

## U.S. urged to lead global bankruptcy reorganization

by Jeffrey Steinberg

World leaders, especially President Bill Clinton, must heed the lesson of William Shakespeare's *Hamlet* and abandon the fear of taking bold action to place the hopelessly bankrupt world financial system through orderly reorganization, *before* the ongoing collapse process reaches the point of disintegration.

This was the message delivered by statesman and political economist Lyndon LaRouche in his keynote address to a Washington, D.C. conference on March 29, attended by 150 elected officials, diplomats, and civic leaders. The event was the third in a series of global development conferences that began last November in the nation's Capital, sponsored by the Schiller Institute.

LaRouche emphasized the depth of the global financial crisis: "The international monetary system and its financial appendages globally are now in the process of a *systemic* disintegration. The system in its present form could not be saved in any way. That is, there is no possible reform which could be introduced by nations under the terms of the existing Federal Reserve System, under the terms of the existing International Monetary Fund system, under the terms of the existing Bank for International Settlements system, which would prevent or even significantly delay not merely a collapse, but absolute disintegration of the leading monetary institutions such as the Federal Reserve System or the Bank of England, the central bank of Mexico, and so forth and so on. In fact, most of the reforms which would be proposed *would actually accelerate* the process of disintegration, not ameliorate it."

What is the solution? LaRouche called upon President Clinton to act under the authority vested in him by the U.S. Constitution to carry out an orderly bankruptcy reorganization of the U.S. and world financial system.

LaRouche voiced confidence that were the President to launch such an initiative, he would find enthusiastic support among ruling circles in China, Russia, Japan, India, throughout Ibero-America and Africa, and among Europeans not under the thumb of the British.

LaRouche singled out President Clinton as a leader "who, in his own way, is trying to find a foreign policy and domestic policy interests which will restore economic growth and opportunity in the United States, and who knows that the British are the problem."

But at the same time, the President "does not know what to do. He does not know what needs to be done to save this international financial system, or to save something of an economic system. And if he did know what to do, which he is capable of doing. . . and if he tried to put it through, he would be *lynched*, not only by the Republicans up there on the Hill, but also by a bunch of Democrats who'd come along to help pull the rope!"

Still, President Clinton must do the right thing: "The only way a change can be made, without chaos and great risk and confusion, is if the change is made by the United States, by the President of the United States, given the kind of advice and support he requires from the Congress and from political forces in this country. Without that, there is very little chance for this world. So the President and the people around him must *understand* that policy, and they must have the support to carry through such a policy. If they do not, the history of the 20th century will end as the greatest tragedy in *all* modern history."

LaRouche underlined that a tragedy ends in sorrow, because the characters turn their backs on the solution to the crisis presented in the drama. "If they had listened to the solution and followed it, they would have survived. If they

had looked within themselves for the sources of strength to come upon, to recognize and act upon those solutions, then they would have survived," he said.

### **Mobilize public support**

Having warned that the President will face enormous opposition should he move to impose an orderly Chapter 11 reorganization of the U.S. economy, LaRouche took up the question of mobilizing public support for such an action: "The most urgent thing now, would seem to be that the President of the United States, above all, should know what needs to be done. . . . Then we also say, 'But that won't work by itself, because they'll kill him if he goes out all by himself and tries to do the right thing.' So, therefore, he's got to have some support among relevant political figures in the Congress. He's got to find some loyalty, scrape up some fragments of loyalty from among that shattered administration he has, which is mostly a bunch of Bush Leaguers and other hangovers there. . . . And he's got to have some support from constituencies in the U.S. population."

In the evening session of the Schiller Institute conference, Nancy Spannaus, who led the political action committee effort that played a significant role in the defeat of Oliver North in last November's U.S. Senate contest in Virginia, took up this theme further. She showed that on four previous occasions in American history, the U.S. government implemented precisely the kind of bankruptcy reorganization called for now by LaRouche; and in every one of these instances, the U.S. economy and the American people benefited greatly. The four historical precedents cited by Spannaus were: the period immediately following the American Revolution, when Treasury Secretary Alexander Hamilton restructured the debts incurred during the War of Independence and created a national banking and credit system; the War of 1812; President Lincoln's mobilization to defeat the British-sponsored Southern secessionist insurrection; and President Franklin D. Roosevelt's credit reorganization and war production mobilization to defeat the Nazis.

### **Growing awareness, but few solutions**

Following Lyndon LaRouche's opening address, Schiller Institute founder Helga Zepp-LaRouche reported that in western Europe, many prominent politicians and bankers were waking up to the depth of the financial crisis. However, none among them has presented any kind of coherent solution, and some have presented plans that sound frighteningly similar to those of the Nazis. She cited former London School of Economics head Ralf Dahrendorf and banker Norbert Walter, who have both said that the idea of "civil rights" is no longer appropriate, in a period where severe austerity will be required to "reduce the deficits."

Zepp-LaRouche detailed the off-the-wall proposals of one leading Conservative Revolutionist, Dr. Gerard Radnitsky, who at a recent conference of Austrian School econo-

mists in Vienna called for the abolition of the state altogether—including the privatization of military forces!

In an afternoon panel led by *EIR* Economics Editor Christopher White and Ibero-American Editor Dennis Small, also featuring banking columnist John Hoefle, evidence was presented detailing the fraud perpetrated by organizations like the National Association of Manufacturers (NAM), which claim that the U.S. economy is in an industrial boom and that the banking system is essentially sound. White presented the preliminary results of an in-depth *EIR* study of America's actual industrial output, showing that the country has been in a physical economic decline for decades.

*EIR* Agriculture Editor Marcia Merry presented a panorama of statements and proposals from prominent world political leaders and economists. Although some, like American economist James Tobin, have called for a tax on financial derivatives transactions, paralleling a proposal made by Lyndon LaRouche two years ago, none of the proposals put forward to date comes even close to addressing the magnitude of the financial crisis or the kinds of emergency recovery measures that must be undertaken to put the world economy back on track.

Nancy Spannaus, in the final conference session, showed segments of Lyndon LaRouche's spring 1992 nationwide presidential campaign television broadcast, in which he spelled out a detailed plan for creating 6-8 million new manufacturing and construction jobs in the United States, following a bankruptcy reorganization and establishment of a new Hamiltonian Bank of the United States, through the federalizing of the Federal Reserve.

The 1992 LaRouche plan, which is even more relevant today than it was at the time of the last presidential campaign, focusses on revitalizing America's hard and soft infrastructure (energy, transportation, water management, public health, and education). It also reintroduces the concept of a "science driver"—a great scientific expedition like President Kennedy's Apollo Moon landing—to give America a new challenge and new mission that will, at the same time, fuel new scientific discoveries and their rapid assimilation in the form of new technologies.

Ironically, the same day that the Schiller Institute event in Washington was taking place, two other conferences were occurring as well, both of relevance to President Clinton's enormous responsibilities. The President himself was in Atlanta, Georgia for a roundtable discussion with local politicians, economists and blue collar workers. And in London, the Royal Institute for International Affairs (Chatham House), one of the pre-eminent British centers of anti-American subversion, was staging a day-long conference featuring Henry Kissinger, Lady Margaret Thatcher, and some 600 others, to plan out Britain's future role in the world. The fate of this crowd is directly tied to the destruction of the Clinton presidency and the blocking of anything even resembling LaRouche's global economic reconstruction plans.