

LaRouche on Economic Crash, And ‘Insanity in High Places’

by Anita Gallagher

In a webcast address on “The Bush Administration: The First 60 Days,” delivered on March 21 and broadcast internationally by www.larouche.com and www.larouchein2004.com, American statesman Lyndon LaRouche warned of the factor of “insanity in high places” toward the presently ongoing economic crash and the measures need to solve it. These General Welfare measures must nevertheless be taken, LaRouche insisted—even under the Presidency of George W. Bush—to save the planet from a new “Dark Age,” which emphatically includes the danger of early war in the Mideast, and even war with Russia. “The Bush Administration, at the highest level, ideologically, is determined to obliterate Russia from the map,” LaRouche warned, in answer to a question from Russia, one of many from diplomats and American leaders during the three-hour webcast.

Greenspan’s Hour of Doom Strikes

The worsening financial crash in which LaRouche’s intervention took place—the crash he had forecast—lent great urgency to the dialogue. It prompted one diplomat at the United Nations, listening from New York, to ask if Federal Reserve Chairman Alan Greenspan’s policy of deep interest rate cuts were “what Franklin Roosevelt would have done.” In January, LaRouche had warned that Greenspan would soon, like Rumpelstiltskin, simply “stomp his foot and disappear,” as it became obvious that he has no control over the economic and financial dive in progress. Now, on March 20, with his latest rate cut, Greenspan had indeed disappeared.

“A rate cut is absolutely an insane thing,” LaRouche told the questioner. “What is *needed* is a return to a protectionist policy. The world financial system is bankrupt. . . . What is important today, is to *separate* the real economy from the financial system. . . . One of the ways you do it, is that you introduce protectionism and regulation,” and conduit money

into specific projects, which are “*earmarked* for a specific economic result. . . . You’ve got to *steer* credit. We need more credit, but you’ve got to steer it into physical things, which are beneficial to the real economy.”

LaRouche also laid bare exactly what the “poor fool” Greenspan’s rate cuts would do: “The danger now, of a rate cut, is that we are now in a situation which is analogous in terms of rollover of debt, to Germany in the Summer of 1923. We have reached the point that the attempt to roll over an existing amount of debt, requires more inflation than the debt you’re rolling over. Now, it is precisely that kind of problem which resulted in the explosion of the German reichsmark over the period of, especially, July through November 1923.”

“That’s what the issue is, of course, in Japan,” where a policy of virtual zero interest rates “threatens to contribute to a process of blowing up the world economy in a hyperinflationary explosion,” LaRouche said.

The system has to be put through a bankruptcy reorganization now. And the way to do it is, you’ve got to get the government convinced it’s got to do it.”

As LaRouche spoke, Heinz Brestel, of the German daily *Frankfurter Allgemeine Zeitung*, had just written that “something that was impossible only a few days ago has happened. Alan Greenspan, who is always compared to the Messiah, now seems to be on his way to Golgotha. The stockbrokers and traders who only a few days ago had total faith in him, are now saying he has lost control. He reportedly wanted to cut interest rates by 0.75 points yesterday, but the majority of the 12-member Federal Reserve Board voted against him, and he may now be forced to resign.”

The Survival Option

In his succinct address, LaRouche, who is currently a candidate for the Democratic Presidential nomination in

2004, emphasized several themes, which were further developed in the two-and-one-half hours of questions from elected officials, constituency leaders, and others:

- There are only three national cultures in the world which are capable of assuming responsibility for getting the world as a whole out of the present crisis: the United States, Russia, and the capable, but opposed, British Empire.

- The Bush Administration is irrational, and does not function; there are crazies in it, typified by people who think like Pat Robertson. But, there are also more intelligent people, such as Defense Secretary Donald Rumsfeld and Vice-President Dick Cheney, who are capable of implementing intelligent policies, if they are told to do so by a combination of powerful forces in the United States and Europe. Such forces might say to Bush, “Okay. You were elected on lunatic ideas: So what? But now you’re President: Don’t be a lunatic anymore.”

“Therefore, the issue is: Can the United States come to its senses, abandon the present policy, which the incumbent President has adopted so far, and get into partnership with Western Europe, together with Russia, together with Asia, to build a Eurasian economic mobilization of about a 25-year immediate perspective, of long-term technology export, and build the world as a whole—including Africa, which is hopeless unless we do this; Central and South America, Australia, and New Zealand—build the rest of the world around a partnership between the United States, and Western Europe, in cooperation with continental Eurasia?” LaRouche said.

- On the war danger, LaRouche emphasized, “If there is a war in the Middle East now, it will not be because some *factors* in the Middle East have control over whether or not there will be a war; there will be a new war in the Middle East only if [Israeli Prime Minister Ariel] Sharon and George W. Bush’s Presidency want it. Otherwise it will not occur.”

Preparing for the Blowout

State Rep. Erik Fleming (D-Miss.) asked LaRouche how state legislators could prepare for the coming blowout; his state is still projecting “growth,” while others around it have collapsing budgets. LaRouche replied that the problem can only be considered on a national level: “We have to look at a probable 30% across-the-board collapse in the real economy—perhaps differentially in different areas—or even a 50% collapse in the next 12 months.

“It isn’t possible to go along with this situation. The only way to deal with it, is on a Federal and international level. We have to get political clout to do that. We can’t *wait* for next year; we are looking at a bottomless depression right now. The poor fool Greenspan is gone. It’s over. The bottom fell out, after his half-point rate cut. By May—or April—we are going down fast. Japan is in a crisis. . . . Past the Summer, we’re not looking at how we ‘deal with’ the situation; we’re looking at a revolution in policy,” LaRouche said.

“Otherwise, we’re not going to make it. We need a funda-

mental change in Washington,” to say that FDR was right in 1933. Herbert Hoover cooperated with the incoming Roosevelt Administration. The Bush Administration must either change its ways, or adopt the lesson of Hoover, who cooperated with FDR’s policy during the four months of transition in 1933, LaRouche said.

The audience was clearly grappling with how to get the clout to get LaRouche’s policies through. A mid-Atlantic regional labor official asked LaRouche how to get the AFL-CIO at the top to go out on a limb and support LaRouche, as he had done.

LaRouche said the labor movement should recall how it came into being in a new form in the FDR years. “I’m trying to present issues where they have national and international significance,” LaRouche said. “Not in the way issues are usually done, as single issues and so forth, in the United States. That kind of politics won’t work.

“What’s happening to pensions and hospitals is crucial—it’s a fight for the general welfare, and that’s how the modern labor movement developed, with John L. Lewis and FDR, for the general welfare. . . . It was a fight. The idea that the labor movement was not a trade association, but it was a fight of the working people, for the defense of the general welfare, knowing that the defense of the general welfare is in the interest of all of them. Therefore, you fight for a higher principle, and then come in, having won the principle, to claim your rights under the principle.

“What are we up against? A Stone-Age majority in the Supreme Court. We need a movement reviving the American Intellectual Tradition, to fight for the general welfare, mobilized around specific problems.”

LaRouche noted that “the present inventory of technology on the shelves of our manufacturing facilities and laboratories—it’s not adequate to meet our needs. We have areas of research, including space research, from which we can generate the new kinds of technologies needed to increase the productive powers of labor, and solve the problems of humanity over the coming period.”

The live broadcast was open to anyone in the world with Internet access and speakers. There was participation from Russia, Japan, Brazil, Argentina, Colombia, Peru, Bosnia, Vietnam, Laos, Indonesia, Tanzania, Zambia, and Zimbabwe: leaders, diplomats, journalists, academics, and activists. An audience of approximately 80 was gathered in a Washington, D.C. hotel, and in New York City, a gathering of mainly diplomats was held near the United Nations. From the United States, representatives of the National Black Caucus of State Legislators, organized labor, minority and community activists, and students were represented in the Washington audience. In particular, a number of those in the Washington audience were participants in the fight to save D.C. General Hospital, who attended the webcast to look at that battle from the higher standpoint of winning the war for economic justice. (LaRouche’s full address is posted at www.larouchepub.com, and will appear in next week’s *EIR*.)