

# LaRouche: The Fed Must Raise Interest Rates Now!

*Lyndon LaRouche responded to an interviewer's question Aug. 6, on Federal Reserve chairman Ben Bernanke's refusal to raise interest rates. The video of this interview can be viewed at [www.larouchepac.com](http://www.larouchepac.com).*

**Announcer:** The Fed decided today *not* raise the interest rate to 4%, and left it unchanged at 2%. What are the implications for that for the world?

**LaRouche:** Bernanke should, if he's a man, recall the assembly of the Fed governors, and put through an immediate 4% interest rate, as the official rate of the system. *This must be done now.* It's not a question of debating it down the line: We're now at the edge of the precipice. We're at the point at which the whole U.S. dollar system could disintegrate, *unless he corrects his mistake action.*

We need a 4% rate, in order to protect the U.S. dollar against collapse: That means we're protecting the banking system against a continued, catastrophic outflow from the dollar, of reserves. *We need to protect the U.S. Federal banking system, of regular Federal and state banks, chartered banks.* We must do that. If we don't do that, this country is going to plunge into chaos beyond anybody's belief.

Now, some Federal Reserve governors have stood up for that openly, against Bernanke. Some have not. *They must do it.* Because if you don't have a 4% protective interest rate, through the Federal banking system, *you can not defend the U.S. dollar!* And if we lose the U.S. dollar, everything else is pretty much a waste of time.

Now, this requires a two-tier credit system, which means the 4% rate is official throughout the Federal Reserve System, except for the case, in which the Treasury Department of the United States, acting on the basis of authorization by the Federal legislature, creates credit, with the intention of promoting investments which are needed to maintain the economy, especially for maintaining levels of employment, that sort of



White House photo/Paul Morse

*President Bush announces his nomination of Ben Bernanke (right), to replace Alan Greenspan (left) as chairman of the Fed, Oct. 24, 2005. Out of the frying pan and into the fire.*

thing, and for some infrastructure, at least, immediately.

On that basis, we can then conserve the resources within the same part of the Federal Reserve System, in which case, the relative value of the U.S. dollar would shoot up by a significant amount over a fairly short period of time. This does not mean that this is going to solve the problem. It means, this gives us *time* to work through solutions. And people who know how incompetent our Congress is right now, know that it takes a certain amount of time, to get those dumbheads to learn to how to move in defense of the nation itself.

*But this must be done now!*

Those who do not do it, may be responsible for a crash of the dollar, and even a disintegration of the United States. There is no issue more important, at this moment, than installing a Federal Reserve 4% system, as part of a two-tier system, for the Federal commercial level; and the international level is 4%, with the exception of cases where the Federal Treasury has created an authorized issue of credit, which can be monetized, which can be between 1-2%—but only in that case.

On that basis, with a two-tier credit system, we defend the dollar; we also are able to defend those parts of the economy, which need and deserve support.