

Mr. Paulson's Consensual Folly

July 30, 2008

The purported remedy presented by a committee-in-fact headed by U.S. Treasury Secretary Paulson, is typical of the case in which a purported remedy has been chosen which is a more virulent expression of the same disease which has been the cause of our nation's frantically accelerating economic ruin up to this time.

The essence of Secretary Paulson's calamitous folly in this case, is that the frantic lust for a consensus has resulted in the design of a proposed remedy designed to defend the disease.

In the case of a potentially terminal phase of a sickness such as that which grips Europe and North America at this instant, we are menaced by a man-made catastrophe caused by the very policy-shaping doctrines of practice which Secretary Paulson and his accomplices have rushed to defend. Thus, do fools, not God, create all those catastrophes which plunge entire civilizations into catastrophes comparable to that of Europe's Fourteenth-Century New Dark age.

The only remedy which would work is that which I have proposed. My proposal kicks against the pricks, admittedly. Admittedly, I rejoice in the opportunity to do just that. That, on principle, is the only kind of action which could actually work.

Therefore, if our nation goes to Hell, as it seems soon hell-bent under the designers of such false remedies as that just proposed by Paulson, et al., the blame lies entirely on their intellectually cowardly failure to choose the non-consensus option which I have presented.

All great tragedies of history were, by definition, created by a consensus, just as a tragically misguided Secretary Paulson et al., out of weakness of nerve, have chosen to prostitute themselves to a clearly fatal consensus of predatory financier interest looting of our nation and its people, rather than risk the displeasure of that predatory financier rabble, a financier interest only typified by such predators as Felix Rohatyn and George Soros, which has chiefly caused the already onrushing doom of our own and other nations at this time.

There is only one morally acceptable remedy in the eyes of all true patriots at this time. Proceed in the footsteps of President Franklin D. Roosevelt, or be destroyed as if by the Creator Himself for failing to do so.

—Lyndon H. LaRouche, Jr.

That's because this is not a cyclical downturn, but the inevitable death of a financial, economic, political, and social system, four decades in the making, in which the greatest industrial engine the world has ever seen was *deliberately* destroyed and replaced with services, information processing, and financial speculation. Productivity was replaced by overhead, causing the economy to operate at an increasing deficit. To fund that deficit, we incurred ever greater amounts of debt, and then we began to treat that debt as an asset, to be capitalized, leveraged, and speculated upon, creating a bubble of leveraged financial bets and claims upon leveraged bets and claims, which rose into the quadrillions of dollars in gross aggregate. Michael Milken's junk bonds paved the way for mortgage-backed securities and derivatives, generating huge pools of fictitious capital, which were then plowed back into new bets, and leveraged again to the point that no one knows the true

level of claims in the system, how those claims are interlocked, and what will happen when the process shifts into reverse and begins to disintegrate, as it has.

What can be said, is that this whole house of cards is doomed. It is doomed because the level of claims against the economy is now many, many times greater than the amount of claims that our productive sector can support. We can no longer pay the interest on all the debt, much less repay the principal. We are, as a nation and an economy, bankrupt.

Even at this late date, however, the problem can be solved, but the solution depends upon admitting the errors of the past, and being willing to deal with the consequences. For starters, that means we have to throw out the post-industrial—actually anti-industrial—ideology and commit our nation to rebuilding our productive base with the most modern technology at our disposal. We need to produce, as rapidly as possible,