

Oklahoma resolution on economy calls for LaRouche-style measures

On May 12, 1988, the Oklahoma House of Representatives passed a memorial resolution endorsing the emergency economic measures proposed by Lyndon LaRouche. The resolution (full text printed below) calls on the President to declare an economic emergency; nationalize the Federal Reserve Board; issue Treasury notes to be lent at 2-4% interest restricted to productive borrowers; declare that these notes have a gold-reserve value of \$750 per ounce; and require that the U.S. disassociate itself and oppose IMF conditionalities. The bill was sponsored by Democrat John Monks, and co-authored by three Democrats and two Republicans. The resolution passed on a voice vote with almost no opposition. The bill was sent to the Senate for concurrence, but the liberal leadership in the Senate assigned it to a committee which does not intend to take any action at present, despite significant bi-partisan support from key senators. While Senate concurrence would have been useful, the political impact of the House endorsing these economic measures is quite significant.

Below is the complete text of the bill:

A concurrent resolution memorializing Congress and the President to implement emergency economic measures; and directing distribution.

Whereas, the collapse of the industrial and agricultural capabilities of this country pose a national security threat from the standpoint of defense, public health, and general well-being.

Whereas, the everyday destruction of rural and urban life, the increase of poverty, the closing of farms and manufacturing, and the collapse of our education system easily demonstrate the absurdity of those who claim that the nation is undergoing an economic recovery.

Whereas, since 1979 when Paul Volcker became Federal Reserve Chairman, the United States has lost half of its steel production, more than half of its non-ferrous metals production, half of all construction expenditures for economic infrastructure, nine-tenths of its expenditures for utilities construction, a fifth of its automobile output, a fifth of housing

construction, more than half of its machine tool capacity, more than half of farm equipment production, and more than 500,000 farms.

Whereas, last year the United States, a country that once had the greatest balance of trade surplus in the world, registered a balance of trade deficit topping \$170 billion, the greatest trade deficit of any country ever.

Whereas, 138 banks, a post-depression record, failed in the U.S. during 1986 and almost 10 percent of the FDIC-insured banks are on its troubled list.

Whereas, surveys of the homeless show 60,000 homeless for New York, 50,000 for Los Angeles, and similar depression statistics of homeless throughout urban and rural America.

Whereas, such depression-connected diseases as tuberculosis and AIDS have become major public health hazards, threatening national catastrophe, if not solved.

Whereas, the hardship, social and economic dislocation, and dangers to our national security and the security of the Western Alliance are the greatest yet in the post-World War II period.

Now, therefore, be it resolved by the House of Representatives of the 2nd Session of the 41st Oklahoma Legislature, the Senate concurrent therein:

That for the well-being of this nation the following emergency banking measures be placed into effect:

That the President declare a national economic and strategic emergency.

That the President enact emergency measures of reform of currency and banking.

That under his emergency powers, according to statute and the Constitution, the President nationalize the Federal Reserve System and suspend the Federal Reserve System's powers to:

- a. Issue its own currency, or to exercise any discretion over policies pertaining to the issue of currency;
- b. Set interest rates at its own discretion;
- c. Set banking reserve-ratios at its own discretion;
- d. Operate a "Keynesian multiplier" in the banking system.

That excepting Federal Reserve Notes remaining in circulation from old issues, the only lawful issue of currency shall be U.S. Treasury Currency Notes. These notes shall be issued as an Act of Congress, according to Article 1 of the U.S. Constitution.

These notes shall not be issued in payment of government operating expenditures, but shall be issued only for lending to approved categories of borrowers, through the national banking system, on terms, and at interest rates determined by the President according to the powers as shall be assigned to him for this purpose by Act of Congress. The Oklahoma Legislature recommends the interest rates be set at 2-4%.

That the lending of these issues shall be restricted to:

- a) Purchase of machinery, tools, equipment for research of production of goods in industry, agriculture, and development and maintenance of basic economic infrastructure;
- b) Purchase of materials, semi-finished goods, and labor for production and maintenance of goods-production of industry and agriculture, and of basic economic infrastructure;
- c) Loans to the Federal government for National defense or for the purposes of governmental capital improvements of basic economic infrastructure of Federal, State, and Local government agencies;
- d) For approved export-credit, of U.S. exporters of capital goods, agricultural goods, and engineering services.

That the new issue of U.S. Treasury Currency Notes, shall have a gold reserve value, under agreements of reciprocity negotiated with other governments entering into a gold reserve system with the United States. The Oklahoma Legislature proposes that gold be valued at approximately \$750 per ounce initially.

That the United States must institute foreign exchange controls for the duration of the emergency. Opponents of the emergency action, will otherwise collaborate with foreign interests, to organize attempted "runs against the dollar."

That emergency action must be taken to halt the collapse of banks. We cannot permit banks to cease functioning because they have a vital public and national security interest and are an indispensable institution of our national economy. Two interests must be protected. First, depositors must be protected at 100% parity. Second, the bank's continuation of customary banking services, to those aspects of the community which are defined as having high national priority, must be assured.

That the United States must disassociate itself from, and oppose so-called IMF conditionalities and kindred policies and measures by supranational agencies. Support of IMF conditionalities and kindred measures drives the desperate populations of affected nations into a state of insurrection against the governments that support conditionalities or it drives allies of the United States into Soviet spheres of influence. The most efficient means of nullifying IMF conditionalities is to enact monetary and economic reforms of the domestic life and foreign trade of the United States and to

establish treaty-agreements with governments of other nations, establishing the kernel of a new international monetary system which is consistent with the principles of international law upon which the United States was founded.

That government directed investment in economic infrastructure has always proven to be the most efficient means of rapid economic development. And the U.S. transportation grid, freshwater management, and the urban infrastructure of its cities were once the foundation of the U.S. economic miracle. The collapse of these areas now threatens the United States as an economic superpower. Therefore, the following sampling of crucial concrete policy actions that must be taken to fill the gap of the more than \$3 trillion national infrastructure deficit (relative to 1970) that this nation has built up, defines the correct direction for economic revitalization: The aforementioned banking measures will facilitate these efforts.

1) Immediate and large flows of gold reserve credit to public utilities and capital programs of government for infrastructure development.

2) Long-term construction loans, at 2% prime interest rate, must be supplied to the Federal and State governments, for work on the development of a national freshwater management grid, including the NAWAPA project, with priority on construction in areas most affected by drought and the lowering of water-tables.

3) Long-term credit, at 2% prime interest rate, must be made available to public utilities, for creating not less than 5 trillion kilowatt hours of generating capacity during a period of not less than fifteen years ahead.

4) Long-term credit for construction of a renovated freight and passenger rail system among principal population centers.

5) The U.S. Corps of Engineers must be expanded, both for its essential role in developing the freshwater management grid, and its related role in rebuilding and extending the nation's system of inland waterways and ports. In addition to accelerated dredging of waterways and repair of locks, immediate priorities must focus upon the Ohio and Mississippi river systems, on the completion of the Tennessee-Tombigbee system, and the completion of a barge canal linking Lake Erie to the waterways in the Pittsburgh region. Furthermore, the Iconn-Erie project to modernize the Erie Canal must be initiated.

6) The United States needs long-term credit to create a U.S.-flag maritime fleet of high speed cargo vessels, most probably in the 50,000-100,000-ton class. This fleet shall be part of the military reserve.

That copies of this resolution be dispatched to the President of the United States, the Oklahoma Congressional Delegation, the Speaker of the United States House of Representatives, the President Pro Tempore of the United States Senate, the Clerk of the United States House of Representatives, and the Secretary of the United States Senate.