Editorial

What economist LaRouche would do

As *EIR* goes to press, the U.S. stock market has taken the largest plunge in its history, and the world's stock markets, in turn, have been plunging from London to Tokyo. "Experts" may say they are "puzzled," and "can't foresee" what will happen next. Administration spokesmen may still cook up some "good economic news," but the fact is, the U.S. and world banking systems are on the verge of the worst financial crash of this century, far worse than the 1930s—and this, not necessarily, but probably, before the November elections.

You already know that—if you have been reading *EIR* and EIR's Quarterly Economic Reports. The people who don't know that are the ones who haven't been.

You also know what needs to be done about it.

Economist LaRouche, *EIR*'s founder and contributing editor, and a 1988 presidential candidate, in this magazine and other locations, has repeatedly outlined precisely what must be done, and what alone can be done, to avert financial disaster or cure the financial and economic depression once it has happened.

First of all, the power of the international financial consortia who run the U.S. Federal Reserve and the International Monetary Fund will tend to be greatly lessened by the effects of financial crash. That lessening must be turned to elimination of this oligarchical power, and institutionalized in the form of new financial arrangements designed to get America and the world producing tangible physical goods again, and designed to finance economic development in an energy-intensive, capital-intensive mode.

LaRouche would create a new National Bank—in effect. However, as President, he, or any other President, such as President Reagan, must act in response to concrete situations, not abstract possibilities. Again, we are at the brink of a new international banking collapse, like that of 1931, but much worse. The President has certain powers under a national economic emergency, under both the Constitution and according to statutes associated with the Federal Emergency acts. He would act under those powers, to transform the Federal Reserve System into a de facto National Bank, such as the National Bank of the United States under Alexander Hamilton, or the Second Bank, under Nicholas Biddle. He would use those mechanisms to steer new credit through the banking system, to stimulate general economic recovery and expanded employment, through rapid growth of investment in agriculture, manufacturing, basic economic infrastructure, and export-financing.

LaRouche would get rid of the International Monetary Fund.

Under a national economic emergency, which will hit us sometime during the months ahead, LaRouche would put the United States back on a gold-reserve basis, like that which existed prior to March 1968, fixing the price of gold reserves at a fair-market price. On this basis, he would enter into a series of bilateral and multilateral monetary agreements with other governments, also suffering the effects of a general financial collapse. This network of new monetary agreements would by-pass the IMF and would be a new international monetary institution, effectively replacing the virtually defunct IMF and World Bank.

LaRouche would stop drug-money laundering, which has been the margin of liquidity keeping the American banking system, among others, afloat for the better part of the last few years. He would stop it in three ways. First, destroy the drug-traffic by force, disrupting the flow of funds into financial institutions. Second, seize the amounts which drug-traffickers have been known to have laundered into financial institutions, with criminal penalties against those financial officials who should have known they were receiving funds originating in the drug-traffic. Third, restore what is called "audit transparency" for foreign financial institutions' dealings inside the United States; it was the elimination of such audit-transparency, beginning 1978 under President Carter, which opened the floodgates for drug-money laundering in the U.S.A.