

LaRouche Dissects the Bush Regime's First 60 Days

On March 21, Democratic Presidential pre-candidate for 2004 Lyndon H. LaRouche, Jr. addressed a seminar on "The Bush Administration: The First Sixty Days," before an audience in Washington, and by phone to a small group in New York City. It was also broadcast live on the Internet, over EIR's website www.larouchepub.com, where it is available in archive.

Here is LaRouche's opening statement, and a slightly abridged version of the two-hour discussion that followed. The moderator was Debra Hanania Freeman, LaRouche's spokeswoman and EIR U.S. intelligence editor.

Lyndon LaRouche: Thank you, Debra.

We've now experienced the first, disastrous 60 days of a new administration; an administration, whose combined actions and inactions have pushed the world over the brink of the worst financial and economic crisis in modern history, as we shall soon see in the weeks ahead. This is far more dangerous, than the financial and economic crisis that Franklin Roosevelt faced, at his first inauguration 68 years ago this month.

However, the situation is not ended. The final word has not been said.

I know many Americans, better than they themselves do—at least in some important ways, relative to the questions at hand. There are relatively two qualities of Americans as a people, which are specifically relevant to the present situation: First, the United States is one of the three nations, or national cultures in the world, which is capable of taking or assuming responsibility for the condition of the world as a whole. Those three cultures are, of course, the British Empire—which is really an empire, headed by the British monarchy. They are, pretty much, intervening and controlling most of the affairs of this planet, including about 90-odd percent of the financial transactions occurring daily throughout the world. Even though the United States is probably the most powerful single economy, as an economy, the British Empire

is much more powerful as an economic and financial force, than the United States.

Russia, despite its coming upon bad times, has a national culture, which we are seeing with the development of the Presidency of Vladimir Putin, a culture which impels it to step on the world stage, as a world leader and initiator.

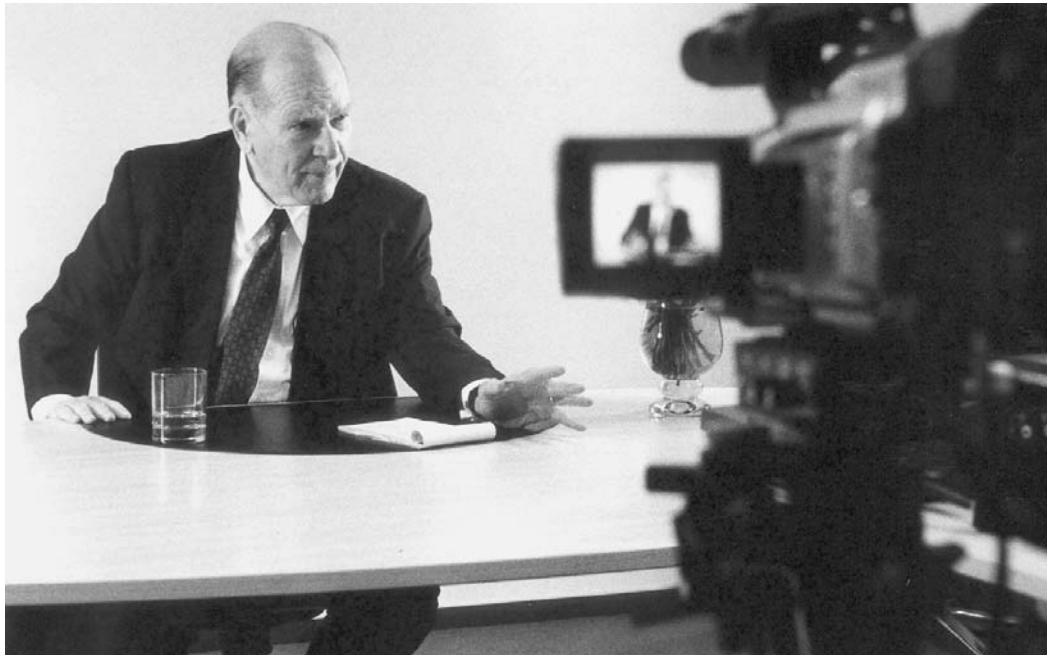
No other nation or national culture in the world, at the present time, is capable, emotionally and intellectually, of assuming that kind of role of leadership. Asia has its own peculiarities. Europe, continental Europe, once had a more important role in world history; but, after two world wars and the so-called Cold War, continental Europe is in very reduced circumstances, politically. It still has much influence and interests, but it depends upon its partnership with leading powers of the world to make its policy; it will not initiate a global policy, by itself.

Anatomy of the Bush Administration

The other characteristic of the American situation, is that we are a nation characterized by an internal conflict, which is rather unique to our history. The conflict is typified by that between the American intellectual tradition, as typified by John Quincy Adams or Abraham Lincoln, and Franklin Roosevelt—and to some degree, Clinton. If JFK had lived, we'd have seen more of that.

And, on the other side, you have this tradition of the Confederacy. In the recent 35 years, since Nixon began his Southern Strategy campaign for the Presidency, an alliance of Wall Street finance, and British finance, together with the legacy of the old Confederacy, has taken over the economic and social policies of the United States, more and more. It is that change in our policy, from about 1966 to the present—through Carter, through the other changes that have occurred—that has led us down the road, over about 35 years, to the present global financial and economic disaster.

Now, the question, therefore, since this legacy—the legacy of the Southern Strategy, the legacy of Nixon, the legacy



Lyndon H. LaRouche, Jr. addressing EIR's seminar/webcast on March 21. "The present administration must simply give up its lunatic ideas, and say, 'Okay. You were elected on a lunatic idea. So what? But, now you're President: Don't be a lunatic any more.'"

of Carter, the legacy of Bush as Vice President, the legacy of Bush, the former President Bush, as President, to a large degree, the legacy of Gore and that faction inside the Democratic Party—that has led us down the road to a disaster: We've come to the point that we have a President, who's not exactly known for his intellectual qualities. It's a complicated administration, which is based on some religious fanatics and similar types, who are not quite in the real world. These are American Protestants, for example, who are very close to the thinking of Ariel Sharon in Israel. These are people who tend to be pro-Armageddon, pro-The Rapture. They don't think in real-world terms; they think primarily in other-world terms, and it's not necessarily another world we want to think about.

We have a layer in there, like Armitage, being nominated, and others, who are killers, who are associated with the former President George Bush in the Iran-Contra operations. They like to kill. They come up with programs that kill. And, they're in there, the wildmen, who think pretty much in the same direction as Ariel Sharon. And, they're likely to get us into a Middle East war, at this time, if their influence prevails.

We have another layer in the administration, typified, to some degree by Colin Powell, but more so by Donald Rumsfeld, and O'Neill, and Cheney, who are old boys, who come from the Republican circuits of the past. But, when they came up in their positions, they represented what today is called the "Rust Belt." Today, they don't work for the Rust Belt; they work for a Southern-based financial machine, typified by James Baker III, for example, which is the boss, and which has taken over most of the nation, and has played a key role in turning the Northern states of the United States into the Rust Belt—into the ruin we've become. But, some of these people are intelligent.

But, the situation is not entirely hopeless. Because, as you see in the recent developments, the fall of Alan Greenspan, which was inevitable: He's an impossible man in an impossible situation. And, sooner or later, that had to come to a conclusion. And, it will, sooner or later, I don't know exactly how, but the man is fated—he's got the mark of political doom, written all over his career.

But, there are people who are concerned. And, they're expressing this now. This system is not working. The Bush Administration does not function. It is leading us into a disaster. It is irrational. The California energy crisis keeps coming on. Other crises, energy crises, come on. We have the breakdown of the health-care system. We have the crisis in Washington, D.C., of a virtual "Negro Removal" program, to remove the D.C. General Hospital, which is the only full-service hospital in the area, which will deal with the population's needs in general. And, they're shutting down that hospital, or attempting to do so, at a time when the world is faced with the spread of new epidemics, new outbreaks of epidemic and pandemic diseases of animal life, as well as human life.

We are destroying the capability we used to have, in public health, of dealing with that kind of threat. We are also killing people by economic policies, which are destroying the health-care system, on which we used to rely.

People are not happy with this.

In Europe, especially in continental Europe, they're very unhappy with us in the United States, and for good reason. Some people in Britain are disgusted with what they see in the United States—I'm talking about influential Britons, not obscure people. They don't always have the best policies themselves, but they realize that what we have going in the United States, is a horrible mess, which is a danger to them,

as well as to the rest of the planet.

On the continent of Europe: Continental Europe survived largely because of the key role of Germany, as an economy. Its exports were the margin by which all of continental Europe, or Western continental Europe, managed to keep going. Then came 1989-1990: And you had three people with bad ideas. One was called Margaret Thatcher, the meanest nanny that the British ever invented. You had the President of France, Mitterrand, who was a German-hater; and George Bush. Now, George Bush didn't do as badly as he could have, because he had a Vernon Walters as ambassador over there, at the time, in Bonn, who advised the President not to be stupid about this German reunification question. And, the President, at least on that question, took his advice.

What they did, was, Thatcher demanded and Mitterrand demanded, that the reunification of Germany shall not lead to a powerful German economy emerging in Europe. Now, by shutting down the German economy's potential for growth—which they did, pretty much, by their agreements, in 1989-1990—they created a situation, in which Europe today, continental Europe, is in a ruinous condition. Germany can no longer carry itself, its economy, let alone the rest of Europe, on its back, under the present circumstances.

Now, there's one hope for Germany and for Europe: That hope is, that Putin works—that is, the new Russian President. That new agreements with Russia from Western Europe, will lead to a partnership, which will extend itself to East and South Asia, and Central Asia. And, thus, by building up the technology export capabilities of Western Europe, with Germany as the pivot, and with Russia as a partner in that pivot, it would be possible to enhance the long-term—say, 25-year-term—agreements, between Western Europe, China, Japan (which is really, essentially, a full-set economy, too), Korea, and Southeast Asia. Under those circumstances, there's a 25-year, long-term prospect for genuine economic growth, in a post-financial-crisis world.

So, the Germans know that. Other Europeans know that. They look forward to the possibility. But no German is going to make a policy, today, which bucks the United States. The German answer would be, "We fought the Anglo-Americans in two World Wars, and we lost, and we're not going to fight them again."

So, therefore, Germany has a very strong feeling about its vital national interests. It has a very strong feeling, as other continental Europeans do, about their vital national and continental interests. But, they're not going to take an independent, global initiative, which directly challenges the power of the IMF and the United States, and Great Britain.

Can the U.S. Come to Its Senses?

Therefore, the issue is: Can the United States come to its senses, abandon the present policy, which the incumbent President has adopted so far, and get into partnership with Western Europe, together with Russia, together with Asia, to

build a Eurasian economic mobilization of about a 25-year immediate perspective, long-term technology export; and build the world as a whole—including Africa, which is hopeless unless we do this; Central and South America; Australia and New Zealand. And build the rest of the world around a partnership between the United States, Western Europe, in cooperation with continental Eurasia.

That's our opportunity. That's what many people in Europe, today, would agree to, at least as a general direction of thinking. That's what people in, I think, South and Central America would be very happy about, if the doors were open to that kind of alternative, as opposed to what they're getting from the United States and London today.

So, can we do that? Well, my view is that, with this system coming down, the whole financial and economic system, in its present form, is doomed. There is no way this can be fixed in its present form. We're going to have to write off trillions of dollars of worthless paper; it's already being written off by the market. I think—what was the latest one? That American households and so forth, lost a trillion dollars recently, on the financial bubble on Wall Street. There's not much money from there to go back into Wall Street.

This system is finished.

The collapse of the energy system—this deregulation crisis, is not simply a policy issue. *The United States can not live, with Enron.* It can not live with that kind of deregulation of energy. We can not live with the destruction of our health-care system. We can not live with the destruction of our infrastructure. *We must put it back into order.* And, the present administration must simply give up the lunatic ideas, and say, "Okay. You were elected on a lunatic idea. So what? But, now you're President: Don't be a lunatic any more."

And, pressures from inside the United States, and from Europe, coming together, can put enough pressure on the institutions of the United States, to *bring sense to the United States.*

As I said before, the United States is one of the few nations, and three national cultures on this planet, which can take the leadership initiative, *to push agreement through*—not to dictate U.S. orders to the world, but to push through agreements among a partnership of nations, to get some of the things done, that we have to get done, quickly, right now.

That's our general situation.

The Election That Didn't Take Place

The other aspect of this, of course, is that we had a recent election. I wouldn't call it, really, a Presidential election, because there, really, weren't any candidates. Nobody was actually running. They were running from something, or for something, but they weren't running as candidates, to run the United States, to address or solve its problems, and lead people out of the difficulties that were coming up. Gore was mostly running against himself! Bush didn't quite know who he was, except he was Daddy's boy. They said nothing about

the economic crisis! Nothing! They went through more than a year, of primaries, and the Presidential election fight: They said nothing about the crisis that's destroying this nation and the world economy today! *Nothing!*

They made no proposals. They said, "We're doing fine. We have to have more free trade. More deregulation." We have to have more of the same medicine, that was killing the world economy, that's brought this depression-crisis upon us now.

It wasn't really an election. There was no participation by the voters, in any discussion of policy. No leading candidates were discussing policy. I was discussing it, but I wasn't allowed to get into the show. I was discussing policy. They weren't discussing anything. They were flapping their lips! Saying how pretty they were (and they really weren't pretty, either of 'em).

So, it wasn't an election campaign. The other side of it, was what's happened to our people. Over the past 35 years, there's been a change in the temper of the American population.

During the 1930s, as we came out of the Depression, during the war, during the 1950s, into the 1960s, the typical Americans had a lot of rugged individualists among them. People who might have been poor, or not very wealthy. But they believed that their opinion counted. They believed that they had the right to discuss national policy seriously. They had the right to look over the shoulder of national leaders, and criticize the way policies were being made. They had the right to judge whether somebody was fit to run for Congress, or not.

But, they changed: The American people became, more and more, like a pack of human cattle. The lower 80% of the income-brackets in the United States, which used to dominate the national income of the United States, have now fallen to far less than half of the national income. The conditions of life—you know them! You know how many jobs people work. You know the problem of latch-key children. You know what's happening in the schools. You know what's happening to neighborhoods. You know what's happening to community structures. It's distintegrating.

And, where are the American people? They're like slaves. They think of themselves as like slaves. They vote like slaves. "Oh, we can vote." And, they go up, and knock at the back door of the typical boss—the guy who owns the big, white, slave mansion—and they say, "We don't want our freedom. Just give us some reparations. Give us a couple of shekels, and we'll go away."

And, so, they go out there, and they vote for candidates, and support candidates, in hopes they'll get a couple of shekels. They don't fight for their life; they don't fight for their children's life, their future; they don't fight for their dignity: They fight for a few pitiful concessions.

Esau was a hero: He sold out for a single mess of pottage. The Americans do it all the time, every time they vote.

So, the Americans didn't really vote. You will find that

most citizens really didn't support the candidate they voted for. They were voting against the other guy! Bush had more support than Gore did: Without Clinton, Gore wouldn't have even run! More people were voting for Gore, because they were voting against Bush, rather than voting for Gore! And, now, that the election is over, and Gore is out, that fact is obvious to many people. Gore can do nothing for them. He's not President; he can't pass shekels out the back door any more. There's no reason to vote for him. He's dead news, he's yesterday's newspaper. *He's gone.*

So, there was no election.

The problem we have, therefore, is, how do we get the American people to come back into the political process? Not as slaves, knocking at the back door of the mansion, trying to get a few shekels, trying to get reparations, instead of reason. How do we get the American people, to realize that they, as people, have to act, to save this nation, and to save the world? How do we get them out of the slave-mentality? To think like and to act like citizens again?

Well, first of all, you've got to give them some leadership, which gives them some confidence, which is what I'm trying to do: It's why I campaign. *Someone* has to stand up, as a leading figure, and say the things to the American people, the American people have to be told. They're not being told that. The press doesn't tell them that. Most of the leading candidates don't tell them that. They all "go along to get along": They don't tell the truth. So, therefore, my job is to present concepts, to organize around concepts, and issues, and say the things that have to be said. To try to convince the American people, that if they can understand what I am saying, and can agree with it—or more or less agree with it, even if it takes a little mental energy on their part, to do so—that they are perfectly capable of taking an initiative, as a citizen, to change the politics of the nation.

National Mission To Save D.C. General Hospital

Now, we have an operation going in Washington, D.C. This question of D.C. General. D.C. General, the last full-service hospital available to the population *of the nation's capital!* And, a bunch of people, tied to Katharine Graham, the publisher of the *Washington Post*, and her crowd, who run Washington, D.C. like a private dictatorship, a private plantation—and the *Washington Post* is the voice of the plantation's slave-master! You want to get along in Washington? You go along with Katie Graham! That's the rules.

Now, Katie Graham's crowd came up some years ago, with a number of packages to beautify Washington. Which means, essentially, get the African-Americans out! Or, most of them. Keep a few, for show. How will they do that? Well, you take that riverside, down there, where D.C. General Hospital is located, now, with the jail and RFK Stadium. Now, go down, and look at the maps: Look at the plans that have been made by Katie Graham's friends. Look at the organization

that was created around that, and around the idea of the 2012 Summer Olympics, between here, Washington, and Baltimore. Look at that.

Look at the political action committees, which were formed around these operations, to buy up politicians, including Washington, D.C. politicians, and notable figures; to put money into their election campaigns; to control the politicians. And, the *Washington Post* as the press guardian, a sort of Goebbels press of Washington, D.C., to keep the people in line for Hitler! People went along with it.

What does it mean? *If this goes through*, in Washington, D.C., you're going to have Negro Removal, to that great area of civil rights, called Prince George's County, in neighboring Maryland. Where I understand, a certain amount of killing occurs, occasionally, under rather dubious circumstances.

You're going to have no health care, for the greater part of the population of Washington, D.C. in a period in which epidemic disease is becoming a greater danger. But, you're going to have some sightly speculative bubbles, going up as high-rises, casinos, marinas, and so forth, where there used to be a hospital, and some other facilities.

That's the point. Now, you take the people of Washington, D.C. The *majority of the people* of Washington, D.C., they're supposed to have some power, aren't they, on this thing? They're supposed to control their Mayor, control their Mayor's office, and a few other things. Well, Katie Graham says they don't: They work for her.

But, if the people of Washington, D.C. will stand up as citizens and exert their druthers, this nonsense would stop. We might put some new architecture up there, in that riverside area, but it might be an improved General Hospital! An improved school, or other facilities, which are needed by the population of the nation's capital. For its people, and for visitors, as well. That's the difference.

The problem, is a problem of mentality. If the citizens sit back and say, "There's nothing we can do about it. We have to go along with the politicians, who are controlled by Katie Graham, who Katie Graham and her friends have bought, who Katie Graham and her friends at the *Post* have brainwashed." They're not citizens! They're human cattle! And, human cattle go where they're herded, don't they?

But, if they act as citizens, they say, "Wait a minute. This is our territory. You don't do this to us. *You don't strip us of our health care.*"

So, we, who do this kind of fighting, as we're fighting, also, on the national deregulation crisis, and other projects—our job is to get people to do what they must do: To think and act like citizens, who have the right given to them, in the main, by the Constitution, to act in their own vital interests for the best interests of the nation. And, to demand leadership, or competition among leadership, which makes these issues clear to them, and presents alternatives. That's our problem today; that's our challenge today.

And, that's what I'm trying to do.

The Promise of a Great Partnership

Now, what are our options? We have, as I said, this option, of a partnership between the United States—which we've got to force into reality, Bush or no Bush. Don't think about the Bush Administration; this is not a plantation. He's a President (not exactly an elected one, but he's the President), sworn in. And he doesn't own the country: The country owns the country, under our Constitution. This country, this nation of ours, which has mobilized, as it mobilized for World War II, if it's mobilized, can decide that it's going to get into a partnership, with people we know in Western Europe, with a project for developing Eurasia; with the idea that, if we can take the areas of Eurasia, such as China and India, which are the largest population centers of the world, which desperately need a more adequate inflow of high technology, in order to meet the challenge of their future.

You've got—Most of the people of India are desperately poor, in unimproved conditions; the interior of China has not yet been developed; the Chinese population will grow, inevitably. Without infrastructural development, which goes beyond the scope of the existing outpouring of technology, the internal problems of China can not be adequately met over the coming period. Without the same thing for India, India can not deal with the problem of its unresolved mass of *poverty* among the overwhelming majority of its population.

We have Indonesia—with the blessing of the United States government—it's *disintegrating*. We can't have that! Southeast Asia is threatened: We can't have that!

We have the northern part of Asia, which is in Siberia, including a vast tundra area, and Central Asia, partly a desert area—mostly underdeveloped, thinly populated—it's one of the great growth-area potentials of the world! It needs infrastructure. It needs technology. It has *immense* resources. But, we don't have the ability to develop those resources, without infrastructure.

So, therefore, if you think about the vast continent of Eurasia, the largest part of the human population, the center of the Earth, in terms of human existence; and, if we decide that we're going to enter into long-term cooperation, to develop that, in the same way that we approached the question of rebuilding war-torn Western Europe, between 1946 and 1965, what were the lessons we learned from that? Maybe on a larger scale. That is a *great mission* for the United States, as well as for Eurasia. *If we build up the rate of growth on this planet*, with that kind of cooperation, we can meet the needs of Central and South America. And we can finally give justice to an Africa which, in the so-called "Black Africa" region, is subjected to genocide, chiefly run by British figures, such as Lynda Chalker, and Baroness Caroline Cox from London, and her office, which has plans, detailed plans, of genocide! For all of black Africa! Supported in part, by American interests, which are working with London on these Africa projects.

See the genocide in Africa: People talk about Africa; most Americans—including African-Americans—*don't know*

anything about Africa. The more strongly they express their opinions, the less they know about it. I know something about it. I have friends all over Africa, who are dying all the time now. They face a reality, which is not being faced—among African-Americans. When some African-American says, “You’ve got to be concerned about Africa,” I say, “I’m concerned. Why aren’t you?” They say, “Well, we’re talking about this.” I say, “Well, then, you’re not talking about reality.” You have to talk about British and American genocide, targetting Zambia, Zimbabwe, Burundi; what’s happening with Museveni in Uganda; what’s happening with all these parts of Africa, with civil war, where it’s being carved up into micro-states, run by foreign companies; big companies, like older George Bush’s Barrick Gold—Barrick International. Which are running mercenary armies and killing people *en masse*, tearing Congo apart: That’s genocide.

We can do something about it. If we start to rebuild this world. We can finally bring justice to Africa.

We can solve the problem, similarly—easily—of Australia and New Zealand, in that context; we just have to have the will to do so.

So, our hope is that.

Restoring the U.S. National Mission

Also, some other things we have to do: The present inventory of technology on the shelves of our manufacturing facilities and laboratories—it’s not adequate to meet our needs. People talk about a space defense system—they don’t know what they’re talking about! The only kind of real conflict you can have among powers today, would be through the aid of submarines, planting some pods off the shores of the United States and Russia, and threatening to send up some nuclear devices, which will cause electromagnetic pulse effect, which would shut down most of the United States economy—except for the hardened part—for some time to come. And the same thing would happen to Russia.

That’s the alternative to thermonuclear war. And the alternative is to *go* to thermonuclear war. But that’s the alternative, and that’s where we’re headed. That’s the real issue: All this talk about “rogue states,” and so forth, is bunk! It’s not true. The biggest rogue state I know about, is Sharon’s Israel, that’s the one you’ve got to worry about. They’re the ones that threaten to set off a whole world war, in the Middle East, right now.

We don’t have this fantastic technology, that people talk about. But we have to develop it. Because we do not have the scientific progress we need, presently, to meet the ongoing demands of the world. And, I mentioned this problem with China, this problem with India, the problems with Central Asia. We have ideas of what to do.

There was a great fellow, who died in 1945. He was a great scientist. His name was Vladimir Vernadsky. He’s famous internationally as the founder of a branch of physical science called biogeochemistry. And, most of what we think about

the world today, in terms of infrastructure, in terms of biosphere, and so forth, are based on ideas which are centered around people such as Vernadsky, and his influence.

We have areas of research, including space research, from which we can generate the new kinds of technologies needed to increase the productive powers of labor, and solve the problems of humanity over the coming period.

So, what I think, in conclusion, is what we have to have, is a sense of *national mission*. The idea of the United States cooperating with Western Europe, with Eurasia as a whole, to restart the world economy; the idea of taking that on, as a 25-year, long-term credit mission; rebuilding a new financial system, like the old Bretton Woods system, to handle the kind of problem we faced in the immediate postwar period—the same, general kind of lessons. And, then getting a science-driver policy, to expand the scientific work in our universities, to build the laboratories; to get the new projects and new productive technologies, the new products in place. And, to think about rebuilding this world, to be able to tell our children, who come 25 years down the line: “What we’re going to do for you, is, we’re going to give you a better world. And, that’s what we’re doing now.”

If we can get that concept across, among enough Americans and others, I think the citizens of the United States will return to the American intellectual tradition which Franklin Roosevelt invoked, in his election campaign of 1932. And which he utilized, in his struggles against the Southern tradition—the Coolidge tradition—between 1933 and his death in 1945; and *use that*, revive the American intellectual tradition, in which our nation was founded, in cooperation with other nations of the world, *and let’s rebuild this planet*. And, let the American citizens stop thinking of themselves as a poor person, here or there; think of themselves as *a citizen, of a nation, which is doing that*; and let him or her take *pride* in being a citizen of such a nation with such a commitment. If we can mobilize that, we can save this nation; we can save this world, from one horrible mess. And, that is what I propose we ought to do.

Thank you.

Dialogue With LaRouche

Here are extensive excerpts from the two-hour discussion with LaRouche. Questions were taken in three formats: from the audience in Washington, D.C., by phone from an audience in New York, and from written submissions. One question was phoned in from Russia.

Japan, as the Model Full-Set Economy

Japanese journalist: Mr. LaRouche, during this week’s visit of our Prime Minister to the United States, he and his party were asked many not-so-friendly questions by the American press, implying that Japan’s economic policies



The industrial port of Guaymas, Sonora, Mexico, as it appeared in 1980. Japan was prepared to extend long-term credit to developing nations, including Mexico and Iran, in technology-for-product swaps, until Zbigniew Brzezinski, the Carter Administration's factotum, jumped in and insisted, "No. We will have no Japans," i.e., development, "in the Third World."

were a big cause of the current crisis of the U.S. and global financial markets. Since Japan's policies, which have not, for sure, been good, were mostly insisted upon by the Washington Consensus, and by U.S. investors and the IMF [International Monetary Fund], I wonder if this is very fair.

First, could you please comment on the real cause behind today's market crisis, which all this talk maybe is somewhat covering up?

And, second, could you also tell us what positive role Japan could play, to help create some solutions, or ways to overcome the current world economic problems?

LaRouche: Well, the problem with Japan's role in the world crisis today, goes back, essentially, to the Nixon Administration. That, during the 1970s, Japan was still a high-technology exporter, on long term, largely, to the Third World, so-called. There are two cases, which exemplify that: One was the case of Iran, in the 1970s, and the other was the case of cooperation between Mexico and Japan.

In the first case, the Shah of Iran had reached a general perspective, with Japanese cooperation, for oil-for-technology swaps, under which Iran would become a kind of Japan—an industrialized nation of Central Asia. Japan was told, "No." The Shah was told, "No." The Shah was told he would be killed, if he refused to break off the deal. And, he was later killed, by the people who told him to get off it, including Henry Kissinger. Japan backed off.

In the second case, in the case of Mexico, Japan had a long-term agreement—typical of many of its agreements of that period—to export Japan's high technology, especially heavy technology, to developing-sector countries, in return

for things like petroleum or raw materials.

So, there were these product-for-technology swaps, under which long-term credit was extended by Japan, for purchase of technology, in return for agreement on raw materials, or something else. For example, soybeans from Brazil. That sort of thing.

The United States said, "No." Now, this got nasty about the time that Carter's owner, Brzezinski, got involved as National Security Adviser and general factotum of the Carter Administration. And Brzezinski ordered the Japanese to break off the deal with Mexico, on oil-for-technology. Japan was going to provide steel mills and other things for Mexico, in return for a long-term agreement on export of petroleum to Japan, across the Pacific.

Brzezinski said to Japan: "You will not take Mexico's oil. You will take Alaska oil"! And, that was that.

So, as a result of these kinds of policies, Japan, whose natural interest is, essentially, to find markets, especially with its neighbors—China, if possible. China is extremely important to Japan, even though there are certain difficulties in the China-Japan cooperation. Korea is extremely important in this. Southeast Asia is extremely important. What's happened in the history of Indonesia, since the 1960s, is an example of the problems that arise in this. Southeast Asia in general. What happened to the Philippines? Japan lost a lot of money in the Philippines, when Marcos was overthrown by the United States. This is part of the situation.

So, Japan was put into the position, where the United States, through the 1980s, said to Japan, "Don't export to Third World countries. We are against that. You will now

concentrate on markets in Europe and, especially, the United States. So, Japan concentrated on the consumer and related markets in the United States and Western Europe — especially the United States.

Now, in this process, what the United States did, especially since the time of the Plaza Accords agreement in New York City, was that Japan was using its yen, in what became eventually the yen carry trade. Can you imagine a country, which is loaning money — its money — overnight, at about zero-percent interest? It's now about zero-percent interest, overnight. To big speculators. What do big speculators do? They borrow the money, they borrow the yen; they turn around and use the yen to buy European currencies and dollars, especially. So, therefore, what's happened, is that Japan has been driving itself into bankruptcy, with a financial policy *imposed by the United States*, but imposed so that Japan would *subsidize* the United States.

Now, remember how this works: The United States has been running recently, on a major current account deficit. This is partly a result of our so-called globalization and free trade policies. Therefore, we no longer produce our own products — less and less. We ship the products out to cheap-labor markets overseas. We destroy our own industries, we cut down the incomes of our own people, by shutting down their jobs, in order to bring in cheap goods, from cheap-labor and other foreign markets. The result is that, since we don't earn money any more, or earn much less, we are getting imports from cheap-labor markets, and other markets, on credit!

Where does the credit come from? It comes from places like the yen carry trade, or the euro carry trade, where vast subsidies of printing-press money are poured in, with an inflationary effect, into the world economy, in order to subsidize a U.S. economy which can no longer maintain its own standard of living on its own earned income! That's what the current account deficit means. And there are some other factors, as well.

So, Japan is being destroyed. And in effect, what the United States government is saying (the nastier types) to countries in Asia, "If you don't do as we tell you; if you buck the IMF, we'll kill you." That is: personal assassinations of heads of governments and states! Or similar kinds of Christmas presents.

That's the way it's run — by *muscle*. And that's what happened to Japan. Japan is threatened. Japan is told, "You have a security problem. You do as we tell you, or we'll crush you."

That's what the United States said to Colombia. The United States ordered the Colombian government to push drugs, to legalize drugs, and it's destroying Colombia. The United States government is supporting drugs, throughout Central and South America. Why did the Peru government allow the drug pushers to crawl back into power in Peru? Because, the United States government, at the point of a gun — in this case, Madeleine Albright's gun — said, "Do it!" And, Japan is getting the same kind of treatment.

People have to realize that the way that certain people in the United States, especially the American Tory party types, use things, such as the Justice Department — certain sections of the Justice Department, certain sections of the military, not the CIA, the military, the special-warfare division of the military — which does assassinations and things like that, if you want them done. And, going around to various governments in the world, and saying, "You do what we tell you. Or else." Or, as George Bush, the President, would say: "If you don't do what we tell you, there may be *consequences*." Just like they used to have on death row, in Texas. That sort of thing.

And, that's the problem.

The interest of Japan, and the actual interest of the United States, is for Japan to revive its role as a full-set economy, to play, together with the United States and Western Europe, a key role in supplying — and Korea, as well — a key role in supplying the technology, which is immediately required throughout Eurasia. That's its big market. And, also, to do similar things in other markets of the world, where Japan's products are suited for that purpose.

So, Japan should, essentially, be able to reorganize its financial affairs, by a sort of, what we might call the equivalent of a Chapter 11 bankruptcy reorganization, or whatever needs to be reorganized. And go back to the business that its national interest dictates, if it's allowed to do what's in its national interest. And that is, to find agreements, largely in Eurasia, the biggest market of all; find those agreements; use Japan's potential as a full-set economy; supply a complement of that high technology, which Asia needs to find justice — and the rest of the world, as well.

The problem is, you have a regime in Washington, which is absolutely, hysterically desperate. They say, "*We don't care what it costs you,*" to Japan. "We are not going to change our policy. We are not going to admit, that the United States may be going into a financial collapse. We're not going to admit it. You are going to put your babies up for hock — or whatever else you have to do — to get that last shekel into the United States, to support the Bush Administration's policy! And, if you don't, we'll do something bad to you!"

Look at the case of Mori: Someone in the United States said, "Mori's gotta resign." The Prime Minister. You know, a leading influence in the United States goes to a presumably sovereign country, an ally, a partner — Japan — and says, "We want the Prime Minister fired!" They ran an effort inside Japan, to have him impeached — a government recall, by vote of confidence. That didn't work. They said, "He should resign anyway" — the U.S. press, from the State Department, and other places. "He should resign. He's going to resign. We predict, he'll resign tomorrow." He said, "I'm not going to resign."

And they keep doing that! You do that to a country, to which you should show respect? Do you think you're winning affection in Japan, by trying to do that to Japan?



Japanese Prime Minister Yoshiro Mori (left), with South Korean President Kim Dae-jung and Chinese Premier Zhu Rongji. The Bush Administration is so hysterical that Japan might return to policies of a full-set economy, that it tried to order a sovereign country, and presumably, an ally, to fire him.

Americans should find out what their government is doing. This case of the United States' treatment of Japan: Remember, Japan and the United States, together, are the linchpin of the international financial system. And, the United States wants to club Japan to death?! They're idiots.

That's the problem. There's not a lack of understanding of this in some places in Europe. What I said before: Given the craziness, the *idiocy*, shown by this current administration (and, all was not perfect before then, as you may know!), that people in Europe, and in the United States, and elsewhere, have got to realize: We have a problem. The stupidity of present U.S. policy *must not continue*. And, don't tell me that George Bush is President, and he's studied policy.

What about the United States? There's something higher than the Presidency: That's the United States. Maybe powerful people *in* the United States, together with powerful people in Europe — people of influence; and, with consent and agreement with people in other parts of the world, should descend on Washington, in effect, and say: "*Cut this nonsense out!* You cut it out." And, if the concert of power, from within the United States, and Europe, and some other countries, is sufficient; so, if the right number of "old boys" get together, and descend on the United States, and they say, "*Cut this insanity out,*" then the insanity will be cut out.

Organize for Principles, Not Issues

Local trade union official: Hello Mr. LaRouche. I'm a sheet metal worker, by trade; I'm a unionist.

I've met other individual unionists who are 100% behind

you, as I am. And we realize the world situation is as bad as you say it is. One of the reasons I'm here today, publicly (I believe this is a public forum, of sorts); I believe they're out there watching us. They may not admit to their fellow-unionists — maybe a few of them would. I think they're watching us. I'm here to appeal to the upper-level AFL-CIO, as well as the International Union leadership, to step out on a limb, as I have, and to support you. After all, it is evident that the Democratic Party that exists today, has failed us, has failed the working class. And I hope that the AFL-CIO and the International Union will show the rank-and-file and the rest of the working class — unrepresented — that [our] organizations [are] not made up, at least somewhat, of blue-collar aristocrats, but of unionists who can and will lead us, by supporting you and your efforts to introduce FDR policies.

I think that rank-and-file union membership, out there, is becoming more aware; they're aware of issues like the D.C. General Hospital, the genocide that would take place from the closing of that. They're aware that 98 or so percent of the financial transactions in the world today, have nothing behind them, but profit. And, we need to be led.

I hope that I'm not fantasizing, when I say that I think that there's hope for the labor movement. But, if it's an inert organization, it carries no clout. I know it can carry clout. It has to act, to carry clout. . . .

My point is: I would like to ask you, how do I go about making this happen? I believe that the AFL-CIO, and the unionists of all levels, rank-and-file and all the way up, realize that there is no one with a plan, except you. I guess I'm here to ask you, how do I go about trying to make this happen?

LaRouche: What I'm trying to do, is to take issues, which are obvious issues, and present them in a form, where they have national and international significance. Not in the way issues are usually done, as single issues and so forth, in the United States. That kind of politics won't work.

Now, for example, look at the D.C. hospital: Particularly with what's happening to the pension plans of unions, today, the question of health care and pensions is crucial. And health care is a deep pocket. So, a case like the D.C. General Hospital, is not simply a Washington case. It's the case of a fight for the General Welfare.

Now the labor movement, as it developed, in its new form, in Roosevelt's period, was a key part of the fight for the General Welfare. That was the basis for the formation of the Congress of Industrial Organizations of John L. Lewis, in '35, and so forth. It was a fight. The idea that the labor movement was not a trade association — but it was a fight of working people, for the General Welfare, knowing that the defense of the General Welfare is in the interest of all them. So, therefore, you fight for a higher principle, and then come in, having won the principle, to claim your rights under the principle. Whereas, in many American campaigns, people go in and campaign for what they *want* as their goal; they don't campaign for the principle. And, they don't get the goal, and they



“Issues like the D.C. General Hospital, are fighting issues, because they involve the question of national health-care policy.” An emergency medical team trains to save a heart attack victim in suburban Virginia. If top-notch trauma centers like D.C. General shut down, people will die en route to emergency rooms that no longer exist.

don’t get the principle, and they don’t get anything. The way you get a principle across, is by getting more people to support it, because it means *their* principle, not just your particular goal.

So, therefore, issues like the D.C. General Hospital, are fighting issues, because they involve the question of national health-care policy; as, in this case, directly involving the Federal government, the Congress, which is in control of the Washington, D.C. area. So, therefore, what is done in D.C., is done to the entire nation, because the agency that does it, is the Congress. And those in Congress who say, “We go along, to get along, somebody else handles it”—*The Congress is responsible, as a body, for whatever any part of the Congress does!* One part of the Congress can not get by, with this committee game! The Congress, as a whole, with its conscience, is responsible *for whatever the Congress does.*

Now, the second thing, is this question of energy policy: Re-regulation. The labor movement’s biggest loss was under Carter—after Phase I and Phase II of Nixon. *Deregulation.* What destroyed the trucking industry? *Deregulation.* What happened as a result of deregulation of the trucking industry? And, of the breakdown of the railroad system? That, towns and cities, which had places of employment, industries, could no longer get equal rates and schedules for the shipment of their goods: their outgoing goods and incoming goods. They were squeezed out of business, because they couldn’t get on-time delivery at prices they required.

The result was, the trucking industry was broken. We know what’s happened to truckers—it’s a nightmare—the whole trucking industry today, as a result of this. The energy

question as such—look at what’s happening in California: *There is no solution except re-regulation.* So, the two issues which I put up front—D.C. General, and the question of re-regulation—are issues which involve everybody, and they involve one common principle, the principle of the General Welfare.

What are we up against? What is the problem? We have a Stone-Age majority of the Supreme Court, typified by Scalia; a Stone-Age majority says there is no General Welfare. They say that it’s shareholder value, which is the equivalent of slaveholder value. That no one, trade union or anyone, has any rights under that Supreme Court majority, because shareholder value will dictate everything. So therefore, I would say that the way to do this, is to say that we have to have a movement, which is a movement of the revival of the American intellectual tradition, concretized as a fight for the General Welfare, and concretized by mobilization of people throughout the country, on specific problems which typify the fight for the General Welfare, which they can recognize.

As we used to say in the labor movement, “Justice for one is justice for everyone.” And that’s the way you have to direct this.

Defeating Katie Graham’s Army

Dr. Abdul Alim Muhammad: Greetings, Mr. LaRouche. How are you? We’re in a very important phase of this struggle, as I speak. We’re preparing tomorrow, as you know, to go to Capitol Hill, where we’ve received some encouraging support from a senior Congressman, namely, John Conyers of Michigan. He’s intervened in this issue, and has



Dr. Abdul Alim Muhammad, director of Washington's Abundant Life Clinic, and one of the key organizers of the coalition to save D.C. General Hospital, asks LaRouche a question during the webcast.

agreed to sponsor a Congressional briefing, on the issue of D.C. General Hospital, in the context of the national crisis in health care, especially the public hospital system. We have mobilized, as best we can, and educated the population; so I think in the last six or seven weeks, we've seen a sea-change in the population of the District of Columbia. The issue of D.C. General Hospital has become a topic of conversation at the dinner-table, and ordinary people are becoming somewhat conversant in the issues. We have had candlelight vigils, rallies, lobbying efforts, town meetings, teach-ins of various sorts. And we now see a situation where members of the Financial Control Board are saying things like—in today's *Post*, it is reported—I believe Francis Smith, on the Control Board, saying things like, "We can't go forward with the Mayor's plan, but then, we can't go back." They're not quite sure what to do.

And then, of course, Saturday, the *Washington Post* published an editorial, that took up the theme that we've been raising on a number of issues. I think they cited six particular issues, that this plan should not go forward until there are answers to significant issues: such as, the fact that Greater Southeast Hospital cannot possibly be certified as a Level 1 Trauma Center for at least a year; that there is a plan afoot by the National Capital Planning Commission, that has a land-use for the property where the hospital is now situated, that doesn't include a hospital, or jail, or anything else—it's con-

dos, and hotels, and marinas, and that kind of thing, and perhaps tied to the Olympics. They also pointed out that the area hospitals would be overtaxed if D.C. General Hospital closed. They are looking at the finances of the Doctors Community Healthcare Corp. They raised that whole issue; and today we learned that the Control Board is authorizing additional audits of this company, as well as the HMO that's involved in this deal; and so on, and so forth. They raised very interesting questions.

And so, what I would like your help with, is to try to get an understanding, or an interpretation of these events. It seems, in one sense, that the *Washington Post* is distancing itself from both the Control Board and the Mayor on this issue. And in light of this, what do you think we could do, to help further that chasm, and make sure that at the end of the day, when the dust settles, that we have, in the District of Columbia, a full-service, fully funded public hospital.

LaRouche: It's almost like a military question. You have this problem; it's not a simple problem of a hospital.

The hospital issue is a lawful expression of a much broader problem. If the tiger comes to eat your baby, the problem is not the tiger coming to eat your baby; the problem is the tiger's been loose in the neighborhood too long. The tiger is this group of financier interests, of which Katharine Graham and her father's family trust, or foundation, is a part, which organized in Washington, D.C. a complex of political and financial and legal organizations, which essentially does what these kinds of things do. They've got a real-estate scam. It may not be called a scam, but it is a scam. And they set up a succeeding scam, which extends over decades. That's how real-estate swindles work; they take place over decades. They have a plan: For the next 20 years they'll do this, and then ten years after that, they'll do this; and they'll sell it today for such-and-such a price, and we'll get such-and-such-and-such per year on it. It's all worked out.

Now, the plan for this riverside development is part of that. It also goes, again, with the Southern Strategy. Everybody knows what D.C. Hospital is. They know what the constituency is. And they want them out of Washington, D.C.! This is an old story. They want the African-Americans out of D.C., or at least, greatly reduced, and pushed over into Prince Georges County and someplace like that. This is a deliberate policy.

Now, the problem is how you defeat it. When you attack Katie Graham, you're not doing an injustice, because she is responsible, in a key way, for the policy-structure which is running this. But that's not exactly how it works. She is also the leading figure of an army. Now, you don't eliminate an army by attacking its general; you have to defeat the army. Now, how do you defeat the army? You have to destroy its cohesion. And you have to drop hand-grenades in the fox-holes, and things like that.

What is needed is not to go at the big potato alone. Yes, the overall story, the big scandal is there. The swindle on the

Southeast is there. The role of Graham and her crowd is there. But if you attack those things, you won't win. If you attack them alone.

You've got to get at the troops. What are the troops? The troops are a mass of people who have joined the army behind this operation. The troops are little this, little that, this association, that association; political action committees associated with these, which buy politicians, and buy that. So that you find a mess in the community, as we're seeing in the city government of Washington, D.C.—if you can call it a government, since the Control Board took over. What you're seeing is a complex of people, who have each had their little piece of the pie, of interest in keeping that cash-stream in contributions coming, for their candidacies and other projects.

So therefore, what you have to do, is you have to map out, who has joined the army; and you've got to talk to each person, so to speak, in the army, and say, "Uh, Uh, you should quit that army. Because otherwise, you're guilty of this crime, because you are wittingly involved in this crime." In other words, you have to disperse the political forces which stand behind what Katharine Graham nominally has up, and what the *Washington Post* has stood for. Now Katharine understands that. She understands that she can back off, with an editorial, and make a criticism of the policy—but the army is still marching, her army! The army is all these little people, who've got their piece of the pie, including *the Mayor*, who's got a piece of the pie; it's his political career! His career was developed in this context.

So unless you go after the army, and identify the individual members of the army—. For example, you have the case of Sergei Eisenstein, the Russian screen director. He made a famous film on the so-called *Potemkin*, about the revolt, the insurrection in the 1905 Revolution, of the sailors on the ship *Potemkin*. Now, there's one scene in that film, which is very famous, and it's famous among art directors, because you have Russian soldiers, in white, coming down the steps of Odessa, of the court: step, by step, by step, by step. The famous scene with the baby carriage there.

Now, the way this was done so effectively, is that Eisenstein got from his people, names of the bit-players in this group of people marching down the steps, the soldiers. And the way he would control the way they marched, by direction, by shouting out and directing with this old-style megaphone, this cardboard megaphone, is shouting out the names—"you, you, you"—by name. And thus, he would have a grip on the motion within the entire group of bit players who were marching down the steps in this famous film. And this particular scene from that film was rather famous among moviemakers internationally, because of the excellence with which he did that, with very meager resources.

You've got to use the same kind of principle, in dealing with this mess in Washington. An army has been established, around a complex of financial power. You attack the financial power, and you find that the army will come to its defense.

So, even the army leaders can reduce their exposure, but the army keeps marching forward. Therefore, if you think that you've exposed the leader, and you're going to bring the thing down, you're deluding yourself. The way you defeat an army, is by demoralizing the individual soldiers in it, or getting them to desert or retreat. And, therefore, what you need to do is to have more names of the guilty parties, the foot-soldiers of the army. You may not get all of them. But you've got enough of them to tear the ranks apart. You *rout* them. And then the leaders are left standing alone, and then they are defeated. That's the way it's done.

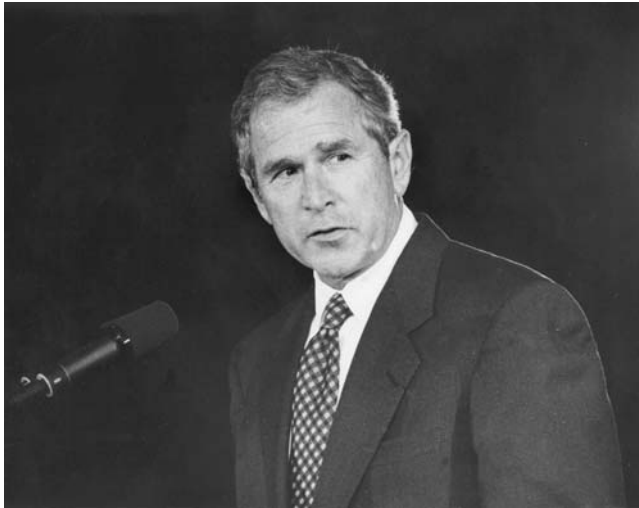
Hitler-Like Mentality in the White House

Question from Moscow: I want to ask Mr. LaRouche how he understands the difference between the American position in this infamous document, *Global Trends 2015: A Dialogue About the Future*, where it is stated that Russia will be a very small and zero country. At the same time, the 8th of February, [CIA director] Mr. Tenet made his statement in Congress, saying that Russia is the greatest menace to the United States. So, if Russia is so small and zero, and nobody thinks about it, and it will disappear in 15 years, how can it be, simultaneously, the greatest threat to the United States?

LaRouche: Well, obviously, there is always in politics, as you know, Professor, from your long experience, a factor called "insanity" in high places. And this is one of the instances of it. You have a tendency which is very pronounced in the new Bush Administration, particularly when you get to some of the slimier types, like the Pat Robertson, Jerry Falwell, and so forth, types. These are people who are not in the real world.

Now, let me be very candid on this one. If there is a war in the Middle East now, it will not be because some *factors* in the Middle East have control over whether or not there will be a war; there will be a new war in the Middle East, only if Sharon and George W. Bush's Presidency want it. Otherwise, it will not occur. There are no factors—Palestinian violence, this-that issue is not the question. It will occur only as an act of will. Now, we had this kind of thing with Hitler, in the famous story about the Nuremberg Rally—"The Triumph of the Will." What you are dealing with is really a government which is not very intelligent. There are some intelligent people in it, but the organism of the government is not intelligent. It's a very bad government. It operates on the basis of "The Triumph of the Will."

Look at the policy of George W. Bush's government in Texas on the death penalty. He says, "No innocent person was ever executed." Well, that's nonsense. When we look at some of the DNA reports, we realize that the whole system of the death penalty is *riddled* with injustice. And Texas is notorious for its injustice in that system. If you can't find injustice in the Texas judicial system, what else can you find? So, when you have someone who takes the position, "It is not possible that there is any mistake in my system. I have decided we are



The “organism” of the George W. Bush Administration is a “very bad government. It operates on the basis of the ‘Triumph of the Will.’”

going to do that, therefore it is going to be done” — .

Now, as Kissinger said, in a moment of candor at the recent Wehrkunde meeting, the Bush Administration’s targets are chiefly two: China and Russia. That’s it. That’s a statement of *will*—that is not a statement of an issue; not a statement of a conflict. The existence of Russia is not wanted by George W. Bush. Now, maybe George W. Bush’s father’s brother, Prescott, doesn’t want China destroyed, because Prescott Bush has made a lot of money in China over the years—the 1970s, and so forth. But the determination to bomb, destroy, obliterate Iraq is an act of *will* by a Hitler-like tyrant and mentality. It is not an issue where there’s a problem, and you say, if I can not work through problems, why shouldn’t I defend my interest? Here’s the interest; here’s what I’m prepared to do for this interest. That’s not the issue. The issue of Russia is not the concern. The Bush Administration, at the highest level, ideologically, is determined to obliterate Russia from the map. They would also like to obliterate China from the map. This is a matter of *will*. It is not a matter of reason.

For example, take the case of China. This whole business about trying to provoke China with a missile buildup, or defense buildup, in Taiwan. Now, that might produce, as you know, a reaction from some sections of the Chinese military, and China might respond, as has happened in the past, with a show of force. But all of us who know what the military realities of the situation mean, that a show of force by the Chinese military in response to a provocation by Washington does not constitute a strategic threat of any significance against anyone. Not at this stage, anyway. There is only one target of significance to the Bush Administration and its friends in London, and that is Russia—because Russia is the

only nation on this planet, outside the British monarchy and the United States, which is capable, by national cultural instinct, of leading any kind of coalition for an independent international policy. Russia, if it combines with Western Europe in economic cooperation, and combines—as Primakov has proposed, and now seems to be the trend under President Putin—combines with Japan, with Korea, with China, with India, with Central Asian countries, in cooperation, you have the basis in Western continental Europe, Russia, and parts of Asia, for a vast economic cooperation, which would mean a new power. Not a new power that is going to bomb anybody, but a new kind of political and economic power, which is going to influence the course of life on this planet.

And that is what, for so-called “geopolitical reasons”—the same geopolitical reasons that King Edward VII emphasized with Halford MacKinder in trying to break up things like the transcontinental railroad in Russia, this kind of thing. The same moment they want to destroy Russia. They are not seriously concerned about China; they are concerned about Russia. And the *instinct* of this crowd is to do it. Therefore, the issue, of course, comes down to the present military issue, is both the United States and Russia have it—despite that both have come on bad times in technology—both have the capability of an electromagnetic pulse attack on the other, or counterattack. And that’s the only serious military issue, from a great-power standpoint, on this planet today. So, all the other stuff is just talk.

Atlas Shrugs Off Alan Greenspan

Question from New York audience: Mr. LaRouche, yesterday Alan Greenspan insisted that there is a growing interdependence between stock prices and the real economy. As such, he led everyone to believe that another emergency rate cut would take place well before the next meeting of the Fed. Do you think that what he is saying is true, and, if so, isn’t this what FDR would have done?

LaRouche: The answer is, of course, that Alan Greenspan, I think, has *lost it*. I had the image that somebody is going to take him up to New York City, put him on a skyscraper, push him off, and then explain to the police that “Atlas Shrugged.” Because this fellow is out of business. He no longer has the trust; we find he’s being picked upon, not only by John Crudele of the *New York Post*, but others, who are condemning him, quite justly—but rather belatedly, I must say. The point is, what he said is utter nonsense.

Today, there is no significant correlation between the stock market and the real economy. There hasn’t been for a long time. It’s just absolute nonsense. A rate cut is absolutely an insane thing. What is *needed*, is a return to a protectionist policy. The U.S. system is bankrupt. The financial system is bankrupt. The world financial system is bankrupt. Under the existing economy, we could never generate, without collapsing the economy, the rate of payment to pay off the debt which

is sitting on top of the world today. Couldn't be done. That means that you are going to come to the point where you put the world through bankruptcy. And, my argument has been: Well, let it be a Chapter 11-style world bankruptcy. The way Roosevelt specified for state and public utilities, back in the 1930s.

What's important today, is to *separate* the real economy from the financial system. The way you do that—there are several ways, but one of the ways you do it, is that you introduce protectionism and regulation. You do *not* put out a rate cut. For example, you may have projects. Suppose you want to put up an infrastructure development in the United States. You want to create more employment in the United States, say, in California, or some area. So, as part of your general, overall operation, you set up regulation, a regulation scheme, and you conduit some credit into that specific project, *ear-marking* it for a specific economic result. If you put money into the market—a rate cut in the market—it simply means you're going to build up the bubble. The danger now, of a rate cut, is that we are in a situation which is analogous, in terms of rollover of debt, to Germany in the Summer of 1923. We have reached the point, that the attempt to roll over an existing amount of debt, requires more inflation than the debt you're rolling over. Now, it was precisely that kind of problem which resulted in the explosion of the German reichsmark over the period of, especially, July through November of 1923. The problem which affrights people in Wall Street and elsewhere, is that if you try to get a hyperinflationary—that is, zero-interest-rate kind of credit issuance—you are going to generate a hyperinflationary explosion in the U.S. and world economy.

That's what the issue is, of course, in Japan. The issue is, that the null, null overnight interest rate in Japan, falls first upon Japan, threatens to contribute to a process of blowing up the world economy in a hyperinflationary explosion. Just like happened in Germany in 1923. This is insanity. The only solution is not in rate cuts; no monetary theory taught in universities or generally talked about in financial centers, works. It's all nonsense. Forget it. What you have to have, is you have to have the intervention of the government, in cooperation with private agencies which come in, and also are supporting government regulation. You've got to *steer* credit. We need more credit, but you've got to steer credit into physical things, which are beneficial to the real economy. *Forget* this financial stuff. It's gone. The Internet is gone. Look, the Ne-max practically went out of existence today in Europe, one of these "New Economy," "Third Way" kinds of operations. So, don't think about rate cuts at all. What we need, is that you've got to put the system through bankruptcy reorganization now. And the way to do it is, you've got to get the government convinced it's got to do it. And you've got to get support in the Congress, and *we have to do it*. We have to have a bank holiday—the whole shebang. And we are going to have to *put*

credit into the system, but the credit is going to have to be *regulated*, and *earmarked*. And it's going to have to be a complete protectionist policy put over the entire U.S. economy, and international financial and economic relations. It's the only way we're going to survive. There *are no other solutions*.

The Oligarchy and Its Lackeys

Washington medical worker: Good afternoon. Actually, I'm up here now, you've answered every question I had. But I was determined to come up here to see you, and say something to you. And, I do have another question.

I've been working at D.C. General for 18 years—18 *good* years—and it's been proven through the Joint Commission, which accredits us. Last year, we did a 94 [rating]—actually we did 100%; they had to take the six points off, because our buildings are old. They're falling apart over our heads. Actually, I'm working sometimes in hazardous conditions: You never know when the ceiling is going to fall. But, that's because they've never given us money, to keep our building refurbished and renovated.

Now, Washington Hospital Center, as good as they are, they only made 91%. And, my God, Greater Southeast, they did even lower than that—84%.

But, our Honorable Mayor wants to squeeze us out.

Now, what you've said to me is quite clear with this Federal City Council, that is not Federal, that doesn't belong to the city, and it's not really a council. From what I see, I'm understanding that they control a whole lot around here. And they make the point of, "Yes, we're going to do something," or "No, we're not." And they decided to take over the area of D.C. General, probably for the property: Because, we're sitting on about 124 acres of good waterfront land, once you clear that water, and change that land on the front—it's going to be beautiful. I understand they want this for the Olympics coming up, in the year 2012. I don't understand why we can't compromise—still have a hospital—because you're going to need one, knowing that the Navy Yard is bringing in 5,000 new jobs. People are going to get sick; you're going to need a hospital in that area.

But, my question to you, is this, after I've stated all this: I don't understand, or it's hard to believe—or, maybe, it isn't hard to believe—that the Federal City Council is doing all this, using our Mayor; and Eleanor Holmes Norton, who is hiding somewhere, never verbalizing or saying anything to us about, say, the hospital; but, yet, when she ran [for D.C. Delegate], we put her in with 180,000 votes, twice the amount that she needed to get in [to Congress] from her next opponent. We, the poor people, helped her do that. So, can you tell me: They're black. What does the Federal City Council want with them? If they want to get all the black people out, why are they involved? Or, when they do do this, are they going to get booted over to Anacostia, too, with the rest of us?

Now, with that — and, if they do succeed, how is this going to affect the *world* health care?

Thank you. [applause]

LaRouche: Very simply. What you have, is an oligarchical system: You have at the top, the oligarchy, the ruling caste, usually the financiers. Now, they can't run this show without a whole class of people, called "lackeys." The generic, is "lackeys." Some of the lackeys come with guns, and the authority to use them. Some of them without guns. Some of them come with pencils — or, today, with laptops, or the equivalent. Sometimes they come disguised as bureaucrats. Sometimes they come disguised as politicians of influence, or private organizations of influence. And, so, these guys now have what they consider their personal interest. And their personal interest is their career. And they do what they do, for their career. Somebody controls the money that goes into them. Somebody backs them, and doesn't back somebody else. They owe a favor; they go along to get along. It is corruption! Moral corruption! That's how the system works.

If you can not get the lackeys, a large number of lackeys, to hold the crowd down, you can not control the crowd. Now, a few top oligarchs can not control the system, without their lackeys. And you have to understand the corruption: It's just plain, moral corruption. And, these officials are corrupt.

Now, maybe some of them would like not to be corrupt. I hope we could induce them to stop being corrupt. But, we know that Williams is corrupt. His actions *publicly* show, he's corrupt. Eleanor Holmes Norton: We know she's corrupt; her actions attest to it. Why she's corrupt, where the money goes: We got a \$1,000 check. That's part of it. But, this is only part of it.

The problem is this corruption. And the corruption increases. Why? Well, you've got the loss of Mayor Barry, who was sort of run out a couple of times, and run down, and the city government became a joke. So, the people of Washington, D.C. *lost efficient control over government*. Then, you had Gingrich, and the Control Board process: Government was stripped. And, this group of people no longer had *real* power, over real things; they had the power to become *lackeys*; and to serve as lackeys. And they had to decide: Would they get booted out? Or, would somebody pull a scandal on them, send them to jail, if they didn't go along? Or, just fire them, throw them into the garbage heap? Or would they go along? If they decide to go along, and protect their careers, and "take care of my family," and "take care of my savings," "take care of my future, to get my child through college"; if they want to do those things, they're going to *go along!* If they're going to go along, the fact that they may have an African-American skin color, does not mean that they have the interests of African-Americans at heart. They may be sensitive on that question, but, when push comes to shove, they've got a more immediate drum they're marching to. And that's what the problem is.

That's why I said, as I answered Dr. Alim Muhammad, is: When people make a mistake, you get a big scandal against big people, you think that's going to bring the corruption down. It doesn't. Because, big people don't start wars without armies. And, armies are organized around lackeys. And, if you can not defeat the lackeys, you won't get at the big people.

And, therefore, the trick is, people are reluctant, if they see a black face sticking in front of them, in Washington, D.C., they're reluctant to say, "Well, this guy is out to kill black people, or Negro Removal." Even though he is. Because, it's not a racial issue, it's a lackey issue. And, the racial issue is the people who are racists, who are pushing the policy, who know that's what they're doing. But, it's not something which is a different category. These are the members of the army. This is the SS, that does the killing. Hitler gives the orders, but without the SS, he can't kill. And, these people have consented, for various reasons, which they could explain to you — family reasons, considerations, old friendships, careers, all this stuff: They decided to become lackeys. And they're on the other side, and they're shooting. They practically threatened to shoot Mayor Williams, when the ministers went to meet with him. And, that's what the problem is.

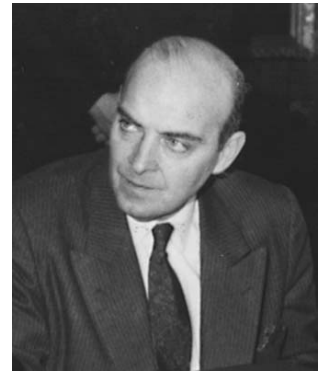
And, the problem, essentially, therefore, is, that we do not have, really, the army that we need. The army is the organized power of the citizens. What has happened, since we first took up this D.C. General issue, in a webcast back in November, which came up in the form of a question, in that connection: There has been a transformation in the fight to save D.C. General, and related issues in Washington, D.C. We saw, with the lobbying session in Congress, by citizens from Washington, D.C., principally, into the Congress, that citizens who — say, two months ago, three months ago — could *not* have carried the ball on that kind of issue, are now well aware of what the issue is; they're very articulate; they know what they're talking about; they know more than the Congressmen do, who they're talking to. So, that's good. That's progress. That's the beginning of an army.

But, the issue is, we have to build more of an army. It's a matter of dynamic. Can we keep the thing rolling fast enough, big enough, so forth, so we get all our army moving? But we also — as I said to Dr. Alim's question — you have to, also, identify the lackeys, and get a few of them to desert the enemy army. And, that will help the victory a great deal.

National Missile Defense

Asian country representative, in New York audience: Mr. LaRouche claims that the U.S. economic collapse has led to military adventures, thus increasing regional destabilization. What is Mr. LaRouche's theory, on the U.S. government's undertaking a National Missile Defense, which would eventually pull the U.S. out of the ABM Treaty, undermining U.S. and Russian relations?

LaRouche: First of all, the National Missile Defense, as



The policy of the oligarchy is to break up nation-states, such as Argentina, to chop them up into manageable micro-states. Shown here, Argentina's Atucha II nuclear plant under construction in 1982. Above: Just the man for the job, the arch-monetarist, newly appointed Finance Minister, Domingo Cavallo.

talked about by people who are associated with it as an option in the Bush Administration—they don't even know, or don't care, what they're talking about. The United States has lost most of the capability it had, to develop a strategic ballistic missile defense system. It doesn't exist. The idea of the rogue-state theory, is a lot of nonsense. The Putin response to that, in the offer to Europe, in particular, on cooperation, and the French response to that, today, for example—from France—offering to move in that direction, indicate that there is such a slight danger, that somebody's going to start launching something. Cooperation among a number of states could deal with an isolated or minimal kind of threat of that sort.

Global, general-purpose, strategic ballistic missile defense, does not exist. As I said before, in answer to the question from Moscow: The one thing that does exist, as a strategic capability, because we've got a pile of junk in the laboratories—we've got some good things, but generally, our industries have collapsed. We are no longer the kind of superpower we were, back 15 years ago. That's gone. And, Russia, of course, is also gone. And nobody else has it.

What we have, is, we have some little technologies, which enhance what we did have before. And, if a couple of powers, namely, Russia, and the United States, and some of its allies, wanted to set up a capability, or a new strategic policy, based on EMP effects, using submarine-based launching pads, controlled by submarines of the *Kursk* type or the *Los Angeles* type, then that could work! For that effect.

But, this idea of nuclear missile defense, as proposed by people associated with the Bush Administration—that is a horse without wings, that isn't going to fly.

London Wants Nation-States To Disappear

From Argentina's Radio LU5: Mr. LaRouche, is Argentina really going to be able to grow by betting on the same prescription, which was presented yesterday, by the newly named Economics Minister Domingo Cavallo? That is, more convertibility, more government deficits, more debt and ongoing indebtedness. What are the real alternatives that Argentina has? What economic sector should be developed to generate an authentic model of real development?

LaRouche: There are two parts to the answer—that you have to break it down into two different questions. First of all, the intent of the relevant powers today, is the breakup of every existing nation of Central and South America. That's policy. That's the policy which was already in the works under Madeleine Albright. That's H.G. Wells's policy. The big target right now is Brazil. The fight at this point, which is being run out of London, by the circles of the World Wildlife Fund there, and others, is to break up Brazil, to chop it up into several groups, like they're doing in Africa. They have a map in the office of Caroline Cox in London, to destroy all of Black Africa, and break it up into small, tiny micro-states. That's an ongoing operation, which U.S. forces, as well as British forces, principally, are operating.

The same intention is for all of South and Central America: Mexico, Colombia, Venezuela, Ecuador, Brazil, Peru, Bolivia, Chile, Argentina, Paraguay, Uruguay, and so forth—are all doomed to disappear from the political map of the world in the early future. The measures which were taken recently, pushing in Domingo Cavallo—remember, this whole operation in Argentina is very close to Henry Kissinger

and George Bush, personally. George Bush, Sr.—the father—has had an active hand over the period of the past more than decade, has had a personal hand in Argentina, and many of the policies, such as the Cavallo policy, reflect George’s connection with certain people in England, in running this Argentina policy.

The policy, overall, is global, for the whole region. The deliberate intent of the policymakers in Washington and London is the disappearance of every existing nation-state in Central and South America, and of Sub-Saharan Africa; and other parts of Africa are also included, and some other parts of the world as well. That’s the policy.

And the dollarization of Ecuador is part of the policy; the dollarization of Argentina is part of the policy; Domingo Cavallo is a part of the policy, an obvious one. He’s been travelling around the world as that. And the next stage is, once Brazil is broken up, then *all of the nation-states of Central and South America are doomed to be broken up into fragments*, run by various kinds of entities—no longer governments or nations—in a short period of time. As is being done in Africa right now, from London, from the office of Baroness Caroline Cox. These kinds of things. They’re up to it.

The question is: What’s the policy? Well, my policy is this. Since the world system is bankrupt, and we have to reestablish the authority of the nation-state as sovereign, we have to end globalization as a general policy. The WTO will die of its own weight, because nations are going to pull out of it, rapidly, to the extent that they want to remain nations. They can not live in it, and therefore either they’re going to disappear, or they’re going to get *out of it*. China, of course, is dragging its feet, and probably will never enter the WTO, the way things are going now.

So, the nation-state is the foundation. Remember, the nation-state is an institution created in Italy, or out of Italy, in the Renaissance of the 15th Century. It was a completely new kind of institution, which had never existed on this planet before. And the first nation-state was founded, in the reorganization of France under Louis XI. And then, after Louis’ death, in England, Henry VII created the second nation-state form in the world: that of England, under Henry VII, which is where the modern nation-state comes from.

That institution is typified by the Constitution of the United States. It is the only kind of institution, which can deal effectively with the kind of economic problem, which the planet faces today. This would mean the immediate reestablishment of the absolute sovereignty of each of the nations of Central and South America, as they existed, say, as of 1982.

That should be the policy. Under this policy, then, the authority of the state to have its debts reorganized—because the whole thing’s been unjust since 1971—and have it undertake, as a sovereign act, the rebuilding of its economy; and to make agreements among these nation-states which, through cooperation, enable them to rebuild their economies, using what was called the American System model of Hamilton,

Friedrich List, and Henry Carey, which is the model used before, to do that. And to have cooperation among sovereign nation-states—mutual security type—of the type which is implicit in John Quincy Adams’s proposal for the Monroe Doctrine, for a community of principle among the nation-states of the Americas. That’s the way to go.

Under those conditions, we can do the job. It will be a long, slow job. It will take a quarter of a century to get the job done. But in the meantime, we’re rebuilding, and building is better than dying. And that’s the way to go.

So, the present system, the present situation, there’s no way you can live with it. You’re not intended to live with it. You’re intended to die with it. The nation of Argentina is *intended to die*. And, this latest move is simply another step tied to George Bush personally.

By the way, a note on this: The Bush connection to Chávez in Venezuela, is a key part of this. And just trace the map out, know what the connections are, and you’ll see exactly what’s going on. So, the Bush Administration is committed to the disintegration of the nation-states of the Americas, and their fragmentation, in the same way that Lynda Chalker’s office and Baroness Cox plan to destroy every state in Africa, and chop it up into little micro-states, as they’re doing in Congo, right now.

The other thing is: Build the nation-state; let’s go back and do what was right, and I think we can do well.

Thatcherism Spreads Foot-and-Mouth Disease

Question from audience: You were just talking about South America and Brazil, and I just had a question in particular about Brazil. (I’m a reporter from Inter Press Service Agency.) It’s a question about foot-and-mouth disease and the recent sinking of Petrobrás, the large oil rig owned by Brazil. And, I was wondering what reporters should look for, with Brazil being a target of the guys who want to open up an entire free-trade zone in South America: I’m wondering if the foot-and-mouth disease is going to be something that reporters should look at as being, maybe, some kind of political football. If someone’s going to start ringing their hands, and saying, “Hey! Why don’t we go down there, now, and maybe destroy some crops down there”; or, “we already have, Petrobrás is already falling into the sea.”

I’m wondering if there’s something that reporters should be watching for. Are these just natural disasters, that are happening here, with foot-and-mouth, that’s probably going to land in Brazil, sometime soon? With Petrobrás going into the sea? Or, is this something that somebody is going to sort of manipulate and control, to their advantage, to break up Brazil, which is what you were just talking about?

LaRouche: Well, first of all, the hoof-and-mouth disease, as well as the “Mad Cow” disease: We can say that these are the gifts of Margaret Thatcher. Because it was Margaret Thatcher’s policies on these areas, in England, and the influence of Britain on the European Union agriculture policies,

which allowed for the spread of these disease.

Now, in the case of hoof-and-mouth disease: Probably the causes, in part, are the conditions inside England—the United Kingdom—which are largely shaped by Thatcher policies, and continued by the present government of Tony Blair. Probably, he was a former follower of Thatcher, and an admirer of Thatcher; he's the Thatcherite of the Labour Party. And, he's proven it, by his deeds. The hoof-and-mouth disease is not, necessarily, a serious disease, and the mass-killing of cattle, in England and in Europe, as opposed to vaccination and other treatments, indicates exactly what's going on. Hoof-and-mouth disease is not necessarily fatal to cattle, nor of course, human beings. Sometimes, some cattle die. But you isolate the cattle, which show the symptoms, and you treat them, you vaccinate them, as you should, and so forth. And most of them will recover. And they will have a fairly good immunization against the same variety of hoof-and-mouth disease, thereafter. So, you don't go and mass-kill cattle because they have hoof-and-mouth disease.

What they're doing is obvious, and, they're doing it in Germany. They were doing it in Germany, before the BSE [bovine spongiform encephalopathy] policy was implemented in the way in which it was done: Is that, the policy in the European Union, under the influence of Britain, is, don't vaccinate. And that's how the disease was helped to be spread. So, it was the British policy, imposed upon Europe and imposed upon international institutions, which is responsible for the current panic. It is also British policy, to *reduce the meat production of the world, by killing off the herds of the world*, as a part of a peculiar British policy. It's an environmentalist policy; it's a green policy, so to speak.

The way to look at it: Hoof-and-mouth disease is an obvious problem; it's well known. Experts in Brazil and elsewhere, understand it perfectly well. It's a well-studied case. There may be some variations in this, which need further study. But, it's not really a reason for a crisis.

The crisis is totally inefficient. If the right things were done, the thing could be brought under control. It is not a crisis.

The crisis, is the use of hoof-and-mouth disease as a *pre-text for a policy of destroying the food supply of populations*, and destroying agriculture. Therefore, wherever *the policy* is applied—as opposed to the *traditional* policy for dealing with hoof-and-mouth disease: vaccination, isolation, and so forth; all the things that were done, by agricultural agencies beforehand. Any deviation from that, for mass-slaughter of cattle, because of hoof-and-mouth disease, is what you have to look for: And, that's the killer. That's where the fraud, that's where the swindle is.

On the question of Petrobrás, and so forth: Yes. The intent is—and there's a big fight about this now, including in the leading press in Brazil, itself, which is a part of this British international connection—pushing, very much, for policies which would break up Brazil, and break up everything in it.

Brazil is the last nation in Central and South America, which has not lost its essential, sovereign integrity. Every other nation lives by sufferance, on such a thin margin of sufferance—if *any at all*—that it no longer really has sovereignty. So, Brazil is the number-one target for destruction—now. And, this includes the crowd in London, and in the United States, itself—the same crowd. And, the Bush crowd is tied to it.

There's more to it, but we'll have it on the website—the *EIR* website and so forth—follow-on on this sort of thing. We have a lot of coverage of this, we do, in terms of South and Central America, so, you can get a lot of it from that source, as well.

Protectionism and the General Welfare

Question from audience: Mr. LaRouche, I've got a question concerning your ideas, concerning this protectionist concept, which you pointed out. What would it mean, in terms of market access for developing nations—particularly in Africa, but also in Mexico, and others—to the U.S. market, and the other major markets, like in Europe and so on? Thank you.

LaRouche: Protectionism is an essential part of the principle of the General Welfare, as it was developed as a part of the creation of the sovereign form of nation-state.

It works this way: You have two principal areas of economic protectionism. One is the area of infrastructure; that, you can not develop a population, unless you have adequate infrastructure for it. This means things like transportation systems, water systems, power systems, sanitation systems; and, also means things such as schools, and whatnot. So, these are the things which are required, in an area, for economic activity and for life. If you have an area that's not developed, then your productivity collapses and you have no chance. If the area is developed, then your same efforts can be productive.

So, therefore, the function of the state is to set up an arrangement under which these things are built and maintained, either by government, or by private industries, which works under regulation by government, and is protected by government—called protectionism.

Now, someone is going to have to pay for this. Therefore, generally this comes from the tax revenues of government. Governments raise the money to ensure, together with private funds, that the money flow is adequate to maintain this infrastructure. Since the nation needs it, you do it. It's like if you have an army: So, you build an army to win—not to lose wars, but win wars. It costs a certain amount of money; you get the money, you've got the army. Infrastructure's the same problem: It's the army in defense of the nation.

Then, there's the private sector: Agriculture. For example, if you're going to develop a crop. Some crops take three years, to cycle a crop, once the land is prepared. Developing a herd of cattle, may take from 15 to 25 years to develop a viable, self-sustaining herd. Other things take time. Factories have to be able to function. People have to have enough in wages to live on—physically. Forget the money part. It's what they

have physically, to live on, to get the education, to get the care, and so forth, that they need. Therefore, you have to protect the wage level; therefore, you will produce a protection on prices, on the things they produce—to protect them. So that the producers will get enough payment for the product, so the people can be taken care of who are doing the producing.

That's a protectionist system.

Then, you start tariff barriers, which ensure that your industries in your country, as a sovereign country, are able to grow at a point that they're not yet able to compete on the open market with the producers of foreign countries. The argument is: They come in and say, "Well, you're being cheated. Your government protects you. Your prices are too high. You could always make things much cheaper, if you weren't paying protection prices for this." This was the old "fair trade"/"free trade" argument in the United States, in the 1960s, and even in the 1950s—the same argument.

So, therefore, the idea is to provide the *protection* to allow the things to grow, that must grow, to provide a healthy economy. In dealing with state-to-state relations, what you do, is, you say: "Well, we are all committed to each other's welfare. That is, we all recognize the right of each nation to its General Welfare. Therefore, what we will do, rather than trying to compete, radically, randomly, let us agree to cooperate. You will let us protect our prices on certain things, and you will protect your prices on certain things. We will have a division of labor in international —."

The idea is, to have the people, the total population of each nation, making it. Now, they may not have everything that they want, produced in their own country. Generally, it's not possible, these days. But, they will have a full-set economy, which will be theirs, and that will be protected. The other nation's department will have the same right. And, then, you work out trade agreements.

We did that all the time, back in the postwar period, for example. Under Roosevelt, after Roosevelt; we did it in the 1950s, under the old IMF system—we had the old GATT system, the General Agreement on Tariffs and Trade. So, we set up trade agreements, tariff agreements, we had agreements on credit to subsidize countries, with low-interest loans, to be able to develop industries, and we would protect them, and cooperate with governments to do so.

So, protectionism is actually protecting the General Welfare. That people can not grow, if they're working as slaves. What we have today—Look, in the United States, you have free trade. What do you have? Unemployment. The United States is no longer producing its own goods. The result of not producing our own goods, is, we have lost jobs, inside the United States. We've lost productive capacity in the United States, in order to get goods more cheaply from virtual slave-labor, from our standpoint, abroad.

So, we hurt ourselves, and we hurt them, those abroad.

We need that kind of protection system, now, to get back



Mississippi State Rep. Erik Fleming, at the Washington seminar.

to what *worked* before Nixon and his racist Southern Strategy took over the U.S. economy, back when he was running for President, back in '66-'68.

Go Back to the FDR Principles, Now

Mississippi State Rep. Erik Fleming: Good afternoon. I guess my question is going to be more local, as far as the state governments are concerned, in this financial crisis. Our current situation in Mississippi, is that we still have a projected growth, not as much as the so-called economists said it was going to be, but at least we're not running into a situation like Tennessee, where they have to imagine that they found \$500 million last year.

I guess my question is: but, next fiscal year, we're not going to be so lucky. So, what would be your assessment on what state legislators need to be doing in order to prepare for that, as far as putting together budgets, putting together programs and services, and so on? And what kind of defense plan do we need to have, and in essence, what kind of offensive plan do we need to have to start recovering, after that point?

LaRouche: I think we're looking at: We have to look at an estimate of, in the course of the next 12 months, a probable 30% collapse across the board in the real economy, differentially, in different parts of the country. So, what we have before us, is, in a sense, an impossible situation. I mean, 4%, 5%, 10%, 15%, and so forth, people will find a way to squeeze it out, and stretch it out a bit. But when you're talking about an order of magnitude of 30% or more, or even 50%—and *we're in that kind of situation*. When you look at how much of the *income of the nation*, the reported GNP, is *fake*, like a lot of these things are essentially *fake*—like the Internet was a *fake*. The Y2K bubble was a *big fake*. Real-estate speculation was a *big fake*. All of these things: Financial services were largely a *big fake*. A lot of these, in the 1960s on, a lot

of make-work was built into the system. There were jobs which were not needed; they performed no function, but they performed a social-political function of managing the economy by creating categories of employment, which really had no function, but were a way of exerting social control, influence, and so forth.

When you take an economy like ours, in which the base of the economy, the agricultural, industrial, infrastructural base, is actually a shrinking portion of the total economy, and you collapse that economy, the bubble economy, which exists on a highly leveraged basis, you're not talking about recession; you're not talking about depression; you're talking about a depression of the kind that Europe faced in the immediate postwar period, at the end of the war. So therefore, to go along with this situation, is impossible. To accept the policy of the present administration in Washington, or the present Congress, is impossible. The only way we can deal with this problem effectively, in that magnitude, is on the Federal level, and also the international level. I know how to do it, on the Federal and international level. It can be done. But we have to get the political clout in the nation's capital *to do that*. I'm sure that if the United States adopts a sane policy, which it doesn't have now, that the power of the United States, and the desire for sanity from the United States, would mean that we could probably have a pretty clear shot at doing whatever we came up with, that was sensible to deal with this kind of problem, and there are things therefore we could do.

But, the problem is, we've got to say: We can not allow this situation to continue in this direction. We can't wait for next year. This means that we've got to—.

Look, for example: What's going to happen? Look what's happened this week. You are looking at, essentially, a bottomless depression, right now. This crash, what happened with, yesterday, with this poor, unfortunate Alan Greenspeak, or whatever his name is, eh? This poor fool, out there with his half-percent interest-rate cut: The poor fool, he's gone. It's over. What was the result of this half-percent interest-rate cut? *Boom!* The bottom fell two stories, the floors fell through! And they're on the way to the basement. Who knows what'll happen tomorrow. They may bounce it up a little bit, bounce it down—doesn't mean a thing. *This is going down, and it's going down fast!* By May of this year, by April this year.

See, Japan is now in a crisis. Why? Because this is the end of the Japan fiscal year. March. Japan represents a key part; the Japan yen represents a key part of the world monetary system, the world financial system: That's why Washington was so freaked out about Japan, about Mori. That Japan wouldn't commit suicide to save George Bush, that George Bush might go down. We're in that kind of situation. We don't know *exactly* what's going to happen, on what date. We know which direction things are going, and the general tempo of that direction. I would say, past this Summer, we're not looking at how do we deal with the situation, we're looking

at what amounts to a revolution in policy. Otherwise we're not going to make it.

So therefore, I think the key thing is, yes, it's important to look at this question the way that you pose it. But I don't think there are any solutions in that area. I think what we need, is, we need essentially, as a fundamental change in Washington, to say that FDR in 1933 *was right*. And remember that Herbert Hoover, after Roosevelt won the election in November, remember that Roosevelt at that time, didn't become inaugurated as President until March. Practically 68 years ago, today. That close. So, in that period, from the November election and the March inauguration of Roosevelt, the Hoover Administration, outgoing administration, engaged in very significant measures of cooperation with the incoming Roosevelt Administration, to put together the elements of the recovery program, certain elements.

We're now in a situation where you've got to say, "Well, let's look at, as if George Bush had just lost the election; and we've suddenly decided to accelerate the next election, and he just lost it." In that case, what would we do? Or maybe George Bush, still as the President, has to do the same thing. Maybe George Bush has to do what Herbert Hoover did with Roosevelt, at the point that Roosevelt was coming in as the next President, when a lot of actions were taken, which were elements of the recovery program, put into effect in the early part of the Roosevelt Administration, including the Bank Reorganization Act, and so forth. All these things were prepared for by these kinds of negotiations.

We're now at the point, where either this government changes its ways, and adopts the lessons of the Hoover-Roosevelt cooperation in early 1933, to take the initial emergency actions which redirect the direction of the economy, to begin to deal with this crisis. Because, what we can do, in that case, the way we can deal with this, with a state problem, is the old way: You create a public authority with a credit authority; you've got a section of the country that's in a disaster. What do you do? You take a project which you have, which you know is there, it's sound, it's needed. You put the project into effect, in order to stimulate that local, state economy. And, in that way, you're able to pull things together and get the state through it.

That's what we have to do. That's the *only* way we're going to be able to deal with these problems, is do it the Roosevelt way, or learn the lesson of what Roosevelt did, and adapt to that: Federal projects, Federal agencies, using the power of credit of the Federal government, under a reorganization scheme, to make sure that the credit is a line of credit—not money, a line of credit—going to the financial system, like it went to RFC, under Roosevelt, Reconstruction Finance Corporation, is going into the areas to work for *earmarked purposes*, worked out with state authorities, to make sure that state stays in business. And that's the way it's going to work. But, we have to have a change in government, or the *heart* of government, to do that. And that's what I'm working on.