

The Auto Bankruptcies: LaRouche Told You So

Although Lyndon LaRouche repeatedly warned Congress in 2005 to take emergency action to save the auto sector, as a crucial component of U.S. strategic machine-tool capability, Congressional leaders blocked his proposed solutions. These key statements by LaRouche make the record clear:

2005

February: LaRouche forecasts a debt blowout of the American auto sector, referring to international press coverage, largely blacked out of the U.S. media, that General Motors, GMAC, and Ford are going to be downgraded by bond-rating agencies. *EIR* begins intensive coverage of the auto crisis.

March 10: *EIR* Strategic Alert publishes an item entitled “GM Heading for Junk-Bond Status?” on impending U.S. auto sector collapse, citing Feb. 26 editorial in the Swiss daily *Neue Zürcher Zeitung*, “Thunderstorm over Detroit.”

March 23: At a LaRouche PAC town meeting in Detroit, LaRouche calls for a “reconstruction agenda” to save the nation’s industrial capacity, in the face of the threatened collapse of GM.

April 7: At an international webcast from Washington, D.C.,

calling for a New Bretton Woods financial/monetary system to revive national economies, LaRouche speaks at length on the GM crisis, and the way to reorganize the entire auto/machine-tool sector to save and expand industrial output capacity.

April 9: In a meeting with labor leaders and elected officials, called to discuss a solution to the crisis, LaRouche calls for saving the auto industry as a crucial aspect for U.S. economic recovery. He proposes that the government intervene by placing the productive capacity of the industry into government-supervised receivership, and then funding the retooling and expansion of that capacity, to supply the components of national infrastructure projects.

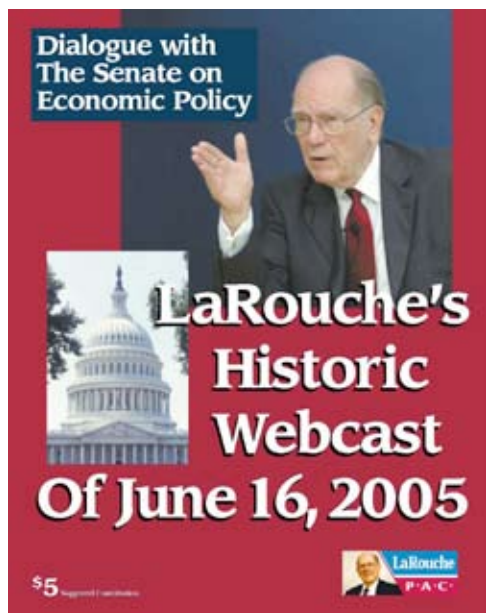
of that capacity, to supply the components of national infrastructure projects.

April 13: LaRouche issues memorandum to the U.S. Senate, “Emergency Action by the Senate,” which provides a summary statement of the crisis and guidelines for what must be done, emphasizing “The Emergency Measures for the GM Case,” and the need for an “Urgent Return to the American System.” It is published in *EIR* on April 22 and then as a LaRouche PAC pamphlet. The only solution, LaRouche shows, is to move immediately to save vital productive capacities, such as GM, and then move to reorganize the bankrupt global financial-monetary system.

May 10: LaRouche issues a mass leaflet, “Guts and Government,” calling for Congress and other leaders to stop vacillating on the GM crisis.

May 14: LaRouche issues a memorandum to Congress, published in *EIR* May 27, “Congress Faces New Turn: On the Subject of Strategic Bankruptcy.” Highlighting the collapse of the airline industry, the efforts of GM/GMAC to dump auto workers’ pensions, and the threatened collapse of GM, Ford, and others, he lays out the parameters for a stra-





tegic bankruptcy, in the interest of the general welfare.

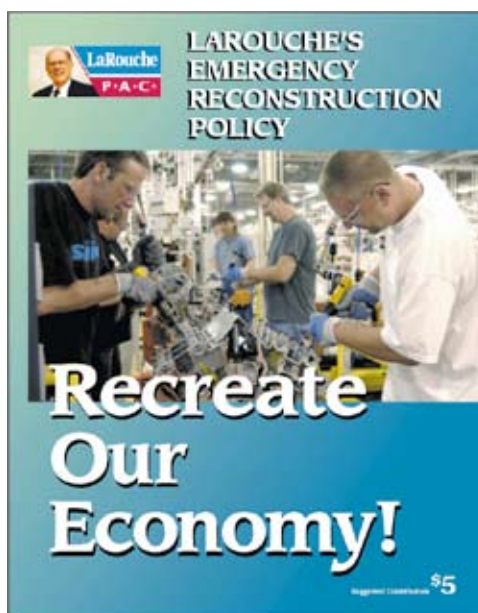
June 16: At a webcast from Washington, D.C., LaRouche stresses that “the automobile industry is a strategically crucial part of the U.S. economy,” and outlines how to save the people employed there, and all the industrial capacity associated with it—“the core of the machine-tool capacity of the United States.”

June 21: Answering questions e-mailed to the June 16 webcast, from Senate sources, LaRouche emphasizes that “If GM and Ford go down, the United States loses a vital part of our machine-tool capability, in which case we’re no longer a serious nation, economically”—and urges immediate action so that “we maintain this labor force *in production*....”

Oct. 12: Responding to a question at a Washington webcast from the Senate Manufacturing Caucus, asking about the recent bankruptcy filing of Delphi, LaRouche calls for putting the auto industry under Federal protection.

2006

Feb. 28: LaRouche in a press release warns the U.S. Senate to “stop flim-flamming, and save the auto



Rebuild the Nation.” Within six weeks, 10,000 copies are in circulation.

April 27: At a Washington webcast, “Americans Must Act Now To Stop Greatest Economic Crisis,” LaRouche again stresses the importance of Senate action on the auto situation, and meets with Midwest and other auto, industrial, state legislative, and community leaders.

May 2: LaRouche issues a 12-page pamphlet addressed to “Economists, Legislators, and Labor,” titled “Emergency Legislation, Now!” The purpose is “to prompt the immediate crafting of urgently needed emer-

sector.” The Senate has to act now, LaRouche says. “If it does not, it may be too late to stop an irreversible and chaotic collapse of the industry.”

March 9: LaRouche elaborates his proposal for the Federal government to take the automobile-manufacturing industry under “temporary protection” as a measure essential for the general welfare.

March 31: Upon hearing of the action by Delphi Corp. to rip up its contracts and productive capability, and Congressional inaction, LaRouche issues a statement, “If Congress doesn’t Act To Stop the Destruction of the Auto Industry, They Don’t Give a Damn About the U.S.” He writes: “Congress should examine its conscience. The Delphi action, and the overall auto collapse, is not just about the employees and their conditions, but about the structure of the U.S. economy. Anyone who doesn’t act now, doesn’t give a damn about the United States.”

April 14: LaRouche PAC issues an hour-long DVD, “Re-

gency Federal legislation” to prevent the collapse of the auto industry from triggering the destruction of the U.S. physical economy, and mobilize the constituency demand to push Congress to intervene.

May 14: LaRouche proposes the “U.S. Economic Recovery Act of 2006” in a pamphlet that elaborates the crisis in the auto sector and the need to “retool” the unused capacity of the auto industry to produce new national infrastructure. The pamphlet includes a resolution to save the auto industry, variations on which were passed by several city councils and state legislatures.

June 5-9: A Week of Action in Washington, D.C. focusses on the need for emergency Federal intervention for the auto sector and economy. LaRouche Youth Movement activists are joined by labor and state leaders to lobby Congress, capped by a June 9 LaRouche PAC webcast.

June 7-8: LaRouche PAC places paid ads in two widely circulated Capitol Hill weeklies, *The Hill* and *Roll Call*, signed by scores of labor leaders and elected officials, urging Congress to enact the emergency Federal legislation called for by LaRouche.

July: LaRouche PAC issues a White Paper, “Time Is Running Out for the U.S.A.,” which targets Lazard Frères banker Felix Rohatyn for his personal role in sabotaging a LaRouche solution to the crisis in the U.S. auto industry. It was he, representing Rohatyn Associates LLC, who signed Delphi Corp.’s May 1, 2005 pre-bankruptcy letter of agreement. A Synarchist by tradition, Rohatyn is also one of the money-bags for the faction of the Democratic Party that opposed LaRouche’s initiatives.

2008

Sept. 12: *EIR* reports that the LaRouche PAC has relaunched its mobilization for the Economic Recovery Act (ERA) of 2006. In contrast to the “save auto jobs” approach now being taken by those in Congress who sabotaged LaRouche’s 2005 initiative, LaRouche’s approach demands the establishment of a new Federal corporation which will salvage the remaining labor and plant capacity, to turn out the machine-tool products required to rebuild the nation’s infrastructure. The auto industry cannot and should not be saved, LaRouche has emphasized. Through Congressional inaction and Administration incompetence in the face of a global financial crash, the U.S. physical economy’s condition is significantly worse than in the Spring of 2005, when LaRouche’s ERA was already urgent.