

Federal Government Must Give Backing To the States

Lyndon LaRouche outlined the appropriate approach of the Federal government toward the states in the context of a Dec. 7, 2002 presentation to meeting of California supporters. We provide the relevant excerpt here.

We have two levels on which to operate in our economy, in order to deal with this kind of crisis.

First, on the state level: The Federal states of the United States each have authority and responsibility for the development and maintenance of basic economic infrastructure. That is, the creation of public utilities on the state level, for example; or the granting of powers by the states, to municipalities and others, to create local public utilities. These types of utilities, which were protected and regulated, used to be a safe place for people to put money

for their retirement and so forth. No longer, as you know.

All right. But we have to rebuild them. But we do not have the credit in the banking system, or in sale of stock or anything else, to do this rebuilding job. We have to, therefore, go to the credit-creating authority, and regulating authority, of the *Federal* government, to give the backing to the *states*, which will enable the states to carry out their program, such as rebuilding in California, generation and distribution of electrical power, the improvement of water management, which is an adjunct to the development of electric power. We have a water disaster. We could fix it. We'd better get at it. We have a power crisis. We'd better fix it. We'd better get at it.

These are things which require action on the *state* level, under state authority, and cooperation *among states*, as individual states, but also the protection of the Federal government itself, and the credit-creating authority.

So therefore, what has to happen is two sets of legislation: First of all, as I've proposed, a national infrastructure program, which I've sometimes called a "Super-TVA," to remind people of the TVA development under Franklin Roosevelt. We need that. We need that on the Federal level and the state level. We must save our rail system, we must protect our air-traffic system from collapse—which is now in progress. We must protect our water-management system, keep those in place, and so forth, as well as our energy-generating and distributing systems. And also our health-care systems, and our educational systems, and so forth. These things must be fixed. We're disintegrating as a nation. We can't have this continue.

This means that the Federal government must create legislative authority, with the Executive, and the Presidency, and the Congress, to repeal—temporarily at least—all of those changes in law, which were made over the past 35, approximately, years, changes in law which took us away from a fixed-exchange-rate international monetary system, to a floating-exchange-rate system; away from a protectionist policy to a free-trade policy; and into massive deregulation.

So, all the legislation, which would mandate deregulation, cessation of construction of essential infrastructure, and so forth, these things must be wiped from the books, at least for the duration of the emergency. Under that authority, and by putting the banking system into bankruptcy reorganization—the financial system into bankruptcy reorganization—and using Federal credit to generate growth, as Roosevelt did, then we can come out of this quite well.