiddling their thumbs, playing tiddly-winks essentially, with reality, when the whole system is about to come down.

Now, the key thing comes back to this curve again: What this curve means, is that as long as this system operates under the rules it operates under now, the present laws, the present institutions, and so forth, this system, unless a change is introduced in the meantime, will collapse by September. *This country could be finished by September, unless we do something.* And my job, is to try to educate the educable. There are people in this country and a few other places, who are capable of understanding what I'm talking about: that is, they have the technical competence to be able to understand what I'm talking about.

What we have to do, is two things: We have to rally those people who are well-meaning, and have some understanding of what I'm talking about, to present to their fellows in the Congress and elsewhere, what I'm telling you today. To explain it to them. And also to present to them, the concept of

the alternative. If I were President of the United States, I'd know *exactly* what to do. I'm not President of the United States. So, we've got to get rid of the one we have, and find somebody else to handle the job. But we have to have a policy for that President to carry out, and which Congress will support and carry out.

Under those conditions, we can make it, I know how to make it. We have people who are capable of understanding what has to be done. We can dig out the records of the Roosevelt Administration, particularly the Harry Hopkins operation, in reviving employment in this country. We can save this nation. And if we save this nation, we can rally the world to our support. We can get out of this mess, after learning a very painful and bad lesson. We can do it!

But we have to understand this. And therefore, the key thing is to mobilize as many of our political institutions and others, to a coherent understanding of what must be done, now. Not what must be done as some "idea" to be discussed academically, here or there—but *what we have to do, now! This is war!* Not war with the purpose of killing people, but it's war of institutions: *We must win this war, as a war! We must declare war and win it—now!*

And my job is to help you, and people listening to this, and others, to come together and realize, *we must act*.

*Don't ask* what the Europeans are doing. Ask what they're doing, but don't wait until they say they're willing. *We, the United States, will go ahead, and do what we must do.* And I know, that if we decide to do this, we will have support throughout the Americas. We will have support elsewhere. And Europeans will look to us, and say, "What're you guys doing?" As it gets worse, they'll come to us.

And we will not have a problem in dealing with China on this. We will have maybe disagreements, but we won't have a problem. We won't have a problem with India with this. We won't have a problem with Eurasia, generally, with this—with the oligarchs, yes, the barons, and the dukes, and the other strange species, yes. But, if we take the lead, we're resolute, and show that we mean business; we're not going to quit, we're going to fight this thing until we win, they'll join us. The United States must again provide leadership—not dictatorship, but leadership. *If we are willing to take care of our own house, and propose to other nations and other peoples that we want to cooperate with them, in doing just this, you will have people all over the world coming to us*—as they did, when Roosevelt took his role, in getting people rallied, in the hope that we could defeat Hitler. Because that's what it meant at that time. Once Roosevelt acted, and the people saw the United States *moving* to stop Hitler, then they were encouraged, and they responded—and we stopped Hitler. We finished it.

Now, we're going to have to do it, again. We did it before, we can do it again. We were poor then, we're poor now. We got better then; we can do better now.

And that's what this is all about.

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## Dialogue With LaRouche

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**Freeman:** I told you we were in for a wild ride.

As I usually do, I will give some precedence to some of the institutional questions that are coming in. As you can imagine, there are a very large number of questions regarding the specific issues that Mr. LaRouche has raised about the global financial situation. There are also, though, several questions, which I'll take first, which deal with the legitimacy of the current Administration.

Lyn, this question, which I had mentioned to you earlier, says:

"Mr. LaRouche, most of us here in Washington, see a situation where the impeachable offenses committed by this Administration are so interlinked between the Office of the President and the Vice President, that there really seems to be no way to separate them. It's also increasingly clear, that Karl Rove, whether he is indicted or not, has become a cooperating witness. In that capacity, particularly given the longstanding animosity between Mr. Rove and the Vice President, Rove is likely to break down the protective barrier that, up to now, has protected Dick Cheney.

"As this occurs, we can expect things to begin to move, very, very quickly. Already, calls for expanding the Special Prosecutor's mandate to cover breaches of law by the President himself are being made public by various officials across the nation. Several state legislators are now entertaining impeachment resolutions, and more and more newspaper editorials are calling for the same.

"One operating fear is that once these floodgates are opened, the very stability of this nation's government could be threatened. What are your thoughts on this? How, in fact, can this be addressed, when it is, indeed, becoming increasingly clear, that the crimes committed by both the President and the Vice President are extremely difficult to ignore?"

### 'You Don't Move History by Revenge'

**LaRouche:** As I've explained to a number of audiences on a number of occasions recently, when you are faced with evidence of *ugly* criminality, or something tantamount to criminality, of the type which this Administration represents, your reaction against the sheer ugliness, and almost Satanic quality of this stuff, makes you angry. And you think that the important thing is to strike out against the evildoer.

I disagree.

You do not move history by revenge. You do not move human beings by revenge. Take the case: How many idiots actually voted for this fool? This idiot in the White House? This infantile drunk, dry drunk? Well, so therefore, your anger is against the people? And there were *a lot* of people who voted for these grubs, or who, in a sense condoned similar kinds of things.

We have been destroyed systematically, since 1968, by

wave upon wave of corruption, of one type or another. Nixon was corruption! The Trilateral Commission was corruption! Do you realize what was done under Carter? The *cruelty* that was done? The permanent *cruelty* to our farmers? The permanent cruelty to our industry? The destruction of our infrastructure, the destruction of our mortgage, the traditional mortgage system? Other kinds of destruction?

Do you realize what was done during the Reagan Administration, at various points? Do you realize the evil that was done by George H.W. Bush? In his Administration? Do you realize the evil of negligence that was done by the Clinton Administration? And the evil now?

What are we going to do, punish everybody? That doesn't work.

What you have to do, the form of leadership, is to give people a clear perspective, as Roosevelt did, to give people a perspective of hope. *Not charm*. Not sweet-talk. But a clear, understandable statement: *What are we going to do, to fix the problem?* What are we going to do, to recognize rights that were not recognized, that should have been recognized? What are we going to do, to give smiles to tear-filled faces? Hmm? It's tear-filled faces, but smiling, because you've offered them a solution.

Now, the problem with the Baby Boomer generation: They don't believe in the future. Sometimes, by accident, they had children. They didn't do it to have children, they did it to have pleasure. Or, because they were bored at the time and didn't have anything else to do. Do you realize what the marriage pattern is among the Baby Boomer generation? (Without even getting into the Tweener question.) What's the mating habits of people born between, you know, 1945 and 1957? What are their mating habits? *Ugh!* Like some reptilian species. Chickens have great affinity for marital fidelity, huh?

So—what are you going to do?

It's like the principle of Christianity: You have a bunch of real sinners out there! I mean, this is not sinners, not a guy who made a sin one time. These guys are really habitual! They do nothing but sin, all day, from morning till night—especially the preachers! The preachers can commit sin with sanctimoniousness; it's a special kind of theological quality.

So, the point is, you have a people who do not have much hope. You have a Baby Boomer generation which doesn't believe in the future; as a matter of fact, they resent their children. "Why did we do that? Why are they bothering us? We want to go out of here quietly. We want to enjoy our last days of life. We have our rights. You stand aside, till we're gone—then you can do what you want to do! The world can go to Hell after we're gone, but we want to go out in comfort. Maybe it takes an illusion or two, to do that, we'll take that, too." They're good at it.

So the problem is, you're dealing with a population which is despondent, it's abused, it has no confidence, it lives in a sophist society; the society is run by sophistry. Nobody believes anybody, to speak of. Nobody trusts anybody. How are

you going to get this population, which is so discouraged, like the Sophists of ancient Greece, in the Age of Pericles through the end of the Peloponnesian War—how are you going to get those people *not* to do what the Greeks did in the Peloponnesian War?

You have to uplift them. You have to state the problem clearly. You have to define a solution. You have to rally them to hope. You have to rally them, as I'm trying to do with the young generation. Look, I'll be 84 in September. What am I looking forward to? What is anybody in my generation looking forward to (who has any brains)? They're looking forward to what a coming generation, especially the generation of young adults, especially between 18 and 25 years of age, today, *what is their future!* Because their future is the tangible future of this nation for the next 50 years. It's the future of everything we have dedicated ourselves to. The hope of realization of everything we've wanted for our nation, and for humanity, lies in the hands of those who are now in that age-group. Therefore, our focal point is not ourselves, not our greed, not our self-absorption. Our focal point is that we are going to die: Our focal point, is what, therefore, are we going to dedicate our life to something *which is worth dying for?* Right? It's for our children. And especially for the young adult children, who think like adults, and who think enough like adults *to pick up the torch*, and continue the mission.

We have to mobilize people not around how *bad* things are. We can not duck how bad things are, how much worse they're about to become. But we must mobilize people about *a clear, honest, and accurate perception of what the better future can be*. Not just for us: Because we can be satisfied, in my generation, if we can *be assured*, that the young adult generation of today *is going to make it*. If our children are going to make it, then the nation will live, and the good that we represent will live on. They're reassured.

So, you don't organize by emphasizing the negatives. You take all the evil facts to one side, and you say, "This is evil, that's evil, this is evil, that's evil. This is stupid." *But!* You don't organize against stupidity. You don't organize against evil. You organize for the Good. And you must have a clear perspective of what we should do with this nation, in this time of crisis, in order to ensure that 50 years from now, when the generation of young adults now comes toward the time of retirement, that they will leave behind them, a better world than we have found today.

**Freeman:** The next question comes from the United States Senate. And it has to do with the situation around Secretary Rumsfeld. It says,

"Mr. LaRouche, the growing discontent with Defense Secretary Rumsfeld, has led to what has been called in the press, a 'generals revolt.' The events are unprecedented, and as I think you know, no less than nine recently retired flag officers have made public statements calling for Rumsfeld's removal. Although this has been widely covered in the press, the press has characterized the conflict as one of personalities,



EIRNS/Stuart Lewis

*“You don’t organize by emphasizing the negatives. . . . You organize for the Good. And you must have a clear perspective of what we should do with this nation, in this time of crisis, in order to ensure that 50 years from now, when the generation of young adults now comes toward the time of retirement, that they will leave behind them a better world that we have found today.” Here, LaRouche Youth Movement members at a Capitol Hill rally, singing “The Union Forever.”*

as opposed to accurately depicting it for what it is, which is a profound policy disagreement that goes to some of the most fundamental questions regarding the role of the U.S. military and to how our nation fights wars.

“Earlier this week, Hillary Clinton wrote a letter to Sen. John Warner, asking that the Senate Armed Services Committee exercise their oversight responsibility, and bring these generals before the committee to tell their story. Her call has already been endorsed by other Senators, both Democrat and Republican, including Sen. John McCain. Senator Warner has indicated a willingness—in fact, an inclination, to entertain the proposal.

“However, it has provoked howls of protest from both the White House and the Secretary’s office. We’ve also now seen a parade of active-duty military officers being sent out to denounce the appropriateness of such hearings, and to denounce the appropriateness of the statements that have been made by their retired colleagues.

“Would you please comment on your overall view of this, and whether or not you think that it is, in fact, appropriate for the Senate to pursue the question?”

**LaRouche:** What the Senate should do, rather than doing a war-dance around the issues, is to tell the truth. Now, what I mean by telling the truth, is the whole truth, not fallacy of composition.

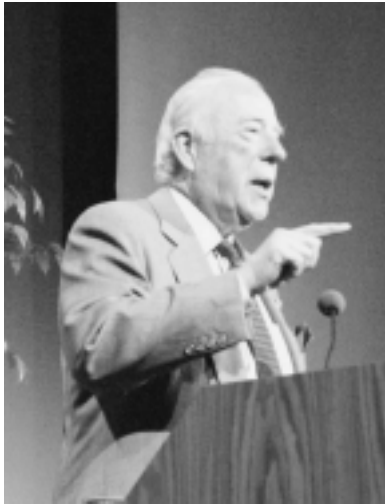
What’s the problem, here? The problem here, is the same problem we faced in the case of the Hitler regime. Where the Hitler regime, in various processes, got the Wehrmacht

[German Army] into fighting Hitler’s wars. The Wehrmacht, belatedly—with some people who were more courageous earlier—but the Wehrmacht belatedly began to resist Hitler’s wars, more and more. Now, at this point, a change occurred in the war system of the Nazi system, which was called the development of the SS, the Waffen SS. Which was an extension of the SS, generally. And the goal of this process, which was never fully realized because the war came to an end, was the International SS, an international Waffen SS, in effect.

This is the policy of the Cheney-Rumsfeld military doctrine. It’s Nazi.

Now, some people say, “You can’t use the word ‘Nazi.’ ” I say the word “Nazi”—if it’s a Nazi, it’s Nazi. It’s got a certain shape of tail, it’s got a certain smell, it’s got certain paws, it snarls in a certain way. Hmm? Bad—terrible breath! And so forth. These are actual Nazis. Now, who is one of the Nazis? Felix Rohatyn. There’s a conference that Felix convened, at Middlebury, Vermont, at the Middlebury College, there, on privatization of the military. This is the same policy that Cheney has had, explicitly, since he was Secretary of Defense under George H.W. Bush.

Now, look at what happened in the interstices of the Iraq War. The attack on Iraq occurred. The military attack was successful in a short period of time. General Garner, who was assigned to this function, received the surrender in a formal proceeding, getting signed statements from people, from military officers and bureaucrats of the former Iraq regime. They would work under the direction of the U.S. occupation force



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*George Shultz: The man behind the “active threat of Nazism.”*



DOD/Staff Sgt. Jerry Morrison, Jr., U.S. Air Force

*The Senate needs to tell the truth about the Cheney-Rumsfeld military doctrine: “It’s Nazi.” Here Secretary of Defense Donald Rumsfeld (right) chats with Paul Bremer, the man George Shultz chose to tear up the reconstruction plans that were proceeding in Iraq under General Garner.*

to rebuild their country, and then we would leave. That’s a standard procedure. It’s the standard procedure we operated on, in large degree in the military in World War II.

When we went into Germany, for example, the local commander was a colonel or someone, who runs into an area; he’s got a village or a group of villages, that surrendered. He’s got a mayor there, somewhere, and the local commander gets out all the officials that he can find, responsables of that area who are still surviving. He gets them together in a meeting, and says, “You will now continue, if you agree, to do the following functions that you were doing before. Because, we’re going to worry about the food, the water, and all these kinds of problems, you’re going to do that. And while the U.S. military is here, we’re going to see to it, you get the backing to do it. You’re now working with us, under occupation rule.”

Now, this is what Garner was doing, essentially. If we had done that, we’d have been out of there within six months to a year. Without a conflict! Without the conflict that happened. What happened, is, George Shultz heard about this, and screamed, “Fire him!” Garner. And he sent out a stooge of Shultz’s, [Paul] Bremer, who went in there and tore up the whole proposal, and set up a strenuous occupation regime, bringing in—ah! Halliburton, and others, *to fund a privately run war*. Now, this included combat operations! *This was a paid, hired Waffen SS! Run by Rumsfeld, and Cheney.*

This is the same kind of operation in terms of structure and law that the Nazis ran in the occupied territories in Europe, under the Waffen SS, when the SS came in like that. We’re doing the same thing. We now have a full-fledged civil war going on in Iraq! The plan is to extend this to Iran, and also to Syria, and to other areas.

So, what the generals are reacting to, is not merely their recollection of what the Hitler problem was, though I’m sure that some of them know this very well, from studying military history. They couldn’t be a flag officer of any competence, without knowing this kind of stuff. And they realize that

you’re dealing with a Nazi-like, Waffen SS-like phenomenon! What do you have? Look at Guantanamo! Look at Abu Ghraib! What is this? This is Nazism! This is not the way the U.S. functioned—*ever* functioned.

And the magic word is, “Kill the ‘tourists.’ ” George Bush, he keeps coming out and saying, “Kill the ‘tourists.’ ” And he probably will, too. He’s mean enough.

So, that behind the mask of “be polite,” and so forth about this thing, why not tell the truth. The danger is, and this is not comparable to Europe, not comparable to Hitler in other respects. We’re a different kind of society than Germany was at that time—or Europe was at that time. We don’t have that tendency. But we have some people *among us*, such as George Shultz, his stooge Bremer, his stooge Cheney, and Rumsfeld and so forth, who *do* have that. We have a dry drunk idiot—I don’t know how dry he is—as a President. And he’s just mean enough, I think he has the brains to know what he’s doing, but he’s mean enough to enjoy doing it! And that’s what it is! And that’s the kind of situation we have. So therefore, this has to be treated with understanding.

Now, how we handle it, institutionally, how clear we are on this, is another question. But what our thinking has to be, particularly the people who are behind any effort to correct this problem, has to be *very clear*. We’re dealing with an active threat of Nazism, and Felix Rohatyn is part of the syndrome. Remember: It was Felix Rohatyn who organized the funding to bring a Nazi, Augusto Pinochet, to dictatorial power in Chile. And the Chile regime under Pinochet, with the endorsement of Henry Kissinger and with the backing of Shultz and so forth, conducted what was called Operation Condor, in the Southern Cone region of South America. This was not only a Nazi-style murder operation, it was run by second- and third-generation Nazis, members of Nazi families and Nazi apparatuses—which were moved in through

HALLIBURTON



Library of Congress

*Hitler's SS on the march. Hitler smashed resistance in the Wehrmacht, and brought in the SS as his private army—just as Cheney is doing with Halliburton today.*

Spain, through Mexico and other quarters, down into Chile, and down into Argentina, where they formed the death-squad operations which ran the Southern Cone operation. And then moved up into Central America, to run the death-squad operations in Central America in the 1980s.

So, this is the kind of thing we're dealing with. We have Nazism in this form among us. It's in our institutions. Now, the job is not to call them Nazis, though we may have to do that on certain occasions, and I have to tell the truth, so I have to use the word "Nazi," because there's no other word for it. But what you have with the generals, the generals of conscience, who have grown up (maybe some other generals have not yet *grown up*, who have a different view of the matter!). But any general who has grown up, who is qualified to command at a higher level of command, understands, *this is Nazism, and if this ever starts here, we're not going to have a country any more*. We're going to have a dictatorship. And therefore, the question is, are you willing to prevent a dictatorship from coming?

Oh, you'll oppose it after it comes? C'mon! C'mon! "Go along to get along"—that's going too far.

## The Federal Deficit and Bankruptcy Reorganization

**Freeman:** The next series of statements comes from some of the economic think-tanks that are based here in Washington. The first one is:

"Mr. LaRouche, in your recent statements, you've made the point rather emphatically, that the problems of the U.S. economy did not begin with the Bush Administration. However, the fact is that the Federal deficit has exploded under his

stewardship. Just for clarification, do you disagree with the premise that the size of the Federal deficit is a problem? If you agree that it is a problem, how do you propose that we address it?"

**LaRouche:** Well, it's a problem, but it's a problem that we can deal with. What we have to do essentially, is to go into a form of bankruptcy reorganization, which is a sovereign bankruptcy reorganization; that is, it's a self-bankruptcy by the United States government itself, which is a reorganization of our affairs.

Now, this is necessary not only for us, it's necessary for other countries. Because you're not going to get a solution for this problem—see, when you're dealing with a bankruptcy of this size, what is the answer? Not what's the problem, but what's the answer? Well, we have to grow. We have to grow out of this. And we have to determine what debt is legitimate—that is, was it actually

honestly incurred. If it was, we're going to have to deal with it, in reorganization. But we're going to have to grow, as Roosevelt did. We're going to have to reschedule much of the debt.

But the minute that we do that, as the United States, *if* we do it, we are going to restore confidence, because, what we can then do, with an emergency session with willing governments—and the government of China is waiting for such an offer, along with some other governments—we can set up an agreement to reestablish a fixed-exchange-rate system. If we go back to a Bretton Woods model of system—it would be somewhat different in details, because the circumstances are now different—but if we agree to that, we are going to create a zone of stability in international financing. So, you may have an Area B which is unstable as the devil, but you have Area A, which you're operating in, which is highly stable and operational. And you can postpone some of these problems, as long as you have the confidence of the partners—governments and the people themselves of the United States, the institutions—that you're going to get out of this mess.

Look, the Federal Reserve System is bankrupt! Not just the U.S. government. You've got to say, "The Federal Reserve System is bankrupt." Now, what is the Federal Reserve System? Well, it's a government-chartered operation which actually represents the banks, the component banks, of the banking system. The private banking system. They're all bankrupt! So, who's going to put the U.S. government in bankruptcy? The bankrupts? No, the U.S. government puts them into bankruptcy. We take the Federal Reserve System: We put it into active receivership, we take it over, and it begins to function like a national bank, whose credit depends upon





Franklin D. Roosevelt Library

*Harry Hopkins, who joined the Roosevelt Administration in May 1933, organized a Civil Works Administration that sponsored work projects throughout the nation, repairing and constructing infrastructure, from roads, to schools, to dams. Within 10 days, Hopkins managed to employ 800,000 people, and by 1934, there were 4,263,644 men and women employed. We can do it again, LaRouche said.*

the relationship of the Executive branch with the Congress, especially with the House of Representatives.

We now launch programs, which are largely long-term investments in basic economic infrastructure, and industry, which is going to transform the characteristic employment of the U.S. economy from a make-work, flipping hamburgers and other no-pay work, effectively—we're going to put people to work, as Harry Hopkins did. We're going to build dams, we're going to build water systems, we're going to build hospitals, we're going to rebuild the health-care system, we're going to rebuild power stations, we're going to change the character of every county in the United States back toward a productive economy, from what is now a service-economy county.

That means that we are putting a largely idle or wasted labor force, into productive work. And they may not be too good at it in the beginning! They weren't too good at it when Harry Hopkins started the WPA: But we won a war with that, with what they became! And we'll do the same thing again.

So, therefore, the key thing is that we've got to have a perspective of, yes, this is a bankrupt system. We have to put the system into bankruptcy by act of the Federal government. We have to reach out to other nations, and we'll find immediate agreement with most of the nations of the hemisphere, first of all. We are a nation of the Americas. The Mexicans will be happy to cooperate with us in this; Argentina, very happy to cooperate; other nations to cooperate. We can easily establish—something I worked on back in 1982—we can easily establish a facility, where we take the legitimate debt: We deposit the legitimate debt, in its present form, with an institution, which is a common institution of the Americas. We now use this debt as credit, that is, the fact that this debt, which is debt which is going to be paid, is now a source of

credit when it is deposited with this bank. We now use this banking facility, in order to issue credit for approved loans for infrastructure and so forth, among the nations of the Americas. Or, for anything the nations of the Americas agree is legitimate for this purpose.

So, what we have to do is reorganize the debt around an orientation toward a high-technology increase in productivity, to eliminate *make-work jobs*, and replace them with useful jobs, to upgrade the population, to go from poor skill to high skill. For example: Typical employment in the world today depends upon a very high level of infrastructure in every area. This means quality of schools, hospitals, security, these kinds of things; power, all these things. And some good industries in the area, or agriculture in the area. So therefore, the objective is to shift this economy back, from the wasteland that it's become since 1964-1972—it's become a wasteland, especially since 1981, worse and worse—to shift it back into becoming a productive economy.

Now, what this means effectively: We will be very quickly *doubling the real national income*, not just measured in money, but measured in physical output. We can quickly *double* the national income of the United States. Now, at that point, the ratio of income of the United States, under such reorganization, to debt, now becomes manageable. And if we enter into agreement with other nations outside of the Americas as well, such as China, and so forth, and European nations, there are projects, global projects, which are high gain, which can multiply the productive powers of labor as measured in physical terms over this planet per capita. If we do that, we can then reorganize the debt on the basis of knowing, that we are going to get *this improvement in actual physical income*. And as long as we have an income which is above breakeven, and is increasing, and can absorb debt of

this type, we can reorganize the debt.

So therefore, we're talking about not simply how do we deal with the debt. The size of the debt doesn't frighten me. The inertia of the Congress and others, in their failure to recognize that *this* is the problem, is what frightens me. If I were President of the United States, we wouldn't have a problem. I'd scare everybody, and we'd all do the right thing. But, we're got to get the Congress in a similar state of mind. And, in that case, we can then say—that means that you've got to think in terms of dumping this garbage from the White House, i.e. the President.

### 'The Danger Is Largely Psychological'

**Freeman:** This is another think-tank question:

"Mr. LaRouche, following the 1987 stock market crash, Alan Greenspan's policy was directed at bailing out failing banks that were hit very hard in the October crisis. That policy has been referred to, by you and by many others, as the 'wall of money' policy. This cheap money policy clearly led to unbridled growth of a financial bubble that seems to have now spread to primary materials. Our question to you, is, how did that happen? Why the spread into primary materials, and why do you deem that this phase is more dangerous than the previous one?"

**LaRouche:** The danger is largely psychological. And you have to look at what happened to the mind of the relevant institutions, and the degeneration in popular opinion which allowed this to happen. This was insane from the get-go!

Here's the way it worked. It worked around the 68er phenomenon. As I said earlier, in the primary discussion here, you had a cleavage which occurred around '68, where students on campuses—particularly Ivy League and similar campuses—were the bastions of hating blue-collar workers and farmers, and trade unions generally. What this did, resulted in a split of the Democratic Party, which actually disintegrated in that period, in effect.

So you had the so-called elite, these young people which painted their faces red, white, blue, and green, and whatnot, as a patriotic gesture, hating working people, looking for a post-industrial society. Looking for a so-called ecological utopian society. All kinds of things like this. And this was treated then, as "the inevitable."

Now, the hatefulness, the sheer hatefulness of the Nixon Administration, reinforced that. Remember the various kinds of sexual mass orgies and so forth that occurred in the early 1970s. What you had was a polarization around the so-called Rainbow Coalition.

Now, what happens as the typical working stiff in the United States, the farmer and so forth, over the course of the 1970s, into the 1980s, found himself outside the system. He was pushed outside. He had anger at Nixon, support for Nixon, but anger at Nixon, because he hated the Rainbow Coalition. And you had this degeneration, based on the "green revolution," based on the post-industrial society, based on young people who were being recruited in the Democratic and

Republican Party, from among the people who had painted the streets and thrown bombs in 1968 and things like that. These young people were now being moved in as pacesetters, into the party apparatus at the younger level.

So, more and more, the younger generation of the 68ers, that is, the white collar side of this thing—or actually, the dirty collar side—moving more and more as the pacesetters. And it became more and more inevitable, that these graduates of these leading universities and so forth, who were now completely green, completely utopian, were setting the pace. And they were hateful! And they rose to power. And during the course of the 1970s, you had all the people, generally, who were *competent*, just barely, merely competent, in industry and other functions, were pushed out of government—just by age. You know, they got to the age of 70, 75, they began to be pushed out. And a younger generation came in: That was the characteristic of the 1970s.

So now, the ideology of the 68er became the basis for what is "inevitable." Globalization is inevitable! Globalization will destroy the planet, but they think it's "inevitable." You can't stop it. You've got to go with it, it's inevitable. And so in every case, like the case of Greece. Just take the case of ancient Greece, how it was destroyed, how ancient Athens was destroyed. Athens was a powerful nation, a powerful culture. It represented the leading edge of Greek culture. What happened? Well, the Cult of Apollo at Delphi sent out people to target the leading young people, of the leading families of Attica, and other parts of Greece. They brainwashed them. The result of brainwashing is called Sophism.

You had a similar formation in the United States, in the Truman period and following, called the Congress for Cultural Freedom. It was the Congress of Cults, actually. This Congress for Cultural Freedom, which had many ancillaries to it, destroyed the culture of Europe and the United States. And it did a better job at destroying culture in Western Europe, than Eastern Europe—because the Communists didn't bother to do this kind of thing. Only the West did it.

So we destroyed our young people, who were born say from 1945 on to 1957. We systematically destroyed them! By brainwashing, just the way that the Cult of Apollo corrupted the sons of the leading families of ancient Attica! And it was the generation of Sophistry, by this method, which led the Athens of Pericles into a *brutish war* of oppression against its former allies; and it was the long war, which was almost 30 years, which destroyed Classical Greece forever, in that form. It never recovered.

The same thing was done to the United States and Western Europe in the immediate post-Roosevelt period, by the Congress for Cultural Freedom and similar movements. Young people, from birth, were systematically being brainwashed through their parents, through schools, and so forth, so they became the 68ers. And this especially affected people. If you look back in the 1950s, you will find things like the so-called famous "white-collar study," the famous study on the bureaucracy, these kinds of things. These kinds of studies show

exactly how the families of people born between, say, 1945 and 1957, were brainwashed. This became—especially the college-level entry group—became the hard core of the 68er, and this set this thing into motion, this process by which this became an ideology.

So, what's happened to us is, the hatred against nuclear power, against technological progress in general, against physical science as science, against work, generally—this kind of hatred said, "No." The obvious thing is, we could always get out of a depression Roosevelt's way. All we had to do is pick necessary projects, large-scale projects, and go ahead and do them. Bring in new technologies the way Kennedy did. Remember, Kennedy was the last one to actually initiate a major program, the Kennedy space program, the Moon-landing program, which was a success. This was the last success of the United States, on a large scale. Now, after that, the new generation that came in, said "No!" And by the time we had landed on the Moon, the United States had destroyed a significant part of the technology necessary to get us to the Moon! So the direction was always: Technology is bad, green is good, windmills are better than anything else—Don Quixote was a fink, for attacking windmills.

So, this ideology is what did it. Today, the same thing. We're having a shift now, which I think is quite relevant to the answer to the question, the proper answer: The world is now going back to a commitment to nuclear power. We're going back to nuclear power not merely because petroleum is expensive. We're going back to nuclear power because petroleum is no damn good, as a power source. Petroleum is best used—you use it for power when you don't have anything else available. But petroleum is lousy power, a lousy thing. It's dirty, it stinks, it's awful. It's not good. What it's good for is plastics. It's good for all kinds of things as a raw material, or a stock for all kinds of production. So, we're going through a phase, as we've discussed with our friends in Mexico: Mexico once had a plan for 20 nuclear plants, back in 1982. Mexico will take five years or seven years, estimated, to get back to the level of petroleum production it had in 1982.

*But:* What's going to happen? What we're going to use— if we do that in Mexico—we're going to use some of that petroleum as a fuel, use it as a feedstock for various kinds of things. A long-term commitment is not to rely on petroleum as a source of power—and hot air, wind, that is, is not a substitute either. What we're going to do, is actually go to nuclear power, not only because nuclear power is better, but because nuclear power enables us, chemically, to do things we can't do with any less dense form of power.

See, we're in a period where the natural resources of this planet so-called, are largely mineral and related resources which lie in an area called the Biosphere. What we call the Biosphere is largely a deposit of dead animals and dead plants, which have concentrated certain minerals in this area, which is an area of sedimentation, of by-products of the existence of living processes. We are now tending, with the present population, at the rate of requirements, we're tending to use

up the richest of the most densely concentrated natural resources of these types. Therefore, with more than 6 billion people living on this planet, with the aspirations of the planet, and the people of the planet for progress, we can not rely upon the methods we have used previously, for extracting raw materials from the sedimentary product of the Biosphere.

For example, the atmosphere, the oceans are part of the Biosphere; they are produced by living processes as a by-product. Therefore, we now have to go to a higher-density power source, of which the minimal is nuclear power. And beyond that, we have to develop within a generation thermonuclear fusion power, to get these higher energy-flux density levels of power, where we can actually develop raw materials, and transformations of raw materials, to meet the needs of the planet, without depleting, in net effect, the entire stock of these mineral resources. We can not do this, we can not supply enough water—just water alone. About 20–40% of the water we're using, is fossil water. It's water, that once we draw down, we don't have any more. We have land subsidence. Whole areas of the country, and of the world, become uninhabitable. There's no water, because it was fossil water. Some of it is 2 million years old! Some of it was put down during a glacial period 2 million years ago. And you're using it up?

Well, we can deal with that. There's plenty of water on this planet. It's just not in the right form. With nuclear fission, we can do a lot to deal with that problem, such as the Ogallala Aquifer out in the West, which is a big crisis for us now. And with thermonuclear fusion, we could go to a mass basis, we can transform the desert into a land of plenty. So therefore, we can transform the planet only by using nuclear power.

This will enable us to increase the productive power of labor per capita, to raise the standard of living throughout the planet. This is typical of rational solutions for things which seem very threatening to us if we look at them square in the eye.

But it's the fact that we don't *think* in those terms, that allowed people to be pushed into the alternatives to technological progress, as solutions for these problems. And, that's how we got sucked into this stuff. And if we recognize that this was not a mistake, not a little technical mistake, not a mechanical mistake: We were sucked into believing crap!

### **'But What About the Oil Prices?'**

**Freeman:** I'm going to take a question now that was just submitted as Mr. LaRouche was speaking, from the Democratic Senate Campaign Committee. We still have a lot of think-tank questions, but after Mr. LaRouche answers this question, I'll alternate back and forth, and take some questions from the audience, and mix them in with some of these other questions.

This is a question, a rather agitated one, on the question of the price of oil. The questioner says:

"Mr. LaRouche, I don't disagree that we are witnessing is a massive increase in the price of various hard commodities. However, the price of copper, nickel, and the like does not



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*The Senate's approach on the rising price of gasoline is "soft," LaRouche said. "What you do is . . . get the Senate together, my style, and stop this pussyfooting around issues. . . . Sometimes you've got to go in and take the problem by the throat." Senate Democrats in 2005 were feistier. From left: Harry Reid (D-Nev.), Charles Schumer (D-N.Y.), Jim Jeffords (I-Vt.), Patty Murray (D-Wash.), and Jon Corzine (D-N.J.).*

immediately impact the ability of the average American to survive, nor does it impact the ability of the economy to function. The price of oil absolutely does do that. In addition, it is a simple, indisputable fact that the oil companies are reporting unprecedented profits at the expense of the U.S. population. You know as well as I do, that a significant portion of this population simply can not afford to do something as simple as purchase gasoline at \$4 a gallon. Yet, that is exactly where we are headed. If you're saying that we should *not* take measures to force the oil companies to take the hit, what exactly are you proposing?"

**LaRouche:** What's being proposed in the Senate is a soft approach, which won't work. What I propose is something much rougher.

I would take, for example, just as a little tidbit: Remember what President Kennedy did with the steel industry. Remember? Some of you recall what he did? He hit the steel barons in the neck with the power of the U.S. government. You get the Senate together—my style—and stop this pussyfooting around issues, and trying to nibble at issues! Sometimes you've got to go in and take the problem by the throat.

Yes, we should do something about the price of oil. Look, what is the price which Saudi Arabia charges the U.S. for its oil? What does that mean in terms of price at the tank? Yes, it's a gigantic swindle, but if you're not prepared to go in and do some trust-busting, you're not going to solve the problem. You simply have a finding, you have a quick emergency Senate hearing, even if it has to be a rump Senate hearing—because if you get started, nobody's going to dare oppose you,

because the scandal you're going to raise, every Republican is going to be saying, "Yassuh, boss!" Because this issue is so hot, *use it!* Don't take amelioratives. Take it *by the throat!* Take *them* by the throat! *This is a threat to the U.S. security and the general welfare.*

This price is not being earned. What is the price at the pump? What is the price at the wellhead? What is the agreed price that Saudi Arabia charges the United States? Let's look at the primary suppliers, and eliminate the middleman! By proving that he's a swindler!

You could do all kinds of things. You could apply a tax on excessive pricing. George would *love* that! It would make his day. It would send him back to the asylum.

But, there are measures we could take, because here's a threat to U.S. society. A threat to the well-being of our citizens. It is a swindle! The cost of producing petroleum has not risen to that degree! Nowhere near it! Therefore, in between, some swindler has come along, a bagman. Well, that's not allowed. This is an attack on the General Welfare.

But, this would mean that the Senate, for example, would have to say that the General Welfare is a fundamental Constitutional principle of government.

I would say, that what you do, is, you take two things. You take this, and, I would take one other issue, which is also the hottest issue in the public mind: Take the Conyers health bill. Take this measure against the oil predators, the petroleum predators, and the Conyers health bill, and push them through. You would mobilize an *immense constituency from among the American citizenry, because the price of petroleum is*

*driving them wild.* The shortage of petroleum, the threats, driving them wild. They want something done about it! Don't go for the *De minimus* tickle action: A kick in the ass is what's required!

## Greenspan's Bubble Mortgages

**Freeman:** Well, I'm glad we clarified that!

I'm going to take a couple of questions from the people here who have submitted questions. Many of them have travelled quite a distance to participate with us, today. Councilman Warren Turner, from Charlotte, North Carolina.

**Turner:** Thank you. A lot of my question has been answered. But I'm going to try to put this question in a proper perspective: I want to go back to when you were speaking in reference to Greenspan. And I want to talk about, around about 1998, at the time in which this country was facing a depression, and no one wanted to admit it, and none of our current leadership.

And low interest rates were lowered, in order to boost the economy. But today, we are facing foreclosures all over the United States of America. At a time when people had no jobs, we were lowering rates, so people could be a first-time buyer, to buy a home. Those very same people which we used to make banks rich, and other folk that benefitted from this, are now in desperate need, because they have nowhere to live. They're actually in bankruptcy, they have no home.

Could you expand a little more with regards to, what was the process. And why did these people think that that was the necessary way to bring back the economy?

**LaRouche:** Well, you have to go back again to 1987, because what happened is, that Greenspan used bundled mortgages as a way to get banks this paper; and so you take these bundled mortgages from these banks, who are otherwise out of cash, out of liquid assets. Now you liquify this for them, by putting these through Fannie Mae, for example, and having the Federal Reserve System give a subsidy to Fannie Mae, to pay the banks for picking up and buying these mortgages. So that way, you put cash back in the banks. So this has been going on since then.

Now, you've had various other programs that were going on over the period since '87. Because this curve of increase of inflation was building up. For example, we had the Y2K speculation. It was a fraud! There was never a real Y2K problem. But they used the Y2K, as a way of funneling vast amounts of funds through people like Microsoft and so forth, in order to tell firms they had to quickly buy oodles, and oodles, and oodles of new electronic equipment, so that when the numbers ticked, they wouldn't go bankrupt—the computers, hmm?

But what happened in '98, in particular, was, the system was blowing out!—'96 was the turning point. I warned against this in '96, when I published this Triple Curve, as to what the problem was. In '97, you had the blowout in so-called Southeast Asia, which was again the so-called Soros Scandal—or Sore-Ass Scandal. Then in '98, you had the Rus-



EIRNS/Stuart Lewis

*Councilman Warren Turner from Charlotte, N.C., asked about Greenspan's policies in 1998 and how they led to the desperate situation now with foreclosures, unemployment, and bankruptcies.*

sian bond scandal, which was ready to blow the whole system up, and the bailout was tremendous. And they got the bailout through, because they threatened to impeach Clinton. They tried to impeach him, because Clinton made noises, together with Bob Rubin, about restructuring the monetary system, which is what should have been done then. It wasn't done. They went ahead, and they tried to impeach him. And, at that point, Gore was on the wrong side. The Democratic Party was on the wrong side, largely, because they were deserting Clinton. And that's what happened. So we didn't do anything then.

Now, comes 1999. Now, you've got the collapse of the IT bubble; the so-called Information Technology bubble collapses. It collapses in 1999 and 2000. So then, Georgie Porgie Bush comes in, flying into a disaster, and saying "I'm not going to improve anything." And he got it.

And he was only saved by Sept. 11, 2001—as I had warned would be the case. Not 2001 as such, but a terrorist act, like Göring setting fire to the Reichstag, would take a weak President and make him a power. I said that was going to happen. It did happen.

So the system has to be understood from that standpoint. In these cases, the remedy here, again, is General Welfare. We can not have people out of their homes. Now, you're going to have two levels on this. You have to deal with mass evictions, which are summary evictions for non-payment, or other pretexts. Furniture on the sidewalk stuff, hmm? Then you have condominiums, and whole homes which are mortgaged, which go through a mortgage foreclosure proceeding. What has been happening so far is that there's been forbearance on actually issuing the eviction notices that go with the foreclosure. What that means, of course, is that very simply, you get into a situation: Are you going to evict these people, through foreclosure proceedings? If you do, what percentile are you going to evict, when you look at the percentile of people whose obligations on the loans are greater than the



EIRNS/Philip Ulanowsky

*An anxious investor peruses the collapse of his portfolio on Oct. 20, 1987, after the “Black Friday” crash.*

listed equity of the property?

Now, the property values are going to collapse, as the bubble collapses, which means more and more people will be thrown into a point where their equity is less than their obligation. This is going to hit the whole area around the area indicated: western New York, western Pennsylvania, Ohio, Michigan and Indiana, and other places. A sudden surge. It’s going to hit on the West Coast, it’s going to hit on the East Coast. It’s going to hit on New York City.

So, the whole nation is going through this—what are you going to do about it? Well, you’re not going to have people evicted, are you? You’re going to have to go through a reorganization. You have a national crisis reorganization. And therefore, the General Welfare—in our system, the General Welfare prevails. That is, not some sentiment, be nice to people, or kiss your neighbors. That’s not what the General Welfare means. (As a matter of fact, your neighbor may think that’s a threat to his General Welfare.)

But, what you’re going to say is, the principle we have to protect is—the government is for the people. It’s the defense of the people and their posterity. That’s the essential thing. Therefore, we have to examine the causes and nature of the problem, and we have to find a *just solution* for the crisis which was given to us. And the crisis has been given to us by whom? All those damned fools who got us into this mess, over these years.

So let’s not let them get too loud in protesting against the emergency measures we have to take to stabilize it. We are going to have people stay in their homes, period. We do not want mass evictions. We’re going to seek an equitable solution for this problem. We’re not going to have disruption.

And the long-term solution is we’re going to have to increase people’s pay. That means, essentially, not merely raising the pay rates, but upgrading them in terms of quality of employment: education, and things like that.

## **We Need a Bank Reorganization Act**

**Freeman:** I’m going to take another question from the audience here, and then I’m going to return to some of the questions that have been submitted from some of the institutions here in Washington.

I’d like to call to the microphone, Mr. Marty Green from the Grand Rapids UAW. Mr. Green are you here? Okay, then I’ll call on him, when he comes back. And then, I’ll instead take one of these other questions.

“Mr. LaRouche, as I understand it, you’re proposing that the current crisis be addressed with a very hard-nosed lid on credit expansion, and keeping the issuance of new credit tied up in long-term capital investment. Obviously, this would have an immediate effect of gutting the entire hedge fund market. But that gutting could also lead to the collapse of a good portion of American banks.

“The real-estate bubble presents a similar problem. Many Americans have maintained their current lifestyle by refinancing mortgages and taking cash out against grossly over-valued properties. Others have been more conservative, but still have purchased homes, and borrowed, taking out mortgages that are equal to twice or more the real value of their property.

“Putting aside for a moment that more than half of the assets of American banks are mortgage notes, and what this means for them, if we adopt a hard-nosed policy on credit

expansion, how do you address the problem of the ordinary American? Or is it the case, that what you're proposing is one policy for investors, and another policy for the individual American? I think it's very important to expand on this, because in the past, a tight-money policy has just meant universal high interest rates. Obviously, what I'm referring to, is what we experienced under the reign of Paul Volcker. I don't think that's what you're proposing, but I would like you to say a little bit more about this."

**LaRouche:** Yes, fine. What you have to do when you're in a situation like this, you have to reorganize the banks. And you need something like a Bank Reorganization Act, to recognize the generality of this problem. Now, you look at a bank with the eye of a government official. And you look at this bank, and you say, "Is it important to have this bank continue to function in a normal way? If so, then it's going to function, and the Federal government reorganization intervention will provide for that." In other words, the doors will stay open, the normal clientele will continue to be serviced, but certain payments, or demands of payments, will be converted from short-term into long-term, or reorganized. So a Bank Reorganization Act is required.

Now, the credit should come in various forms. There is emergency credit, which is General Welfare credit: You're not going to let a mess sit someplace.

But, the more important thing is, credit for expanded investment in productive employment. The most immediate thing we have available, is the vast shortage of basic economic infrastructure. Over the period since 1971-72, the United States has lost, through depletion and other things, most of its essential basic economic infrastructure. We've lost our rail system. And when you see what's happening with highway traffic—like they had this crazy *Washington Post* thing: people coming from Luray, Virginia, to jobs working at George Mason University—hours to get there! The suburban policy is insane! The sane policy is to move the goods and supplies into local communities, in an efficient way, and let people in their neighborhoods, or in the local community, have access to what they need, rather than having to drive, at today's gasoline prices, long distances to get simple food—let alone clothing (which is generally not worth wearing, anyway. . . .)

So, therefore, we have immediate needs. For example: *fresh water systems*: How many people are getting their water commercially from small bottles in stores. And there's some question about some of that water. Why don't we have safe drinking water in communities, as a community function? We used to. All through the east of the Mississippi, we have a disaster, in terms of water supplies, relative to what we had 40 years ago. The systems are rotted out, depleted. We need it. So, we need mass transit, we need a new policy of operation of decentralizing distribution in an efficient way, so people are not driving 50 miles to get to a bottle of milk, or whatever.

We also have vast power shortages. We're nowhere near the level of power production needed to maintain industry,

and even air conditioners. And so forth. So therefore, we have tremendous needs in the public infrastructure area, either in what government should do as such, or which government should invest in and turn over to a private enterprise to maintain as public utility projects, and things like that. So, we have areas which are necessary to build up the infrastructure of the U.S. economy, an infrastructure which is essential to expand productive industry.

And the orientation is not to have cheap labor. The orientation is, in a world which we're trying to integrate—Eurasia and poor parts of the world with those parts which have not been so poor—we need to, in the areas like the United States and Western Europe, we have to concentrate on high-technology production, capital-intensive production, to produce the high technology which is *needed* in other countries to develop those countries. So, therefore, we want to emphasize the high-technology industries, capital-intensive industries. We should try to encourage as much as possible private entrepreneurship as opposed to corporate ownership. We want to have the entrepreneur. We want to have the ingenious entrepreneur in each community. We don't want so many large corporations, giant corporations controlling everything. That's part of our problem.

So therefore, we should have a policy of credit, forgetting the European type of monetary system. We should have an American credit system, reorganized in the direction of creating, in fact, a national banking system out of the remains of a bankrupt Federal Reserve System. We should then provide cheap credit, on long term, for meritorious work. And then have, of course, the government's function as a resort of the General Welfare, for a certain amount of funding for emergencies, to tide people over in trying to get the transition through.

But there should be no difficulty among specialists in understanding how to do this. I know what specialists know. And what I propose is perfectly feasible. We did it before. We can do it again.

## The Machine Tool Principle

**Freeman:** I understand that Mr. Green has come back into the room. Let me just mention, that today's proceedings, for the first time, are being broadcast inside the Mexican Congress building, where a number of people, including about 20 members of the LaRouche Youth Movement, are gathered. So we'd like to welcome you, officially, to this broadcast.

**Green:** Mr. LaRouche, my name is Marty Green. I'm from Grand Rapids, Michigan. I'm a skilled tradesman there. I represent approximately 700 die makers and machinists there. And within General Motors, there are about five die-building shops with about 1,274 die makers. By July 1, 2006, we're looking at a downsizing of approximately 40%. You've touched on the idea of the machine-tool industry and the plans you have for saving that. I was wondering whether you could highlight some details on that?

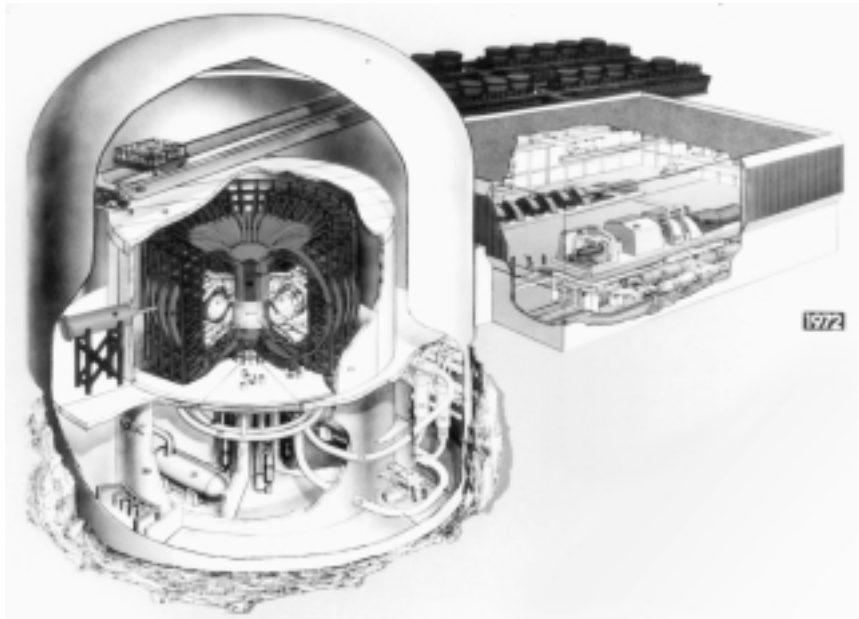
**LaRouche:** The problem with our educational system,





EIRNS/Stuart Lewis

*Marty Green from the Grand Rapids, Mich., UAW, who represents about 700 tool and die makers and machinists, asked LaRouche to elaborate on plans for saving the machine-tool industry. "The typical leaders in the auto industry don't know anything about technology," LaRouche said. "They know about money." He went on to discuss the importance of creative work in advanced machine-tool design.*



ERDA

*In the next 25 years, we have to have a full-scale nuclear program, LaRouche said, including the breeder reactor, and we have to develop an operational thermonuclear fusion program. This fusion power plant design from the 1970s, based on the tokamak concept, is one of many types of fusion that were not funded in the United States, and have languished only as small research projects.*

including our science system, has been that people don't know what creativity is. They talk about it, because they don't know what it is. It's like the guy who married a cigar store dummy. He didn't know what a real wife was. And that's the attitude toward science and technology among the reigning generation in the United States today. As a matter of fact, I'd take the whole General Motors management and I'd fire it, for incompetence. Because we really don't need them. We could easily elect a body to represent the stockholders of General Motors, who know how to run the industry, and they could

run the industry. We probably have got a guy over here who's about to retire: He could do that too, much better than the present General Motors.

Because the typical leaders in the auto industry don't know anything about technology. They know about money. They don't know about technology.

Now, this question of creativity is what's at issue. And very few people today, including economists, have any idea of what the actual meaning, functionally, of the term creativity is. We have in the Youth Movement, as some of the youth know—I believe some of them know—an emphasis on physical science. Well, we emphasize two things: We emphasize physical science, in a certain way, and I indicated that. And we emphasize also Classical choral singing, modelled on Bach.

The reason we emphasize these, is because these are the two areas of practical experience, which correspond to the

creative powers of the mind. If a Bach choral work, for example, is done properly, it forces you to do something which you can not get out of a textbook. It forces you to make a discovery of what really is happening that makes music work, when it works successfully. And therefore, if you know Classical music in that way, then you know everything about art. You may not know the details, but you do know the principle: Because you've applied it, you're familiar with it, it's not a stranger to you. Most people today, who think they know music, don't know anything about music. Especially those we see howling on the television screen, and things like that.

The same thing is true in science. People don't know what physical science is. For example, as we've demonstrated, to the shock of some of our young people who have encountered professors of this and that at Harvard and elsewhere, they don't know what creativity is. They don't know what a universal physical principle is. They don't know! They couldn't pass a

course in the doubling of the cube. They couldn't! Which is one of the most elementary demonstrations of the principle of creativity.

Just to explain what I mean by this: We have a sensory apparatus, and when we're being childish, we believe that what we see, smell, hear, and so forth, is real. When we're not childish, or when we understand science, we know that what we think we see, smell, hear, so forth, is a reflection, a shadow of something that is real. But what is real, we don't actually see. We see the reflection. The human mind, then, is



NIST

*“This question of the machine tool principle, should be the paradigm which we think of in thinking about how do you organize industry for technological and economic progress. . . . When you’re on the machine-tool edge of production, machine tool development, you’re really touching the essence of the next stem in actually advanced scientific discovery.”*

capable of understanding how this thing that is reflected, functions.

Now, one thing that we never see as an object, in an object form, is a principle of the universe, a principle of nature. You can never see a principle of nature. Why? Because it’s universal. How can you see something that is universal? It’s bigger than you are. You’re inside it.

In all creative work, especially in advanced machine-tool design, you’re up against this, where somebody has made a discovery of a physical principle. Now, you want to prove that principle, and prove that it’s really universal and that it’s truly a principle. What do you do? Well, what you do is you look at what you’ve said, what your argument is. You say, “I’ve discovered this principle. This is a principle of the universe. I’ve discovered it. I think I’ve discovered it. Now, let’s test, and see that I can prove or disprove that this is actually a principle of the universe.”

What do you do? Well, you have to construct some kind of an experimental apparatus, which will test precisely that. Now, you’ll never see the principle! It never is an object of the senses. It’s like gravity. You can never see gravity. You can’t taste it, you can’t take it home in your pocket, but it’s universal. It’s throughout the universe. Can you *prove* that it exists? Well, there’s a very simply experiment, designed by Johannes Kepler, after much work in making the discovery, and that discovery *proves* that gravity is universal and exists.

For example, least action. Naive sense-certainty says that time moves uniformly, that light moves uniformly. But least action says it doesn’t, as Fermat proved. The physical principle is universal least action, or quickest action, which is the fundamental basis of all modern physics, this concept of least action. You can’t see it. It’s a universal principle, like gravitation.

The nature of the human being is that no monkey can do this. Nor can George Bush, which qualifies him as a monkey, but not as President. The power, the progress of humanity: If we were monkeys or baboons or gorillas, there could not be more than several million of us ever living on this planet. We now have 6 billion people living on this planet, more than 6 billion. How does that happen? Because we represent an accumulation of discoveries of universal principles, by individual minds, discoveries which have been passed on as practice, from one generation to another.

Now therefore, progress in economy is progress in the increase of the physical power of the human species over nature. How do you do that? Well, you discover new principles, or you bring them into new applications. How do you discover these principles? Well, you construct an apparatus which enables you to test the principle. It’s called a crucial experiment. Now, once you’ve tested it, and proved that it works, now you look at the experiment you’ve just conducted. Hey! We can improve on this experiment, now. Okay. What are you going to do with it? Well, we are going to design and build something now, that we could never have built if we hadn’t made this discovery!

So therefore, it’s the machine-tool sector of capital-intensive development of the productive powers of labor that is the driving force of progress. It’s the driving force of creation of wealth. So, what we want to do: We don’t want people doing repetitive work—simple repetitive work, on and on. and on, as their grandfathers did before them. We want people who are going through the experience, either by doing original discoveries themselves, or reenacting discoveries made by others, and applying them to improve the kind of things we’re able to do for humanity.

And therefore, we want an investment policy, which concentrates on saying: *Is it promoting creativity?* If we absolutely have to have it, do it. But if we have a choice, choose the thing that means capital-intensity in increase in the productive powers of labor, productive powers of man over the universe. And that should be a our policy. Exactly that.

And therefore, when you’re on the machine-tool edge of production, machine-tool development, you’re really touching the essence of—the next step is actually advanced scientific discovery. In the old days, you would have a university professor or somebody, who’s working on his experiment. He now has come up with a discovery, an hypothesis, an experimental hypothesis. He comes to you, and he says, “I’ve got to build an apparatus to test the principle.” So, you sit down and you sweat with him—what’s he talking about? You say, “Well, I can build that. I know how to build something that will test that, as you say.” And that’s the cutting edge.

What you want in industry, what you want in general, is that approach to production. That should be the *driver* of production. Always doing something *better*, trying to do something you couldn’t *do* before; looking for some guy who’s got a screwball idea that you can test and prove that it

will work! And that's what's important. That's the way industry should be organized.

For example, in military production, in the immediate post-war period, that was primary. The things we did for World War II, and the things we did after that, were all based on that. Crashing out, breaking out of this—breakthroughs, transformation of a product. You know, when they would wheel off the plane, for example, in those days, they would find they'd drilled so many damned holes in the plane, from going from one set of specs to the next, that the plane couldn't fly any more, because the rate of progress and innovation was that high.

And that's what we need today.

Today, for example, we don't want the gasoline-run automobile. We may have to use them, but what we want is a hydrogen fuel hybrid. And we want that for planes too. And that requires a nuclear plant. It requires an 800-megawatt nuclear high-temperature gas-cooled reactor. Then you can get the hydrogen-based fuels generated there. Now, you're independent of the oil industry.

So, it's in this direction that we have to move. We have to understand—you raised this question of the machine-tool principle: That should be the paradigm which we think of, in thinking about *How do you organize industry for technological and economic progress?*

## The Importance of Regulating Credit

**Freeman:** Representative Clark, you're headed for the exit, but I was about to call you to the microphone. Do you want me to take another question? Senator Clark now, that's right!

**Clark:** I really had a question written down earlier, Mr. LaRouche, but I think you've answered that pretty well. I appreciate you explaining to everyone, because a lot of people don't quite grasp it, the Constitutional authority of Congress to coin and to regulate money. And really, when you look at the Reconstruction Finance Corporation under President Franklin Roosevelt, you really are talking about a National Bank. It's not a very difficult concept.

And when they made the RFC, and I believe that was actually done under the Hoover Administration—and it was used to bail out the banks and the railroads, at the time, and not for the General Welfare—did they also use the French fractional bank reserve method, and create more money, to make more projects occur at that time? Or, is that something we need to be looking at very swiftly?

Here seems to be the problem. In Kentucky, and here, in the United States, is, all of us are very good at trimming the tree, but very few of us are very good at striking the root. And I think this is the root. Thank you very much.

**LaRouche:** Now, this aspect was copied in Germany in the Kreditanstalt für Wiederaufbau [Reconstruction Finance Agency]. It was copied; it was picked up by Hermann Abs, who was the leading banker of Deutsche Bank at that time—much better than the Deutsche Bank bankers they have these



EIRNS/Stuart Lewis

*State Sen. Perry Clark from Kentucky asked LaRouche about the Reconstruction Finance Corporation and credit management.*

days. And it was taken directly from the Roosevelt system, which was the RFC model.

Essentially, to manage credit, we have to be very careful about getting into monkeyshine money printing. What you do, is very simply, is, in the first instance, you make an initial issue of credit, by authority of the Federal government. This may be in the form of a loan, by the Federal government, the Treasury, to a national banking system, to a member bank of the system, a private bank within the system. And under certain rules provided by law, this bank can now issue a loan for some purpose, approved purpose.

Now, what happens is, that you are turning over the capital which has been advanced in the money form, to this user of this money. Now this person who's now paying back into the thing, so now what you're doing is you're developing secondary and tertiary credit, on the basis of the primary loan, which is what they did with the Kreditanstalt für Wiederaufbau. The money was being paid in *pro rata*, by the firms which had been the beneficiaries of the credit extended to them. So, what they were paying back in, became the basis, like interest, for a corresponding issue of new capital against the security at that rate of interest, which is that fractional fraction. Yes, use it. But you have to regulate it. And it has to be a very good system of state and Federal regulation, to make sure that the system is going to be an orderly one.

The main thing is, yes, the principle is sound, but it must be orderly.

## 'Mississippi Is Not Manchukuo'

**Freeman:** Let me also just mention: Since so many of the questions that are coming in, are addressing this question of retooling in the auto industry, today does mark, finally, the release of a 60-minute DVD, produced by LaRouche PAC, on "Retooling the Auto Industry To Rebuild the Nation." This does in fact, include in it, a detailed exposition of Mr.

LaRouche's emergency proposal to the Congress on this question. I would really urge people to pick up a copy of this, not only for your own use, but I think that the more organized showings that we have of this DVD, the more enhanced people's understanding of some of the ideas that Mr. LaRouche is addressing today, will be.

Okay, this is a question that was actually submitted this morning, before you spoke, and it came from one of the economic think-tanks here in Washington.

"Mr. LaRouche, I understand from one of your associates, that you now plan on taking up the banner of those who are protesting the current corporate experiment that Nissan is conducting in Canton, Mississippi. While the situation there is extremely disturbing, it is by no means unique, and we have, over the past six months, documented at least half a dozen such experiments across the South. Our view is that what this actually represents, is a cynical solution to the flight of job overseas.

"The proponents of this argue that, if American workers can be persuaded to work at this wage level, then jobs can be kept at home, and the outsourcing will end. And at the same time, these workers will be put to work at (quote/unquote) 'productive jobs.' This is certainly not our view. But we'd like you to actually address what is going on in Canton, and how you plan on campaigning against it."

**LaRouche:** Well, my first thing is to tell the French and other ownership of Nissan, that Mississippi is not Manchukuo. Japan occupied the Manchurian part of China, in a very brutal way for an extended period of time, and renamed the area "Manchukuo." And this was typical of the Japanese occupation in various parts of Asia, which was very brutal. The Japanese tend to be rather nasty, extremely inhuman, in treating people who they feel are, shall we say, their helpless subjects.

And for Japan, at least a firm which is associated with the name of Japan, to engage in what is happening in Mississippi in particular, but also speckled in other locations around the United States, is something which is not easily forgivable on the part of Japan. And I think that the American citizen who sees a Nissan car, for example, offered to him, should think about that: That this is not a right, just thing for Japan to do to the United States. It would not be a good idea, a prudent idea, for them to take up.

Now, on the question of the location of this operation in the United States: The peculiarity is, the United States, despite all else, has a higher level of culture than is available to investors in other parts of the world, even a poor area, like the poor area where they're concentrating on a largely African-descent population in this particular case.

Remember that before this time, Japan invested significantly in auto-producing plants in the United States, and while the UAW was functioning, and when the Big Three existed, that when the Japanese would set up an industry, they would do everything possible to keep the unions out of those plants. *But!* The way they would combat the unions, is by trying,

appearing at least, to match the benefits, which the UAW had negotiated with its relevant firms.

Now, what's happened in this case, in this particular case, and others, is a move to *break that pattern*. They say, screw them. And what they do is, they go into areas where the population is relatively poor, poverty-stricken. They get concessions, in which all kinds of concessions are made—no taxes, no this, no that—from the local community. In other words, the local government funds the operation. And they use this as a pattern to break the unions. And to break the standards of labor, and welfare, in this country. This includes pensions.

Now, what they're doing is, by the General Welfare principle, is something *we can not tolerate*. But the reason they do that, is not because they're doing something for us. It's because the United States is a better source of skilled labor, than any other part of the world they have available — even poor people who are of African descent in these areas of Mississippi. They have an inherent cultural advantage over the labor force available in other parts of the world. And therefore, the Japanese are very astute to that. They always moved in, the United States, in producing automobiles, because they could produce *better* here, than they could in Japan. Because the culture of production in the United States, is better than Japan. Japan has a very high investment in high-capital intensive machinery, which is how they produce. But the subtleties of production, the American labor force, and the American environment, is much better for production, than Japan itself. As Japan cases show.

So, therefore, they're coming in here, and looting us, because we're here. And they intend to loot us on a large scale, gobbling up the entire auto industry, loot us, with the connivance of the people in the auto industry itself, U.S. auto industry. But at the same time, they're picking up the advantage of labor of a degree of skill and productivity, they can not get in other parts of the world.

So, it's not a benefit to us, that they intend. They come to suck our blood, not to benefit us.

## The Medieval Imperialism of Felix Rohatyn

**Freeman:** This is a question from the Democratic Senate Caucus. It's on the subject of Felix Rohatyn.

"Mr. LaRouche, you have recently made some very harsh statements regarding Felix Rohatyn, and what it is exactly that is behind his infrastructure proposal. Proponents of it argue that all he's actually proposing, is a public-private partnership, that is not all that dissimilar from FDR's Alliance of Producers. I think it's extremely important that you address the difference between your proposal, and his, since many people here simply don't understand what the difference is."

**LaRouche:** Well, Felix has said it. And Felix counts, as he has said himself, on suckers who believe that he is just an innocent guy. Only the suckers believe him. Don't be a sucker. Number one.

What Felix has said, and he's said it publicly, he's said it in my circles, that what his aim is, is this: "The time has come



EIRNS/Dan Sturman

*"Fascists—and I say fascists—like Felix Rohatyn, he's sort of the Artful Dodger class of the international financial oligarchy, and he doesn't like me one bit."*

in which gigantic financial complexes internationally, are more powerful than governments. Therefore, the world should be run by a syndicate of these financial syndicates, not by governments."

This is a medieval concept. It's the concept of the ultramontane system. It's the concept of the Lombard League, which went into the deep crash in Europe in the 14th Century, the so-called New Dark Age. This means the end of the authority of government. This is what is already happening. It's happening internationally—it's called globalization.

Globalization is a form of imperialism. It's specifically an imitation in modern times, of the medieval imperialism of the time it was run by the Norman Crusaders, and the Venetian bankers, typified by the Lombard League. You want that?

Also, the other characteristic of this, interesting enough, was religious hatred. The Crusades were a system of religious hatred. And they died out, because they went bankrupt. But then, they came back again. They came back again in 1492, with the expulsion of the Jews from Spain. And the expulsion of the Jews from Spain by the Grand Inquisitor, which was a process actually which started in 1480, was a process that led to continuous religious warfare, throughout Europe, until 1648, until the Treaty of Westphalia. Europe was ruined by murderous religious warfare beyond belief. And Europe was murdered by the Crusaders, who were nothing but fascist thugs of their own time, who were hired out, like. . . ah! Halliburton. Private armies, hired out by Venetian bankers, to conduct Crusades, to butcher as many people of Islam, and other religions they didn't like, as they chose—including Christians. That's what the system is, and that's what Rohatyn represents.

Also, remember what Rohatyn's pedigree is. He's a protégé of Lazard Frères. He's connected heavily throughout France, to the French Nazi organization associated with Lazard Frères, in the Hitler period. He himself was brought into this through Lazard Brothers, which was the New York branch of Lazard Frères. He is the guy, who financed, arranged the financing, to bring the fascists, the Nazi-like Pinochet, to power in Chile. And the Pinochet who ran genocide, virtually, in South America.

This guy has no humanity. He is the Artful Dodger, on an evil scale, out of Charles Dickens' *Oliver Twist*. And he's a very twisted character.

## 'Go Full Tilt on Nuclear Power'

**Freeman:** We have about half a dozen questions that have come in from both the House, the Senate, and from members of the Youth Movement, on the question of nuclear energy. And what I'm going to ask you is a kind of composite of all of these questions put together.

Basically, what's being asked is that the principal opposition to the question of nuclear power in the United States, is the question of how to deal with nuclear waste. From the House of Representatives, in particular, the questioner says that it's his belief that this is less a problem of technology, and more a problem of simple basic trust, but that nevertheless, it does come up as the major opposition to the broad expansion of generating nuclear power as a principal source here. How can you address that?

**LaRouche:** Well, this difficulty is largely mythological. We have the technology to deal with this kind of thing, if you are going to go with a full-spectrum program. If you're going to go plant by plant, and then pile up the waste, and not process it, then you're going to have a problem.

Now, remember, you've got, out of 100% of the nuclear material put in as fuel, when they reprocess it, 90% or more is automatically simply sent back, as repackaged material. Much of the other material can be converted. It can be converted into various forms. Some of it is required for medical and other applications. And some of it could be dealt with by special methods of spellation, which we know how to develop, but are not yet generally in use.

So, obviously, if we're going for a full-scale nuclear program of the type required, we're going to go full tilt, with a full-scale multiple program. Because this will be our primary source of power in every area of the United States.

Now, the problem becomes then, *not* how to we get rid of the waste, but how do we get more of it, in order to reprocess it, and to get more fuel? So, we have to go to a *breeder reactor program*, as part of the spectrum. Because we have to breed more fuel. We have a shortage of fuel—we have to breed more.

Now, we're looking, at this scale, we're looking at approximately a period of a quarter-century, a generation. We have to, in this period, by about 25 years from now, we have

to have developed a thermonuclear fusion program, which is operational. This includes many of the raw materials management requirements of the planet, that I referred to earlier. So, therefore, we have a 50-year perspective: Go now, with a full tilt on nuclear power, international tilt. With international cooperation on an integrated effort at developing fuel, nuclear fuel, and its byproduct, and its management. So now, you set up cooperation on all these phases of necessary management. In that case, you don't have a real waste problem, an accumulated waste problem. That's a myth. It only happens if you don't do what you should do.

But we have to at the same time, go with a crash program on development of thermonuclear fusion. Thermonuclear fusion is *key to management of the so-called raw materials problems of the planet*, such as water problems on a mass scale; also, organizing the mineral resources of the planet for human needs; and for, actually for balancing out the ecology of the planet as a whole.

So, that's our necessary program. Every day we don't do this, we're putting humanity in danger. The great danger, from nuclear power, is not using it.

## Why the Democrats Are So Nervous

**Freeman:** We have a question that has come in via e-mail by one of the leaders of Democracy Now! on the West Coast. He says:

"Mr. LaRouche, immediately after the election, beginning with the actions of California Sen. Barbara Boxer, it really did look as if Democrats were in a fighting mood. In that state of mind, we successfully held back the privatization of Social Security, as well as other initiatives that the Bush Administration was pursuing. However, something seems to have happened. And right now, despite the fact that George Bush has the lowest approval rating of any President that I can recall—including Richard Nixon—it does in fact appear that the Democrats are in complete disarray. What happened? And how do we address it?"

**LaRouche:** Well, you notice that the popularity of George Bush, as reported, has fallen below the level of clinically insane people. It's a complement to the mortgage problem here.

No, this is obviously what I've been concerned about. I saw them fall apart. And it was obvious that there was a countermove, and Felix Rohatyn was a very significant part of it. And you have openly, out against me, Felix Rohatyn, [Warren] Rudman, and Sen. Chris Dodd—and people like that. So that, they're openly against it, and the problem that came up is, the management of the Democratic National Committee.

The Democratic National Committee suddenly found itself out of money at the beginning of the year. They should have had \$30 million and it was down to \$4 million, or something like that. Because the present—"official" of the Democratic Party, the former candidate, goofed—but good.

So now, the Democrats are suddenly scattering, and scared about money. And this is one of the complications. All kinds of pressure was put on. Pressure from Cheney, *tremendous* pressure from Cheney and company, and his friends. Tremendous pressure from all kinds of channels. They're afraid of me. It's that simple. And everybody in the Senate, who knows anything, knows that they're very upset about me. They're afraid of me. Not them, but they're afraid of the people who don't like me.

Look, I've done a number of things in my history. I've always been pro-Roosevelt, in the entire post-war period. I came back from the war, from military service abroad, in 1946, in the spring of '46, and I came back to the different country than I had left. A ruined country under Truman. And for a while I hoped that the Democratic Party would have Dwight Eisenhower as a Presidential candidate, to get that bum Truman out of there. And Eisenhower didn't think he was in a position to do that, and he wrote me to that effect.

So, it got worse. And then Trumanism became worse and worse. Trumanism was practically fascism. Everything about him really stunk. He went as far as he could to create a police state. But then, what Eisenhower later referred to as the "military-industrial complex," was defeated on a couple of counts. It was defeated because the war in Korea was a fiasco, and it couldn't continue. It was a fiasco also, because the Soviet Union had developed operational nuclear weapons much earlier than Bertrand Russell, and the Truman Administration, had planned. Because the plan had been, for a pre-emptive nuclear attack, on the Soviet Union, which it was believed, at that time, did not have nuclear weapons, and would not have them. So that by the time the United States was actually producing a production line, a series line, of nuclear missiles, the Soviet Union was somewhat ahead of us technologically.

Then, at the beginning of the 1950s, the Soviet Union was the first to develop an operational prototype of a thermonuclear warhead, which meant that Truman's plans for pre-emptive nuclear war, went off the table. And we went through a long process, over the course of the 1950s into the beginning of the 1960s, where we went to this new system of Mutual and Assured Destruction, of this Strategic Arms Limitation approach.

So, in this period, I fought against Truman. I fought against McCarthy. I was prominent in some areas on this. Then, the FBI tried to get me to run an operation for them, which I refused to run, in 1957, and they did everything possible to screw up my life, my marriage, and everything else, as a result of that. And this came out of a very dirty part of the U.S. intelligence services which is called the internal security apparatus, associated with the Justice Department.

And then in 1971, when the bubble blew on the IMF, with Nixon, and I contested the issue, the policy, at that time, then I was considered an effective advocate against the policies of this crowd, and they've done everything possible since then, to try to destroy me. Then I exposed what the plans of Brzez-

ski were, for nuclear showdown with the Soviet Union, in 1976, and that screwed that up, and I was not liked for that. Brzezinski wanted me dead.

And then Reagan adopted my proposal for a negotiation with the Soviet Union, for what became known as the SDI. And that almost succeeded. And for that, the order was immediately, in 1983, “kill him!” No less. It was actually that, literally. And I and my associates went through an operation, from the end of 1983, through the early 1990s, a continuing operation, until Clinton became President. And then the operation tailed off. But up until Clinton was elected President, they were out to kill me, and they only didn’t kill me, because some people inside the institutions said, don’t do it. They would be very unhappy if I were killed.

So, I was imprisoned instead of being killed. If I hadn’t been imprisoned, they said, I would have been killed.

And again, these guys are deadly afraid of me, because I’ve been very effective, in a lot of operations. And I’m a big thorn in their side. And I fight when other people don’t fight. And this makes some people very unhappy. And fascists—and I say “fascists,” like Felix Rohatyn, he’s sort of the Artful Dodger class of the international Nazi oligarchy, and he doesn’t like me one bit. And so forth.

So, you have people in the Democratic Party, in the Senate and elsewhere, who tend to be a little bit on the coquettish side. And when they sense there’s trouble, and it might damage their Presidential and other ambitions, they tend to get very, very nervous.

## Provide a ‘Beacon of Leadership’

**Freeman:** This is a question from the House of Representatives, but it also reflects questions that have come in from some foreign journalists and others.

“Mr. LaRouche, as you’ve repeatedly stated, the drive for a military attack against Iran, has less to do with their nuclear energy program, and more to do with the overall war policy of this Administration. Right now, rumors are circulating on Capitol Hill that a military attack on Iran will result in a large number of resignations of high-ranking military officers. With all of that said, however, it seems that the potential for a military move against Iran, is not only real, but that in fact, it is growing. It seems that a new war, or a major terrorist incident on U.S. soil, may be the only thing that can save Bush’s Presidency. Would you be so kind as to assess the danger, and to also address what you think can be done to prevent it?”

**LaRouche:** Well, the idea that the people behind Cheney and what he represents, could actually succeed in their goals, is nonsense. For example, if you study, as I have and others have, the history of military affairs, since, in modern times, you would have to say that the Nazis of our time, such as the backers of Cheney, and the associates of Rohatyn, are the most incompetent goons ever manufactured. What goes with this is, remember, the leading generation internationally, in

running these kinds of operation, which Cheney and so forth are part of, these people are what age group? They’re the age group—Cheney was slightly older. He was born, probably born in about the middle of the 1940s, but essentially, he’s otherwise a Baby Boomer. The people who are running these, are generally of that generation.

Remember what they are. They are people—most of them fit in the 68er category—that is, the campus 68ers. These are the freaks. They don’t believe in science, they don’t believe in rationality, they believe in emotional impulses. You compare them with the Nazis, and you look at the Nazi machine in detail, and some of the other military machines in detail—that was a very serious operation, which had the capability *but* for the United States, it would have ruled the world. For how long, we don’t know, but it would have ruled the world. It was an efficient machine, with a very careful and competently planned, military plan of operations. And it would have succeeded, except for the United States.

This bunch of clowns! Yes, they’re thugs. They’re like that famous mafia gang in Brooklyn, the gang that was called the “gang that couldn’t shoot straight,” which ran a mafia war in Brooklyn, some years ago. These guys are incompetent. They couldn’t run anything successfully.

The problem here is not the danger that they will *succeed*. Because if they *succeed*, they will fail, and take the world down with them. So, therefore, these people must not be *allowed* to be anywhere near power. They’re perfectly capable, by quality, of launching an attack, an aerial attack, on Iran; and their capabilities of launching a very serious kind of attack exist. But the sequelae will be: The world will blow up. The world will just blow up. There’s no way you can have civilization if they start that attack; that road leads downward to a pit, nowhere.

So, they can’t succeed! So, what’s the problem? The problem is *not* how ugly they are. The problem is how gutless we are. We could stop them. If the American people did not want this show, we could stop them. If we had more guts in the Congress, we could stop them. They can be stopped! But you have to talk the way I talk about these things. Not [simpering voice], “Well, he’s slightly mistaken, misguided, unfortunate child-rearing, you know. Doesn’t know who his real mother was. Don’t say he’s a Nazi. Misguided, a little disturbed, a little disoriented.”

If you talk like that—if you say, “you can’t call Rohatyn a fascist”—I mean, what kind of a boob are you, that you can’t call Rohatyn a fascist?

Now, what do you have to do?

We have to, in a sense, which is what I concentrate on, we have to provide a beacon of leadership—when you don’t *have* any beacon of leadership, otherwise, in the United States. That’s our problem. *We don’t have any public leaders!* We have people who like to call themselves leaders, who like to pretend to be leaders. *But they don’t have the command capability to win a war!* If you’re fighting an enemy, a mortal





EIRNS/Stuart Lewis

*The hope of realization of everything we've wanted for our nation and for humanity, said LaRouche, lies in the hands of the generation of young adults, especially between 18 and 25 years of age today. Here, the webcast audience.*

enemy of civilization, you're fighting a war! You've got to have the temperament to go at that as a war, and win that war! That doesn't mean you're going to *kill* people. I means you're going to *stop that operation!*

And you're going to *mobilize* people to do that. How do you mobilize people? Well, first of all, the first thing you have to do, to mobilize people for a serious effort, is, you've got to have some *guts* yourself. And the problem is, our Baby Boomer generation doesn't have guts! Not the kind of guts that is required for this kind of operation. It's not a matter of going out and killing somebody or mashing somebody—it's just plain guts. And they don't have guts. They may have guts on one thing, they may want to fight this, and do this or do that; maybe they'll shoot the neighbor next door. But they won't have the guts to face this kind of problem, and the intellectual challenge it represents.

The problem is, they're deeply inbred in the corruption of sophistry. And they'll say, "Well"—. They'll say to me, "You're right, but they're not ready to listen to you yet."

You mean they're not ready to live yet? They want to die? They're not ready to stay alive? They want to watch their children go into the concentration camp? And do nothing about it, because they're not "ready" to act?

We're now in a situation, as I described it today, we're in a situation where, in a matter of months, the entire world order, as we have known it, is in danger of collapse. There *are* remedies, to prevent that collapse. But no one, yet, has been willing to take up the cudgel that I wave—and actually do it! And that's why I do what I do. Because nobody else is doing it.

## Is It Too Late?

**Freeman:** This is a question from one of the LYM members. He says, "Lyn, there isn't any question that there's a big change in the degree of interest that we find here in Washington, especially on Capitol Hill. People have loads of questions, and want to talk about everything from Kesha's campaign for chairman of the Democratic Party in Texas, to the housing blowout, to the war. Even so, if you asked me if somebody was prepared to actually *do* something, I'd have to say no." (I'd have to agree.)

"But it's a scary situation, because from what you've been saying, especially the last few weeks, we don't seem to have a whole lot of time. I think if there were more of us, we'd have a better chance, because people are definitely open. But I guess my question is that, if it actually comes to the point of a full-scale blowout, and no one has done anything yet, at that moment, is it too late, or can we still save the nation?"

**LaRouche:** Well, I don't think it's too late—there are not simple guidelines like that. As long as people are willing to fight, and have the right ideas about what to do, and have cultivated an approach to the population more generally, people don't like to die. They especially don't like to die a futile death. I mean, to die for a good cause, or in the hope that the cause will survive, is one thing. But, to die for *nothing*, stinks. And therefore, as long as we're in there fighting, as far as I'm concerned, I'll continue to fight. And I'll be there. And I just hope some other people are there, too.

*The webcast concluded with the LYM singing a canon on "Felix the Nazi."*