

HOW NOT TO BUILD A RECOVERY

A Tale of Two Bozos

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The tale was told more or less as follows.

During one of those occasional silly seasons which the French call revolutions, a revolting pair of academics were sipping beverages in a favorite café, while successive clusters of revolutionaries raced past the café on the street outside. Suddenly, one of the pair in the café stood upright, grabbing his hat, scarf, and coat, exclaiming: “That is my revolution which just passed; I must go and lead it!”

That could be a replica of “Big MAC” swindler Felix Rohatyn and his confederate Warren Rudman, jerking into an upright position, after belatedly recognizing the importance of Democratic House leader Nancy Pelosi’s now-famous Harvard address of just a little over a week ago. The product of their delayed reaction to Nancy Pelosi’s address, is a silly swindle which they christened “a national investment corporation (NIC),” a piece of chicanery which Rohatyn and Rudman contributed to today’s edition of the *Washington Post*.

For anyone who knows the reality of the present financial conditions of the financial institutions of Europe and the Americas as a whole, the most obvious swindle in the Rohatyn-Rudman proposal for raising money for infrastructure from issues of fifty-year bonds, is that the purchasing power for those bonds does not exist under the present economy with that economy’s present role within the world’s monetary-financial system.

This does not mean that Rohatyn is altogether stupid; it means that he hopes desperately that you readers of the *Washington Post* are dumb enough to be taken in by what he and Rudman have proposed in print. To understand why Rohatyn would make the kind of fraudulent argument he has contributed to today’s issue of the *Washington Post*, you

have to understand why Rohatyn hates and fears me personally.

Felix and Fascism

Felix is, essentially, a fascist. He probably hates the memory of Adolf Hitler, and maybe even Benito Mussolini and Francisco Franco. What he represents is the type of financier circles which backed Mussolini and Hitler during the 1920s and early 1930s, the financier circles which put the Mussolinis and Hitlers into power because they believed that fascism was the tool needed to destroy the kind of society which the United States’ Declaration of Independence and Federal Constitution represent, just as many tools of similar private financial interests have done so much to destroy the U.S. economy, in particular, during the time since the aftermath of the assassination of President John F. Kennedy.

As a result of the role of the 68ers, in shifting the economies of the U.S.A. and Europe, away from agro-industrial economies, into so-called “services economies,” those nations are essentially hopelessly bankrupted under the international conditions existing today. In place of the U.S. economy which was crucial in defeating Hitler, we have a pile of decaying economic wreckage, in which traditional private agricultural and industrial ownership has been crushed under the power of gigantic financier networks controlling giant corporations which, like U.S. Steel, and as Kerkorian intends to ruin General Motors, are financial husks of the productive enterprises which they used to be.

That means, the increasingly “globalized” world of today is dominated by super-gigantic financial combines which have greater economic power than entire nations, or, in some cases, even combinations of nations. What Rohatyn represents, and represents this in a fully conscious way, is a global-

ized system of imperial rule by a global combination of super-gigantic slime-molds made up of many private financier interests. They intend to eliminate what they regard as the former power of “big government,” by either governments which are mere lackeys, errand-boys for financier slime-molds, or, for most cases, no real government at all. For that reason, people such as Rohatyn hate me bitterly, and very, very personally.

Why Rohatyn Fears Pelosi's Address

The Rohatyn-Rudman scheme is pure swindle. They have no intention that anything like their proposed NIC would actually work. They are hoping to dupe a sufficient number of suckers into believing that it might work, to prevent the U.S. Federal government from doing the only thing, Franklin Roosevelt-style, which is, in fact, the only possible means for preventing the United States from collapsing soon into the worst and deepest depression ever, and that soon.

The first line of defense of the U.S. economy against a deep and early depression is the willingness of the U.S. government, under the clear provisions of our Federal Constitution, to take the bankrupt Federal Reserve system into receivership by government, to keep the bank doors open and the banks functioning, and to reorganize a credit-system which will launch the large-scale investments in infrastructure and private industry sufficient to repeat the miracle which Franklin Roosevelt's Administration accomplished during the 1930s.

Once the U.S. government begins to play that role, it will be sovereign governments which rule the world, not predatory loan-sharks like Rohatyn and his accomplices.

If he can succeed in fooling you into believing his fraudulent proposal would work, you have no chance of coming out of the crisis as free men and women. Give in to Rohatyn's swindle just long enough, and the world dictatorship for which he is working would become the ugly reality of your existence.

What Rohatyn Wrote

The following are excerpts from the op-ed titled “It's Time To Rebuild America: A Plan for Spending More—and Wisely—on Our Decaying Infrastructure,” by Felix G. Rohatyn and Warren Rudman, published Dec. 13, in the Washington Post.

Two recent, very different events on opposite sides of the United States serve as startling examples of our unwillingness to support needed public investment or to consider the consequences of failing to do so.

On the Gulf Coast, the failure to invest adequately in the levees of New Orleans and to prepare for or manage the resulting disaster was obvious to the world.

On the Pacific Coast, in the state of Washington, a quieter crisis loomed. The region's infrastructure had been outstrip-

ped by growth. But the new governor, Christine Gregoire, had the courage to impose a phased-in motor fuels tax to repair the state's dilapidated and congested roads and bridges. . . .

Americans may not want “big government,” but they want as much government as is necessary to be safe and secure. Today state and local governments spend at least three times as much on infrastructure as the federal government does. In the 1960s the shares for both were even. Even so, increases in state spending have not been enough to check the decline in many of our public assets. A new type of federal involvement would be a powerful initiative and would require a new focus. Rebuilding America is a historic task; we have the means to do it.

The shortfall in investment is aggravated by the fact that most infrastructure money is given out by formulas that do not force all projects to be evaluated on consistent or rational terms. The solution to both issues could begin with a national investment corporation (NIC) that would be the window through which states and groups of states and localities would request financing or grants for all infrastructure projects requiring federal participation. It could, over time, replace the existing dedicated trust funds, as well as address new missions for America's public infrastructure programs, including renovation of public school buildings.

The NIC could use its financial power to bring about improvements in policy. Funds for new highways, airports or water projects would not be granted unless modern technology, appropriate user fees and other non-structural solutions had been brought to bear. Capital grants to individual school districts would be contingent on adopting management and human resource practices that would improve school performance.

The NIC should have the authority to issue bonds with maturities of up to 50 years to finance infrastructure projects. The bonds would be guaranteed by the federal government. Such long-lived bonds would align the financing of infrastructure investments with the benefits they create; the repayment of those bonds would allow the NIC to be self-financing. In Europe, the European Investment Bank finances infrastructure in a similar fashion; it has created a superb and efficient European infrastructure, including a high-speed rail network, which is an enormous asset.

The federal budget is in crisis thanks to unwarranted tax cuts, unbounded entitlements, and open-ended commitments for hurricanes and homeland defense. But the budget does not recognize assets; it recognizes only expenditures and liabilities. Under the rules as we have them, the Louisiana Purchase would have been accounted for on the basis of the debt issued to Napoleon, with no recognition of the astounding value created. An entity as large as the U.S. government must have a cash budget. But the use of dedicated, long-term bonds within an NIC would become a de facto capital budget, providing us with better information about the stock of public capital. . . .