

Auto and World Economic Revival

by Lyndon H. LaRouche, Jr.

Nov. 24, 2005

On the subject of my letter to Chairman Bill Ford, there is clearly much more to the matter than I stated there. What I stated is valid as far as the subject there goes, but the continuing success of what I propose depends upon the assumption that certain other measures, of broader implications, are taken in support of what I outline in that letter. I identify several among the crucial such points here.

1. The implementation of what I outline as the diversification of the application of the auto industry's capacity, implies the adoption of a general policy of integrated development of the nation's public air, rail, or maglev transport, and waterborne inland and foreign transport.

2. It implies a rebuilding of the nation's power grid, with heavy emphasis on high-temperature gas-cooled nuclear-fission reactors (of approximately the Jülich type), and the shift of highway-vehicular and air-flight power to generation of hydrogen-based fuels regionally/locally, where petroleum-based fuels are employed today.

3. It anticipates a return to emphasis on adoption of targets of high standards for physical-economic output, per capita and per square kilometer, for each county of the United States.

4. It requires a return to a "fair trade" marketing policy in domestic trade, and import-export tariff- and quota-regulation in foreign trade and public transportation of passengers and freight.

5. This implies a set of emergency and continuing reforms of the international monetary-financial system, based on a) a return to an international fixed-exchange-rate, carefully regulated system; b) this means a reversal of a "free trade" policy, back to a global "fair trade" policy, consistent with low-cost long-term credit for physical capital improvements over spans of a quarter- to a half-century physical-investment-depreciation cycles in both domestic and foreign affairs.

6. Special attention must be given to the crucial ratio of physical output and standard of household consumption per capita and per square kilometer for the entirety of the population and territory of each sovereign national economy. This means that nations with relatively higher average national values of this type must feed the technological upgrading of economies downstream, and that more advanced economies must specialize in exports and related practices which have

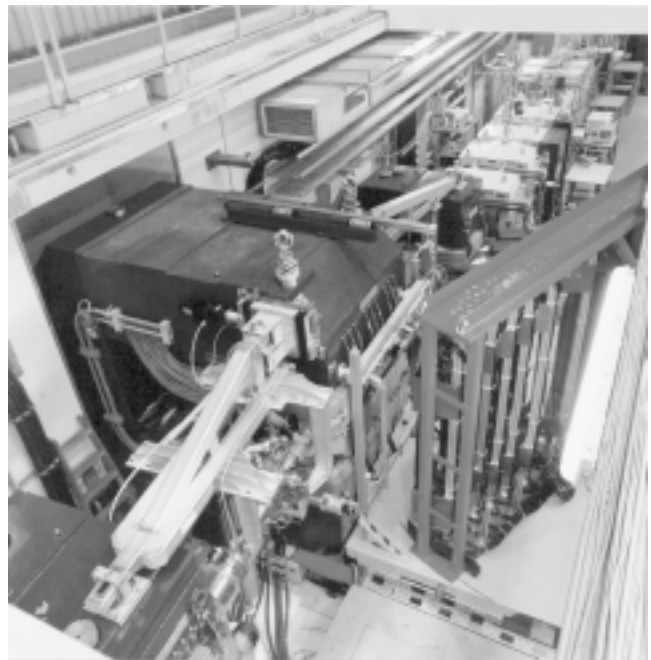


Transrapid

Maglev technology will be an essential part of a general policy of integrated development of the nation's transportation system.

the effect of upgrading the physical standards of living and physical-productive output per capita and per square kilometer of downstream nations. This will be fostered largely through the creation of long-term credit for physical-capital improvements at simple interest rates of between 1 and 2%.

7. Since nearly all leading national banking systems are currently bankrupt, and since the present international monetary-financial system is hopelessly bankrupt under any attempted continuation of current policies, the crucial immediate issue is keeping essential banking institutions functioning, even in a state of bankruptcy, to such effect that the

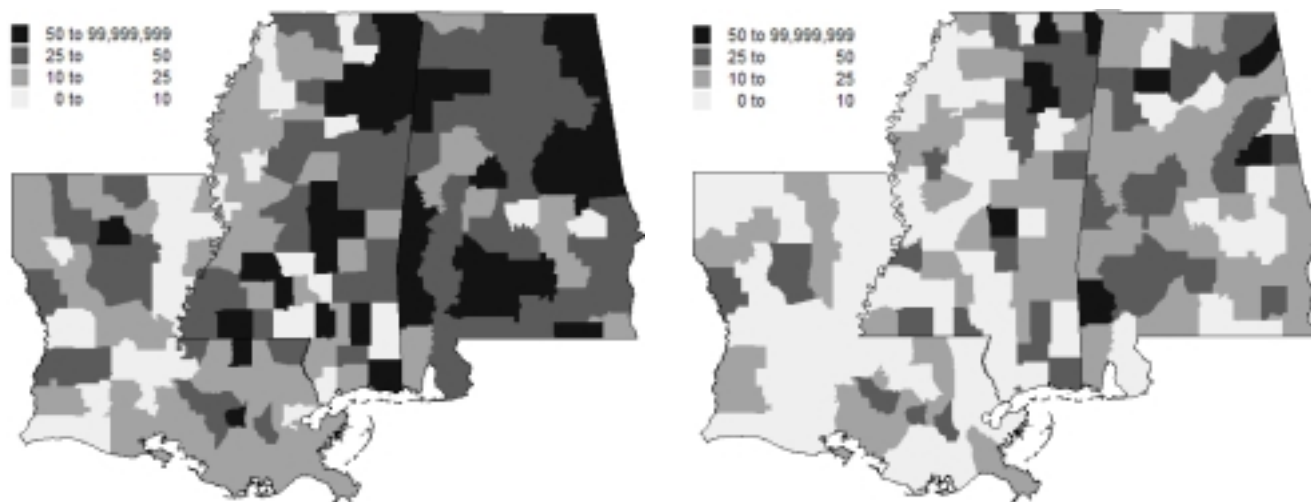


www.fz-juelich.de

A nuclear research facility at Germany's Jülich Research Center. The Jülich high-temperature gas-cooled reactor design typifies the model required to rebuild the U.S. power grid.

Manufacturing Employment Decline, by County, 1975 and 2000

(Percent of Total Workforce Engaged in Manufacturing: Louisiana, Mississippi, Alabama)



Source: EIR 2005, Map by MapInfo.

A successful national strategy will require high standards of physical-economic output, per capita and per square kilometer, for each county of the United States. Here we see the county-by-county destruction of the physical economy of the three states hardest hit by Hurricane Katrina. The decline in manufacturing employment was replaced by a growth in the service sector, as is the case nationally. (See animations at www.larouchepub.com/animations.)

resolution of bankrupted institutions' honorable debts occurs over the span of some reasonable horizon, and that worthless claims, such as financial-derivatives speculation, are debrided as uncollectible gambling debts.

First Discussion of the List

There may be strong, even violent objections to certain crucial elements of this catalogue; but, objections must be placed as a much lower priority than avoidance of the presently impending threat of a general breakdown-crisis of the entire present world system.

Essentially, this means what was already implicit in the design of the original Bretton Woods system: the replacement of the British East India Company's neo-Venetian model of globally hegemonic financier-oligarchical system, by the form of capital-credit system represented by the American System of political-economy. The doctrine of the abysmally failed model of "free trade, services economy" system, has proven itself a calamitous failure, where the Bretton Woods design was a success. Reorganization in bankruptcy must be nothing other than removing the disease, in favor of promotion of healthy tissue.

The great strategic issue, globally, of this moment, is whether we shall all go quickly to Hell under a system in which national governments, if they are permitted to exist, are merely lackeys of international financier oligarchies, or international monetary-financial and related credit systems shall be an equitable, and durable, arrangement among per-

fectly sovereign nation-states, that for more than two generations yet to come. The financier-oligarchical model which was provoked into being by the 1964-67 rampage of Britain's first Harold Wilson government, has been a catastrophe, where the postwar Bretton Woods system, with all the errors of practice imposed upon it, was relatively a triumph. The conclusion should be obvious.

Second Discussion of the List

Obviously, the attempt to implement all of the essential features of that list of needed reforms, must take into account the factor of "political ripeness." Some elements are susceptible of more or less immediate, and also urgent, action. Of others, new developments must be experienced before we find readiness to implement such measures. All elements are essential, but yet, like the components of a functioning assembly, they may be crafted separately. The span of lapsed time available for completing all essential measures is limited by real factors we can not willfully control; but, there is some latitude for a piecemeal implementation, on the condition that we see the intended final result as the adopted perspective within which each step of reform occurs.

The key point to be emphasized, is the need to build confidence in this approach. By saving the United States' vital machine-tool sector, on which the life of our economy as a whole depends, we build support and confidence for other, related steps to be taken, as the experience of the Franklin Roosevelt Presidency illustrates the point.