

LaRouche issued a guidance on economic emergency policy (see box), warning: Don't use terrorism for a financial bailout!

In an interview with "The LaRouche Connection" cable TV program on Sept. 19, now in international circulation, LaRouche detailed how to restore and keep economic functions going, using the principle of Chapter 11 bankruptcy measures, and providing for the public good by making a priority of vital infrastructure—immediately, airlines and rail—along with manufacturing, agriculture, and other essential sectors. LaRouche reviewed how to freeze unpayable debts, restructure, and provide low-interest operating credits. (The transcript of "A Conversation with LaRouche In A Time Of Crisis," appears on p. 16.) His proposals also involve attention to the "growth factor" of new nation-serving projects of transportation, water, and other infrastructure, both in North America, and in collaboration with other nations for such priorities as the Eurasian Land-Bridge.

Bubbles Bursting Before Sept. 11

Well before the Sept. 11 assault, the financial bubbles that characterized the U.S. economy, and national and global financial systems, were popping in sequence—e.g., the New

Economy information-technology stocks, and the telecommunications bubble. From March 2000 through September 2001, the capitalization of stocks on the market has plunged from \$18 trillion down to \$11 trillion.

Meantime, the U.S. debt bubble has ballooned to a total of \$28 trillion as of mid-year 2001, including \$6.8 trillion in business debt, and \$7.4 trillion in household debt. This debt bubble has been rising faster than Gross Domestic Product—a clearly ominous sign. Growing even faster have been derivatives holdings—the equivalent of gambling debts, which in the U.S. banking sector, hit a total of \$48 trillion worth on June 30, 2001. This is a 24% increase in 12 months.

Argentina, Turkey, and other nations have been in turmoil for months, threatened by pyramids of unpayable debt burdens of all kinds.

The actions of Federal Reserve Chairman Alan Greenspan through August obviously abetted the bubble process, not the economy, with seven interest rate cuts January through Summer, and by such policy whoppers as facilitating the Great Home Mortgage Refinancing Bubble. Some \$45 billion net were created through mortgage "re-fis," totalling some \$500 billion, and pumped back into the U.S. economy. But by

POLICY ON FINANCIAL CRISIS MANAGEMENT

Terror As Used For Bailout

by Lyndon H. LaRouche, Jr.

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CNN, among other arms of "Big Brother," has been wearing a mask of false confidence on, among other notable issues, the matter of the U.S. financial system. The not-so-hidden message has been "confidence that Washington will do what is necessary to ensure that the currently accelerating financial collapse 'never really happened,' and, 'therefore, never could happen!'" The psychotic leer of delusion on the face of "Big Brother," says, "You will see, Big Brother will fix everything, and triumph in the end!"

Perhaps, somewhere behind that mask, there lurk agencies which are not so psychotically stupid as to believe that "Big Brother" line on the world economy. I suspect there are such witting hoaxsters in the woodwork. However, the problem of popular susceptibility is largely a matter of simple cowardice: denial, on the one hand, of the fact that the onrushing monetary-financial crisis was the inevitable consequence of the failure to act as I had consistently warned must be done; and, on the other hand, denial of the conclusive evidence of a rogue element in our nation's

security apparatus, by fleeing into the wishful delusion that we need only "hit" targets of foreigners whose culture and homelands are far away. See that clear evidence of dysentery-like cowardice among those spouting blood-lust against the miserable Osama bin Laden, and you are seeing a second danger to the U.S.A. from within, a danger second only to that from those inside our nation's security organization who have been the principal perpetrators of the assault.

The added danger, at this moment, is that lunacy in Washington will insist that everything must be wasted in the futile effort to "save the market," throwing away precious assets for a "bailout" of "the market," instead of conserving our national sovereign credit for the urgent need, that of saving the real economy.

For example, an emergency financial reorganization of the national airline industry, must occur, preferably in parallel with kindred emergency measures by other nations. This means, that we must forget the Wall Street financial capital-gains market, and concentrate on long-term flexible budgeting of Federal and other credit-resources to keep the industry functioning physically, using ten- to twenty-year financial organization as the way of stabilizing the industry both financially and in physical functioning.

Generally, basic economic infrastructure, should enjoy the benefit of first priority, and rebirth of domestic agricultural and manufacturing output as the complementary priority.