

him up. They set him up, and went to impeach him. And they had a bum inside there, as his Vice President. And the bum was the guy who tried to put the knife in the back of Clinton. He was no damned good anyway. But that was that situation.

And next, we got George W. Bush—the worst President, since the beginning of the Civil War, in U.S. history. And Pelosi, who’s almost worse than George W. Bush.

So, we’ve gone through a period, where, under these conditions, beginning 1967-68, the turning point, where we went negative in terms of net growth of infrastructure, that the U.S. economy was systematically destroyed. Similar things happened in Europe, and similar things happened in other parts of the world: You had a shift in production from what had been in industrial states, to poor states, low-wage states, like China, or the low-wage programs of South America, and elsewhere.

So we did not have a “sudden crash” recently. We’ve had, since the death of Roosevelt, a series of changes, step one after the other, which have turned the United States, more and more, into this direction, and have turned the world as a whole, into this kind of direction. We’re now at the end of the process. After all these years, from 1945 to the present time, the predominant trend has been *against* history, against the economy. And under Alan Greenspan, the last phase, we destroyed the U.S. economy. It’s a piece of wreckage.

Now, there is no value in the U.S. economy to speak of. There’s only the value of using our Constitution, as a way of organizing mass credit, long-term credit, to rebuild this economy, in the direction—of course, with newer technologies, but the same direction that Roosevelt had rebuilt the economy from the wreckage that had been created by Coolidge and Hoover, before.

Eliminate the Disease

So, we have to get back to that idea, back to the Franklin Roosevelt conception. And we have to recognize, or people have to recognize in government, that the failure that we see today, is also a failure of the economics profession! It’s a failure of much of the banking profession, the Wall Street side of the banking profession. It’s a failure! And if we’re going to get out of this mess, we have to eliminate that factor of failure! You can not “improve” the disease, you have to eliminate it! And economics, as practiced recently, increasingly, over the entire post-war period, has been *increasingly a disease*, not a program you’re trying to save.

And therefore, we have to have the action, as Abraham Lincoln did in a crisis, as Franklin Roosevelt did in a crisis, in which our Constitution, and our Presidency, *intervene, when the economy has failed*, when the other political institutions have failed, to do our duty to the nation and to the great majority of those people out there, who are suffering as a result of the measures which the Congress has taken under Pelosi’s leadership, and under the Bush Presidency, over this period. We have to *eliminate* that factor! And we have to clear the heads of people called economists and executives, of the mentality of the economics profession, which is actually largely responsible for steering us into this mess today.

And that’s the essence of what I have to say. I presume there will be some discussion.

Dialogue with LaRouche

Freeman: Thank you, Lyn... There are some questions that have come in from people who are faced with the task of continually developing foreign policy for the new administration. I’m going to start with those questions, and once we entertain some of those, I am going to move on to some questions, both from people affiliated with the administration, but also from Members of Congress, having to do with both economic and financial policy. We will also entertain questions that are submitted via the Internet, and people can continue to submit questions as the event goes on.

Afghanistan: Drugs and the British

The first question has to do with the issue of U.S. policy toward Afghanistan. And the questioner says: “Mr. LaRouche, as you know, during the Presidential campaign, Mr. Obama talked about taking U.S. troops out of Iraq and moving them into Afghanistan. Yesterday, Defense Secretary Gates indicated that he has put several options on the President’s desk, regarding Afghani policy, and expects the President to make some decision during the course of the next few days.

“You have identified that it is necessary to make a commitment to drug eradication, as a central feature of any Afghanistan policy. I think you’re aware of the fact that both Generals Jones and Craddock have indicated that they agree, with General Jones, in particular, em-

phasizing that while U.S. troops would be used to attack both the drug lords and drug laboratories, that what is needed is something much more than a military solution. Could you please define your policy, and what you see as necessary, beyond a simple military solution?"

LaRouche: The problem we face here, is a problem of our conflict with the British Empire. Now to understand what I mean by that, you have to look back to what I said when I was in India recently, in the beginning of December, when there was a terrorist attack on Mumbai (known to some people as Bombay). Now, this terrorist attack was of an unusual character, in the sense that it represented a new terrorist international organization, whose headquarters is inside London, inside Britain! But the worst part of this, is the way it's structured: It's a movable terrorist organization. What was done, with the help of certain forces in Saudi Arabia, in order to do what was done in New York in September of 2001, was a one-shot operation. It was done with British-controlled, Saudi-related terrorist organizations, which are typified by Osama bin Laden, who is a Saudi agent, who is a terrorist. And the Saudi terrorism is key.

The Saudis financed this stuff, and supported this kind of thing, since the Afghanistan war against the Soviet Union. But before, this was limited. This is also tied with al-Yamah, and other organizations of that type; it's tied with the BAE, the British BAE, which was also integrated into this.

What has happened now, is that the Central Intelligence Agency, or representatives of it, have correctly identified the same thing that I identified with my intelligence investigation at the time of the Mumbai incident, in tracing it: The operation is centered, the command is centered in Britain. It's centered in England, and it's also centered in the protection of the Church of England. Now, what the CIA has done, is it has made an announcement which has caused an international freak-out; it has recognized that the British *are using this capability against the United States!* That's the targetting. And the British had a freakout about this being exposed, and demanded that they get all the secrets of the United States, everything the United States knew on this ques-

CIA warns Barack Obama that British terrorists are the biggest threat to the US

Barack Obama has been warned by the CIA that British Islamist extremists are the greatest threat to US homeland security.

By Tim Shipman in Washington
Last Updated: 9:08PM GMT 07 Feb 2009



The CIA has told President Barack Obama that British terrorists are the biggest threat to the US
American spy chiefs have told the President that the CIA has launched a vast spying operation in the UK to prevent a repeat of the 9/11 attacks being launched from Britain.

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Bin Laden sidelined

The headline on the London Telegraph website says it all. As LaRouche and EIR have repeatedly warned, London is the center of international terrorism, and "the British are using this capability against the United States!"

tion—obviously, to try to cover their rear-end (which obviously was being covered by somebody else in some way, knowing the British).

So, this is the conflict.

Now, you have another side of the thing, going to Afghanistan, and all of this operation: All of this terrorism is closely interrelated with the *international drug traffic*. Remember, that when opium is produced in Afghanistan, in the part of Afghanistan which is occupied presently by British forces; when the opium is produced there, and then it's shipped into Europe, its value increases from hundreds of dollars to over millions. From \$600 for a farmer in Afghanistan at the crop, and the same crop, when it gets through various transit points, into Europe or into the United States, it's \$6 million! The key figure in this operation is a British agent, called George Soros. And this thing is great, it's enormous.

The greatest threat to the security of the United States, on the border of Mexico, is George Soros's backing of drug operations! This is the greatest threat to the countries of South America: It's the drug operations supported out of the Caribbean, by George Soros. And George Soros is a British agent.

So we have to look at this thing, as this kind of situation. We have a problem in which the drug traffic is a key strategic factor. Not the drug growing: It is not the farmers in Afghanistan who grow the opium that are the threat. So even opium elimination by force, is not exactly what you want to do. Because if you attack the farmer, with troops, the farmer is going to join the terrorists, and shoot back. So you don't want an engagement, you don't want any engagement you can avoid, with the people inside Afghanistan. What you want to catch, is stop the movement of the opium from Afghanistan . . . into Europe! So, you want to *eliminate the drug traffic*. And you want to eliminate the drug traffic in the Western Hemisphere, the drug traffic throughout this entire region. That's your objective.

Because if you get in there to fight against insurgency, where's the insurgency coming from? The insurgency comes from the drug traffic. If you try to eliminate the drug traffic in Afghanistan, by forceful methods, you're not going to succeed. You have to eliminate the *drug trafficking out of Afghanistan*. And you have to take on governments, such as the British government and the Saudi government, which are key in this operation of international drug trafficking.

Remember, drug trafficking has been a British imperial specialty, since the 1790s. Remember, in the 1790s, you had the New England pigs, who were British agents, engaged in the slave traffic, the African slave traffic. They discovered that it was more profitable to have the slave traffic run by the Spaniards; through the entire 19th Century, the Spanish ran the slave trade, with British backing, and British protection. The British said they weren't running slaves anymore—they weren't! But they were running the Spaniards, who were running the slaves.

At this point, in the 1790s, the New England bankers, the friends of our financial establishment today, went from the slave trade to the drug trade. The United States' pigs went largely with the Turkish opium trade; the British took over the monopoly on the opium trade from India, into China. The objective was to destroy China.

So the British have been in that operation, of run-

ning and controlling the international drug trafficking, and much of the drug production, from that time to the present day. And everybody knew this, who knew anything. And it's still true today.

So therefore, we have a problem here: If you try to cooperate with the British in this operation, what are you doing? You're working with the enemy. The British *are* the enemy, as the CIA report has indicated. And I've read the report, as delivered publicly, and it's the same as the report that I drafted, from India, on the basis of the Mumbai terrorism operation. I was in India for a different mission, for a couple of weeks. But the facts were laid on the table.

Here we were, my Indian friends, including military and so forth, who were all upset about this thing. So I was involved with my friends, and with some consultation back here, on investigating the Mumbai operation. And we tracked the Mumbai operation to . . . the Church of England and to Muslim terrorists, created and directed by Saudi Arabia in England! It's not the Muslims in England that are the problem; most of the Muslims in England are normal people; they're normal, law-abiding, and respectable people. But you have a few of them who are real agents. And these agents are run by the British Crown, as terrorists, with the cooperation of Saudi Arabia, and this is what was used to create this Mumbai terrorism. And that could happen in other places, right now.

So how do we approach this problem strategically? Well, if you're going to do a sand-box kind of analysis, you're crazy. You say, you've got a military sand-box assessment of what do you do with this operation?

You don't want *any* troops in Afghanistan! You may want to protect the capital city—though I wouldn't trust Karzai. He'd turn around any time he wants to. But you don't want any troops in there, in confrontation with the Afghani people. Because, the farmer who grows the drugs, is not normally a killer. You don't want to shoot farmers. What you want to do is *get the drug traffickers*, the ones who ship the drugs out! And you want to get at the money cache of the drug trade. And you want cooperation with nations which will cooperate, *which will not include Britain! Britain will not cooperate!* You want Britain outside: In this operation, *the British are the enemy!*—as the CIA report indicates.

So therefore, our policy, on the Afghan situation, is different than what the President thought when he was only the President-nominee and -elect. He didn't understand the situation then. The situation is different than



U.S. Army/SSG Marcus J. Quarterman

We have been putting too many troops, too often, in too many places, getting killed. "Instead of using our guns, sometimes we should use our brains," LaRouche said. We need an international crackdown on George Soros, who is the world's biggest drug trafficker! Shown: U.S. troops in Andar, Ghazni Province, Afghanistan, June 2007.

he understood it. There's no point in putting U.S. troops into Afghanistan. And I think many of the generals, who are competent in this thing, will agree by instinct: We have been putting too many troops, too often, in too many places, to get killed. And then, when they get injured, we don't give any hospitalization—we shut down Walter Reed, virtually; we don't give any protection to the victims of warfare, that we send into warfare.

We've had a little bit too much warfare going on. Instead of using our guns, sometimes we should use our *brains*, instead! What we want, is an international crackdown on everybody who's pushing drug trafficking across borders. This means *a crackdown on George Soros, who is the world's biggest drug trafficker!* Shut him down. And think about shutting down anybody in the United States, politically, who's associated with George Soros. And we have a list of those organizations which are recommended for attention on that ground.

What we have to do, essentially, is look at this as a global strategic problem, not as an Afghanistan, or a regional problem there. It's a global problem which has been essentially in existence since the British got into the drug trade back in the 1790s. And at times, we've recognized the British are our enemy on this account alone. We've been on the verge of war with the British over the drug traffic repeatedly. The British are not our

friend! The British Empire is our enemy, and our most important enemy! And anybody who's competent in intelligence knows that! Anybody who understands the interests of the United States and their defense of those interests, understands that. The British are our enemy! Not the British people, but the British Empire and what it represents. And therefore, we have to understand, *our* interests have to be served. And our interests are served by alliances with countries which are *not* the British, which are willing to cooperate with us, in dealing with this problem.

You know, Pakistan is about to be shattered. You want to send troops into Afghanistan? What's going to be the effect on Pakistan? It's ready to blow up and disintegrate: You want that? Do you want

this thing spreading, backfiring into India? Come on, let's grow up. Let's stop playing games. Let's realize, we're in global warfare against the British Empire! That's not the British people, it's the British Empire. It's the Anglo-Dutch interests, including the relevant Saudi interests, which are *our enemy!* The same enemy in part, which gave us 9/11—and if you don't understand 9/11 as a threat to the United States, what do you understand?

So therefore, our policy should *not* be a military operation in Afghanistan, unless for special purposes; not general purpose warfare of any kind. We want to *disengage* from that mess. We want to rebuild our military capabilities, which we have destroyed with this prolonged Iraq adventure. We want to align things and make sure we have the right allies, this time! And our ally on this question is not the British Empire. The British Empire is our enemy!

And you have this fight, as reported through the *Daily Telegraph*, between the United States intelligence services and the British intelligence services, on precisely this issue. On this issue, *the British are our enemy!* That doesn't mean we're going to go to war with them, but it means we're going to recognize they're not reliable, they're not trustworthy people. They're on the opposite side. We don't have to kill everybody

who's on the opposite side; we just have to figure out how we're going to handle the situation.

So the point is, we should not have any emphasis on an Afghanistan operation. We should have a regional, strategic approach to the region. And get off these fetishes about these little wars here and there. The Iraq War is too fresh in our memory. We don't want anything more that even resembles that.

We don't generally want warfare! You're more likely to win wars, when you have fewer of them. And the fewer the better. So we don't want that.

And what we have to do, is clear the heads of our politicians in Washington, of this idea of single-issue ideas, such as warfare in Afghanistan. We are going to have to do something about Afghanistan, we're going to have to do it, in cooperation with what? With China, with India, with Pakistan, and other countries. We're going to have to cooperate with nations of Asia, which are in the line of drug trafficking, from Afghanistan into Europe; where \$600 worth of farmers' crop becomes \$6 million of opium or opium derivatives in Europe. And a similar thing in the United States.

We have the same thing: We're about to lose Mexico! Mexico's about to become a non-existing state, a failed state, because of this drug problem. We have to do something about that. We have to have an international *anti-drug campaign!* It means an anti-George Soros campaign! And we have to make clear that George Soros is not welcome in our country.

The Current Problem in Russia

Freeman: (I should just clarify, that question, the question on Afghanistan, came from the Executive.)

This question comes from the State Department, and it is on Russia: "Mr. LaRouche, one of the cornerstones of your Four-Power proposal involves Russian participation. However, in a series of recent, public statements, Mr. Putin seems to be growing increasingly impatient with the United States, and Deputy Prime Minister Kudrin seems to be almost hostile.

"My question to you, is what is your view of what is going on inside Russia? And also, what do you see as the most effective way for the current administration to



EC/G. Goulougouris

Russian "Sub-Prime" Minister Alexei Kudrin is part of a British operation to disorient and manipulate the Putin/Medvedev government, and to drive a wedge between Russia and the United States. Kudrin is shown here with U.K. Minister and EU Trade Commissioner Peter Mandelson.

address the problem overall, and also to address the Russians, since we obviously seek their cooperation?"

LaRouche: You know, the problem here is that—we should refer to him as "Sub-Prime Minister" Kudrin, because he is actually, in effect, a British agent. This latest turn in his behavior came after an extended visit, of collaboration, in Britain.

Now, we've been looking at this problem for some time, from an intelligence standpoint, because there are certain people who used to work with me, for example, in Germany, and in other parts of the world, who were picked up as assets by a British network which includes this network which Kudrin is associated with. And the network is, to my knowledge, from associations in the kinds of things that are run—we have a Canada connection there. You have some people from the United States who are linked to an operation in Canada, which dates from the old British intelligence operation during World War II, the famous one of that period. And this connection runs through Britain into Europe, by various routes. And there has been an operation to disorient and manipulate the Putin government and the Medvedev government as well, from this source. It follows a very clear pattern, and the pattern is London-directed; it's British-directed.

And the complicating problem is, that's the case. This guy is essentially no good, as far as I'm concerned.

He's too far over on the other side; I don't think he's redeemable.

But Russia is. Russia's very important to us, and therefore, we have to realize that Russia is the *victim* of a British intelligence subversion operation inside the very bowels of the government. And we simply, I think, say that. "We know that your guy there, is not really yours. He belongs to somebody else. And we think that you ought to get the rats out of your chicken coop." That's the way we're going to deal with it.

But on the other hand, we have to have an option for Russia, as well as for China and India, in the present world financial crisis. Russia is being driven crazy.

I'll give you an example: I made the forecast in July of 2007 of the crash. The Russian institutions have been fully aware of this forecast and my analysis over the entire period. *Yet!* When I was recently in Paris, and went through relevant intelligence circles whom I know there, on this question: The Russians have not been telling the truth about the financial-monetary economic crisis, up to that point, as of December of 2008. In other words, the thing has been going on, this thing has been in process since the Summer of 2007. As of December 2008, the statement by "Subprime Minister" Kudrin, coming back from England, is a continuation of that operation. We don't know the whole operation, but I have enough elements of it, which are actually elements known to me, which are actually enemy agents which are operating in this network, and operating by trying to influence Russian policy, in a way to create a conflict between the United States and Russia. That's the British operation: to create this kind of conflict, while at the same time destroying Russia. And also to create to create conflict between Russia and China.

So, this is the nature of the situation. And, the remedy is very simple. Just state loud and clear, what the problem is, and it will cure itself.

U.S. Policy Toward Sudan

Freeman: The next question is kind of a composite question that has come from many of our friends in the diplomatic corps, from Africa. And they say: "Mr. LaRouche, there are reports now circulating widely, that claim that the Obama Administration will support an anticipated call by the International Criminal Court for the arrest of General Bashir, the President of Sudan, charging him with the crime of genocide against the people of Darfur.

"The fighting in Darfur was the result of attempts by

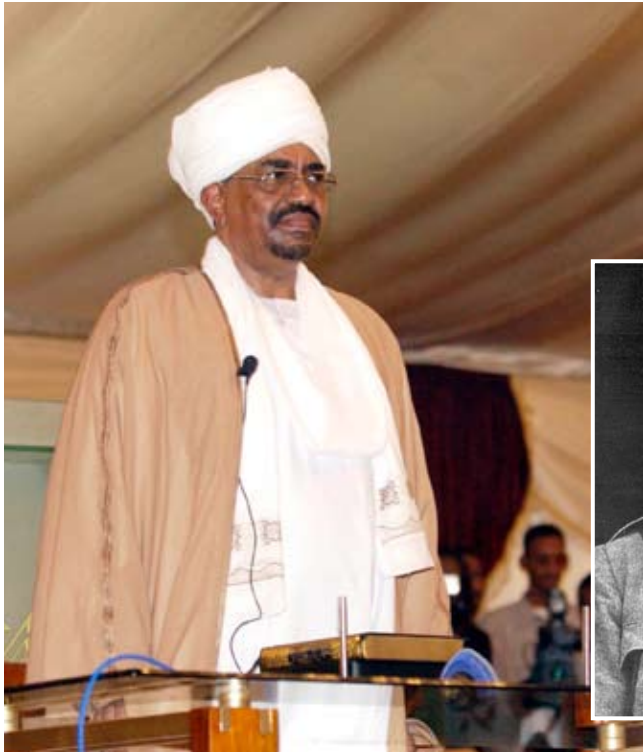
the government of Sudan to suppress a rebellion in the Darfur region, touched off by the enemies of the national government. The African Union, the Arab League, the Non-Aligned Movement, the Organization of the Islamic Conference, and even the Sudan People's Liberation Movement of southern Sudan, all oppose this indictment, because they believe it will lead to war, and the destruction of Sudan and the Horn of Africa. They have said that they believe peace is more important.

"What course of action would you recommend to avoid having this new U.S. administration get drawn into this attack on the government, which would undoubtedly lead to the dismemberment of the nation, and certainly the destabilization of the current government?"

LaRouche: General Bashir was brought into the position of President of Sudan in the early 1990s. What had happened is that the previous shakeup in the government of Sudan had involved the Muslim Brotherhood. Now, the Muslim Brotherhood is essentially a British intelligence operation, or British intelligence-controlled operation, from the top down. And what had happened in this process is that people who had been associated with the Muslim Brotherhood, broke with the Muslim Brotherhood, and became Sudan nationalists. In the process, they had a compromise President selected: General Bashir. You have a complication of elements around there, which are all British intelligence-operated.

The last time I was in Sudan, I saw a bevy of this stuff: British intelligence all over the place—and I know how to smell British intelligence. It's like knowing skunks, and they're all over the place. And the government was being disoriented. In part, it was old Muslim Brotherhood channels, from Egypt, and other things, and operations by other countries. And they took this one area, which is a very poor area of Sudan, on the border with Chad. And they ran an operation there, with outside forces coming in, and just stirring things up. So it was an operation, of the typical type that's run by intelligence services there.

There is no genocide by the government of Sudan. However, you have many, including members of the current administration in Washington—who have been brainwashed by this thing about "genocide, genocide, genocide," and they've become so disoriented by this propaganda that they no longer have a grasp on reality. The people that you listed in your question, these types of people, are people who under-



UN/Evan Schneider

Sudanese President Omar al-Bashir has been subjected to unrelenting attacks from the British, who, since the days of Lord Kitchener (below), have viewed Sudan as their private park.



clipart.com

So they took this and they played this thing. But it has always been British intelligence.

The Muslim Brotherhood problem: For example—well, I won't bother about that. (I can tell you a story or two about George H.W. Bush and his trip to Sudan, where he slept in what became the Foreign Ministry, and he did something.)

But, the point is, there have been operations to destabilize Sudan, as a part of the policy which was introduced to Africa, with U.S. approval by Henry Kissinger and others, in the middle of the 1970s, which says that the *African territory belongs to U.S. and British interests*. And that the people of Africa are too numerous and the population has to be reduced, and we have to take over

their raw materials and resources.

The biggest resource here, in Sudan, just for people who need the intelligence—and we do have some specialists in the United States, State Department specialists, who do have the intelligence, who know it: Sudan is the largest-territory nation in Africa. It is, apart from the South, which is a water-rich area, and jungle-type area largely, it is the largest *grain-growing area of Africa*. When the water is there, the grain is grown. With sufficient water supplies, Sudan could practically feed all of Africa, at least with grain requirements. The problem has been the lack of agreement on promoting the improvement in water-management problems in that part of East Africa, down into what was called Lake Victoria and below.

So that area of East Africa is crucial.

The destabilization of that area, the lack of development which could be easily reversed—I mean, you don't have to provide that much! All you have to do, is increase the guaranteed water supply in the Sudan area, each year, so that you have a grain crop each year, and you can begin to feed the population of Africa with that product. It's that good. And yet everything in policy is done, to *prevent that* from being done! I've been to Sudan a number of times, always on this water ques-

stand this problem, more or less. Some understand the problem in its totality; other people understand that you *don't do that* in this area. There are too many cases—and this is typical of British intelligence! It's a British intelligence operation! And what I fear, is that there are people in the administration, even who are friends of mine in this administration, who will be foolish enough to buy into this heavy propaganda about “genocide, genocide, genocide” against the government of Sudan.

Yes, there are problems there. There's killing, but this is the result of *outside* operations in the area, combined with poverty, and combined with an economic problem of the government of Sudan as a whole, where it does not have the capability of maintaining adequate security in its own country, *against* these kinds of outside operations.

So, it's an orchestrated operation.

Now, to understand this historically—people should shut their mouths until they go back to 1898, and go back to the time when Lord Kitchener took over Sudan. There are groups of people who are actually refugees, they're not tribes; they were refugees who fled across the borders, from neighboring areas into the southern swamp area of Sudan. And this has been a problem in that area.

tion. You look at the facts of the area: With water management, which is quite feasible—it's not that expensive in terms of benefit ratio—we could feed a great deal of Africa with the grain which could be grown in the territory of Sudan.

Now, *that should be the U.S. policy interest in Sudan!* We need positive policy interests in these countries! We have to go in with a positive policy, not with, "Who're we gonna shoot?" But a positive policy of development: We have to make friends with countries on the basis of positive development, the way the United States *used* to do it. Like the U.S. officers who helped to rebuild the Egyptian system. There were U.S. officers, veterans of the Civil War, who went over to Egypt and helped them develop their system there—and then the British got them kicked out, later.

But, our interest in Africa, our interest in other parts of the world, is not just to "make friends"—that's a kind of a sloppy term. Our function as the United States, as we are a republic, our interest in the world is not to have any empires. We hate empires! We hate the British Empire, not only because of the crimes it committed and still commits, but because we don't like empires. We believe in nation-states, we believe in representative government, Constitutional government, nation-states. We believe in *nation-state building!* We don't believe in globalization, we believe in nation-state building. Globalization is an empire; we don't believe in empires.

And therefore, our policy should be consistently, to develop, wherever we have the opportunity, to assist in developing nation-state building, and dealing with problems such as food shortages, disease control, these kinds of things, practical measures. And the only time we go to war, is when we have to defend something like that. And we fight only when that's necessary, and as far as that's necessary. We don't get involved with these imperial policies of this type.

And I'm afraid that some of the people, because of the propaganda effort, about "genocide, genocide, genocide"—a magic word! You want genocide? George Soros is guilty of genocide! You want to make war on genocide? Make war on George Soros, make war on people like that who commit the genocide, and on their policies, the drug wars.

No, this is a dangerous situation: It would be a *terrible thing, a great folly*, if the Obama Administration were to be sucked into an adventure, such as an adventure against Bashir of Sudan.

'Are U.S. Banks Too Bankrupt To Reorganize?'

Freeman: This question comes from a member of the President's economic team: "Mr. LaRouche, fortunately, the degree of anonymity that these proceedings afford, allows greater candor than might otherwise be the case.

"There was a great deal of disagreement surrounding the elements of the banking stabilization policy that was announced yesterday, and as to what that policy should be. For the most part, however, everyone *did* agree that what Secretary Geithner ultimately announced had almost no chance of succeeding.

"However, two arguments were presented, to counter what some of us were recommending, which was moving immediately in the direction of bankruptcy reorganization. The first argument is one that you have addressed in part, and that was the argument that, to deal effectively with what will undoubtedly be a strident and ferocious backlash, if this administration were to move for bankruptcy reorganization, that all other avenues had to be exhausted first.

"The second argument, which I find more troublesome in terms of countering, was the argument that bankruptcy reorganization classically requires a certain degree of *viability*, and that we are faced with the problem, that once you isolate the toxic paper in most of the American banking institutions, and then isolate the non-performing debt, that the vast majority of U.S. banks lack the degree of viability to qualify for bankruptcy reorganization, if you're talking about it in classical terms. And that therefore, what would be necessary would be some measure to stabilize the situation, and then move for bankruptcy reorganization. Can you please address this?"

LaRouche: That won't work. What you have to do is this. Let's look at what happened: As of the 25th of July, 2007, you had a certain state.

Now, a mistake was made, which Bill Clinton, for example, was partly responsible for: Glass-Steagall. Glass-Steagall was dissolved, and this uncorked the problem. Now, this occurred with Clinton at a time he had been under very nasty treatment, and it was a big mistake on his part. But I don't think Bill understood economics that well at that time. He understood many other things, he's brilliant at it. But this was one thing he didn't understand. It was a terrible mistake.

All right. Now, we had massive support, in states and counties throughout the United States, for my pro-



House Financial Services website

By signing the bill revoking the FDR-era Glass-Steagall Act in 1999, President Bill Clinton opened the gates of Hell. Alan Greenspan, “one of the biggest criminals” against the United States, was running the Fed at the time.

posal for a Homeowners and Bank Protection Act. The intent of that, was to defend that aspect of banking in the United States which was chartered banking. That is, which used to be on Federal charter, or under state charter, and this is where you had regular deposits. Not the high-flown bankers, the merchant bankers of New York City, and so forth.

And Roosevelt had recognized the importance of making that division. Clinton had made a mistake. I don't know why he did it, but it was really way off-base. It opened the gates for Hell.

All right. Now what you have, is, these guys, who out of malicious intention, used the situation to *loot and rob* the American people, with this highbinder operation, through the so-called New York crowd.

This was a crime! Because the intention to do something which is against the common good, is a crime. When powerful forces, especially financial forces, use their financial power to injure the common good, knowingly, then that is a crime. You don't have to have it on the books: this is the principle of equity; it requires that you recognize this as a crime. And what they do is a crime.

And also, on top of this, remember that one of the biggest criminals, of course, is Alan Greenspan. Prob-

ably the biggest criminal in this whole operation, because, what did he do? He did something which has been classified as a *crime* in the state of California. When he came into office, in the Federal Reserve System, he used a criminal activity and legalized it, essentially, as the activity of the Federal Reserve System: that is, the use of financial derivatives. This is gambling! So what happened is, we have legalized gambling by the legalized gamblers of New York City and elsewhere—and of the world—who are looting the people of the world. Starving them! Ruining their countries! A locust plague! This was a crime, a moral crime against humanity, in its effect!

Do you think that we owe anything to any of these characters, these kinds of bankers, eh? We don't owe a thing to them! They should get *nothing*! They robbed the country. Are we going to pay them for their claims to enjoy the benefits of robbery? Of thievery? Of looting? No, our job is to defend the nation, to defend our republic and its people, against all predators. And what are these? These were international predators, coming in and looting in our country! Destroying it, ruining our people, destroying jobs, destroying health care, everything! Do you think these guys, on the principle of equity, have anything coming to them, except punishment? They should consider themselves lucky to be allowed to walk away with *nothing*!

Now, I can tell our politicians in Washington, that about 90%, or something like that, of the American people agree with me. Unfortunately, Washington is organized in a way that some of the leading politicians do not agree with me. And the thieves, who are highbinder thieves who are trying to fly with their golden parachutes, don't agree with me either. But these are the thieves! Ali Baba and the Forty Thieves—only this is 40,000 thieves, or 40 million thieves! And they're international. They're parasites. We are now in a general collapse of the world monetary financial system *caused by these thieves*. And we owe them something? The American people don't owe these bastards a nickel. And the nickel's pretty cheap these days.

So therefore, what we do is, you walk into a bank: We're declaring general bankruptcy reorganization of the system in the national interest, the fundamental interest of the United States, fundamental interest of other nations. We walk in there. Now, we've got some bankers who know how to do this. You walk in, you look at the accounts. What's that account? Oh, that's a normal banking account, a mortgage or something else. That's

protected. And the guy, the management who's competent in managing this, stays on the job. That's protected. These other guys? Hah! They want something? Ha-ha. They'll get something. You know what they'll get? *Bubkes!* That's what they get. They get nothing. They don't have anything coming to them! They already stole more than should be allowed. You're going to pay the robbers for what you caught them stealing? No!

What you do is, you walk into every bank. If that bank is an institution, it has deposits in it, of depositors, under conditions which conform to the standards of chartered banking, state and Federal. That bank has a relationship to the community. That bank's going to be defended. We don't care how bankrupt it is, we're going to defend it. We're not going to pay \$700 billion, or whatever, to bail this out. *We're going to protect that bank*, and every bank like it. We're going to protect the savings banks, the savings of the depositors. We're going to protect the legitimate interests of chartered banking, one at a time. And we have enough expert bankers in the Federal Reserve System and other places who are competent, who know how to do that. And we're going to empower them to do that.

That's why we need a reform which goes to a National Banking system. We need to put the Federal Reserve System, which is bankrupt, into bankruptcy reorganization. We have to create a new Federal institution, which is a Hamiltonian National Bank. We take the competent people who are in the Federal Reserve and similar systems today, or have that experience, and we put them in this institution. They are the ones who then, as part of their job, manage this problem. Every bank that is viable, in terms of its function, every part of that bank that's viable, is reconstituted under Federal protection. Those things which are speculative in nature, get nothing. They get nothing! They get a free exit from the door, and they don't take anything with them. Maybe their pants, but that's it! And that's it!

Now, if you do that, what you've done is, first of all, you've rebuilt the confidence of the American people in their government, because when you're talking about chartered banks—usually the core of our system, our political system—those people have a right to protection. They have more right to protection than Hank Paulson, or anybody else. We owe it to them. They're weak. They don't have government power, but they're citizens. They're entitled to protection of their rights. We protect their rights, and we protect them because it's necessary to have them on their feet and functioning, if

we're going to rebuild this economy and build our way out of this mess.

The problem is, what people are afraid of, is the reaction of these fascist bastards, who are of the mentality of Paulson and so forth. These guys were the fascists, the supporters of Mussolini in the 1920s, the supporters of Mussolini and Hitler from the United States in the 1930s. These are the same—these are the grandchildren, in a sense—of the same institutions! Do we owe them anything? We don't owe them a thing. They walk out safely. We don't shoot them, we don't torture them. They walk out the door, and that's it. And the people who belong there, and the people who were represented there, legally, properly, are protected.

If you do this, and take that approach—it does take guts to do it, and I think a lack of guts is the question you have to raise here, in this connection—if you do this, you're going to have the support of the great majority of the American people. And you're going to have the kind of support that a President needs. And that's the way you have to go. Is there a risk involved? Of course there's a risk involved. You're up against fascists! What do you expect with fascists? You have people like the former Vice President. We had eight years of the worst administration in U.S. history since the beginning of the Civil War. For eight years, Hell! Under a totally corrupt and evil administration, which is why this thing developed to the extreme it did.

So therefore, we take a chance. We take a chance with the American people. We defend them. We ask them to defend our government. It'll work.

Kucinich's Proposal on the Federal Reserve

Freeman: We have about six questions regarding a statement that Ohio Congressman Dennis Kucinich made on the floor of the House. This is coming from several Ohio legislators, from someone in the Progressive Caucus on Capitol Hill, and also from two national labor officials.

In the words of one of the labor representatives: "Mr. LaRouche, I don't know if you're aware of this or not, but about ten days ago, Dennis Kucinich called on the Federal government to take back the power to issue money from the Federal Reserve, and in so doing, he blamed the Federal Reserve, and particularly Alan Greenspan, as being largely responsible for the current situation we find ourselves in. Much of what Mr. Kucinich said sounds very similar to some of the things you've said, but I would really appreciate it if you'd

comment on it, because there are also some elements of it that are not clear to me. Kucinich called on the Federal government to institute monetary reform, by issuing what he referred to as ‘get free money’—dollars that have not been loaned into circulation at interest by banks.

“He quoted a monetary theorist by the name of Stephen Zarlenga, who said that the bulk of our money is not created by our government, but by banks, when they make private loans. He went on to say that the government should halt the banks’ privilege of creating money out of thin air by ending the fractional reserve system. He said, past monetized private credit would be converted into government money, and banks would continue to do what people think they do now, under this new approach, but they would only act as intermediaries by accepting savings deposits and loaning that money, or their own cash, out to the borrowers. He said, what would the government do in this case? Well, according to Kucinich, we would not have to borrow money and continue to owe money to the banks, to finance the needs of the country.

“The fact is that Mr. Kucinich’s proposal, while, on the one hand, offered fierce criticism of the banking industry in general, and clearly was made in the interest of getting some relief for American taxpayers, it also struck me as being somewhat confused. Could you please comment on this, since many of the members of our union are bringing it to us, and asking us to support it.”

LaRouche: [laughing] Well, as you say, with Kucinich, marriage is a tall order.

It is a little bit screwball, and does not represent reality. What it is, is a populist substitute in appeal for the reality of the situation. The reality: We should actually put the Federal Reserve System into bankruptcy, and shut down this function of the Federal Reserve System in being a back door for monetization. The debt of the United States has to be controlled by the United States, and that means the debt of U.S. citizens generated in this way. So, this gimmick won’t work; it will only cause problems. It has a certain appeal, and I think that Dennis, while sometimes he says things that are interesting, and he sometimes appears to be a sympathetic fellow, nonetheless, has no comprehension of really winning anything. He does not think that way. He’s not a national leader. He doesn’t have the mentality of a national leader. He has a mixture of respectability and leftism, something like that, and his judgment is not really that good.

What you’ve described here is a piece of hokum. What happens is—you go back to the 1930s in the Depression, and you had, from California and other places, the “butter and eggs” thing, you had all kinds of schemes that were proposed, as populist schemes for giving people some benefit, public benefit. And this is one of them.

What you have to do is, you have to go at the fact that a *crime* has been committed, a crime against the intention of the U.S. Constitution. That crime—Alan Greenspan is one of the biggest criminals, but the crime was already committed under Nixon and other people. We have a law, we have a Constitution, and you simply have to enforce the Constitution. And at this point, the Federal Reserve System is bankrupt; we have to put it into bankruptcy receivership. It’s largely U.S. assets involved. In bankruptcy, we reorganize it. We go in with a clean sweep, reorganizing it, and then we create a new institution to take over the assets which are included in the Federal Reserve System, and create a Hamiltonian National Bank, and establish the Constitutional principle of our law.

Our law is, that no money can be uttered, or no monetary value can be uttered, in the United States, without legal approval under the U.S. Constitution. And by closing a bankrupt institution, which is the Federal Reserve System now, and putting it under receivership and reorganization, we can do that. The way this works—what he’s describing—is actually the relationship of the Federal Reserve System’s operation with respect to the international monetary system. So that’s what he’s talking about.

Well, I believe in shutting down the international monetary system, too. So that takes care of the problem.

Proliferation of Lies About FDR

Freeman: The next question comes from someone who is part of the economic advisory board for the President, and who is also a very prominent Roosevelt scholar. He says: “Mr. LaRouche, as I’m sure you are aware, President Obama has repeatedly been forced to defend FDR’s pre-war policy from those individuals who insist that the New Deal was a failure, and that, in fact, the only thing that got the United States out of the Depression was the Second World War. From a policy standpoint, I find this to be completely absurd. The truth of the matter is that the United States would have never been in a position to fight and to win the Second World War, had it not been for FDR’s pre-war policy. From the



The British had been for Hitler until the German Wehrmacht succeeded in taking over France. "They were very happy to have Hitler going against the Soviet Union and other states in Eastern Europe. They were never upset about the killing of the Jews by Hitler—not at all!" Here, Nazi troops march into Paris, June 1940.

standpoint of being an historian and an FDR scholar, I find this to be absolutely offensive. However, I do think that it is important to take the question up, since it is now being spread about so widely. Could you please comment on your own assessment of President Roosevelt's pre-war policy, and also what it is that motivates these people to launch this kind of attack?"

LaRouche: This is a very interesting question, and it has a rather simple answer, but it requires some explanation to understand what we're talking about.

On the day after Pearl Harbor, Franklin Roosevelt moved toward war, and assumed war powers. Under these conditions, certain Wall Street and Chicago interests, which had been the supporters of Mussolini and Adolf Hitler, up to that point, sort of deserted their offices and moved over to new premises, and continued with the same equipment.

Now, Harry Truman, as Senator, was part of this group, and he showed that, after Roosevelt's death. So, what these guys—like the American Enterprise Institute—these institutions today were constituted after Pearl Harbor as new organizations, containing the same intention as the supporters of Mussolini and Adolf Hitler, in the United States and Britain, during the 1920s and 1930s. Up until 1940-41, these guys were hard-core fascists, all of them, including the firm, for example, of Prescott Bush, Brown Brothers Harriman. Brown Brothers Harriman represented American and British

interests, Wall Street interests. Brown Brothers was tied to the head of the Bank of England, who was the creator of Adolf Hitler. So these guys, and the Mussolini supporters—of course, Winston Churchill was a great lover of Benito Mussolini; I don't know if they had the same sexual inclinations or not, but anyway, the same kind of thing. So, these guys, who were fascists of the Coolidge variety and the Hoover variety, continued in power in the United States, as on the Supreme Court case, that issue, which was illustrated with that, up until we went into war after Pearl Harbor.

Now, the first thing you have to look at—is like this woman, [Amity Shlaes], who's the leader

in this campaign, is tied to things like the American Enterprise Institute—these guys have exactly the same philosophy, economy, and politics, that the Nazi supporters, the Hitler supporters, the Mussolini supporters, had in the 1920s and 1930s. These are the people who were opponents of Roosevelt then.

Now, you've come to a time when this British crowd, the same British crowd, is moving toward a new kind of fascism, a revival of fascism, which is what the Bush Administration really was all about. And that's the problem. So they are lying, as the questioner put it; they're just plain lying. There's no truth to what they're saying. There's no truth to what this notable woman is saying. She's a liar! She's a degenerate.

Now, the other aspect of the thing, which you know—the questioner—is, you know the story of Harry Hopkins. You know the story of how this began, when Britain and Japan were engaged in a treaty to attack and destroy the United States naval fleet, in large degree, on the high seas. And it was at this time, in the early 1920s, that the plan was made, the agreement was made, between Japan and the United Kingdom, to have Japan take out Pearl Harbor as part of this joint British-Japan operation. The pretext of this, was that Japan was brought into the fold of the British Empire during the 1890s, which resulted in Japan, under British direction, launching the China wars, the Japan-China wars of 1895 through 1945. There were some breaks in there,

but Japan was at war, and aimed to destroy and break up China, from 1895 to 1945. That was the policy. This policy was a policy which had been set by the British.

The British, of course, had been for Hitler; they had been for Mussolini—until the German Wehrmacht succeeded in taking over France, because of cooperation with the fascist government of France, which invited Hitler in, in effect. At that point, the British saw that the Western Front had been breached. They were very happy to have Hitler going against Russia, against the Soviet Union and other states in Eastern Europe. They were never upset about the killing of the Jews by Hitler—not at all! But when Hitler’s forces were in France, and threatening the British fleet with a takeover by getting the French fleet, of taking over the naval power, then the British suddenly became anti-Hitler. Reluctantly, but anti-Hitler, without giving up any of their bad tendencies.

And what happened is, when Roosevelt died—and the British knew that Roosevelt was out to destroy the British Empire as soon as the war was over, and he was—then, the British moved in with their Harry Truman. And Harry Truman was sympathetic to this kind of interest.

So, what you had in this whole period, you had the same financial interests, which are British-linked, come back into power by taking over control, with Harriman and company, for example: Harriman, who had been responsible for Prescott Bush, in financing Hitler. Harriman became a key figure of the Democratic Party, and one of the controllers of the Democratic Party in the post-war period.

So, if one knows the history—as I’m sure the questioner probably knows a good deal of this, and knows the history of these right-wing think tanks, like those centered around Chicago, which were creations of pro-Nazi organizations in the Wall Street community, and Chicago community before—then there’s no mystery about what these bastards are doing. *They were fascists then, and they’re fascists today!* And, like fascists, they lie like fascists (not like rugs).

‘How Much Credit Is Needed?’

Freeman: The next question comes from a very senior economist from the state of Texas: “Mr. LaRouche, I’m very thankful to have been introduced by you to the concept of physical economy. I’ve been educated to believe that everything in economics begins with calculations of monetary aggregates. This ap-

proach officially broke down with the credit crunch, but it proved to be flawed long before that, and you’ve been clearly correct in your forecasts. Today, I have really a very simple question. How would you decide what is the appropriate amount of credit to get the economy moving again? In addition to credit for major infrastructure projects, which can be determined by the specific projects, I suppose, does the Congress get involved in determining what is needed for consumer credit, for example? For housing, for auto loans, etc.? It would seem that this has to be addressed, if the nation is going to take the next step in recovery.”

LaRouche: Well, actually, the amount that has been stolen by Wall Street, which is now approaching, I think it’s approaching \$20-odd trillion, for the bailout of Wall Street, I mean, that would really have gotten a recovery organized, if you’d done it through the Federal government.

You have to think about what productivity is. Now, we have a lot of people who are employed who are not productive, because they believe all kinds of things are productive. What we’ve done is, we’ve reduced the actual physical value of income of the American population, and we’ve done that largely by doing two things: by cutting down high-gain productivity areas, and by giving people jobs for things that we never used to pay people for. You know, you have the second house cleaner to come in and clean up after the housekeeper you brought in, and they all work for sub-minimum wage or something like that. This is this “marginal utility” nonsense. The fact that you are employing somebody for doing something useless is considered a value, in the terms of marginal utility.

So, essentially, what you do is you concentrate all this stuff—don’t bail out any of this thing. Take the money back. Take it back! It was not taken fair and square—give it back. You swindled. How did you swindle? You had a President of the United States you controlled. Well, he was dumb; he didn’t know what he was doing; he was insane. So, you’ve got to take the money back. The President was insane, and he was also immoral.

So if you have this amount of credit, and you issue that amount of money, do you realize what you could do? You could revolutionize the United States!

What do you do?

Well, we have too many cars on the highway. We’re choking on it. We have people who are commuting up to one and two hours each day, each way, five days a

week or more, sometimes among two or three different jobs, to live. You have families where both parents are working, and they have children, and the children don't have much of a life. They go to schools which are a shame, a blot on humanity. The American people are being destroyed by this kind of culture.

We go back to mass transit systems. We go back to public mass transit systems—not high-priced ones. Go back to your nickel subway system, that sort of thing. Because, you know, it was proven—people wouldn't believe it—but it was proven back in the 1940s and 1950s, that if you ran the New York subway system fare-free, you would save money, because the cost of managing the fares was the factor of cost that drove the system into deficits. So if you stop taking fares, you would cut the deficit problem. And the benefit to the citizens of New York in having a free system, was a benefit, a social benefit, and also an economic benefit to the whole city.

In general, free drinking water is a good policy! Not bottled water, which you pay for. These kinds of things. You don't want to market everything; you want a lot of things free. You want free air, for example, which is hard to find these days, decent air. That sort of thing.

Thus, the problem here is, we have to eliminate this swindle. Cancel the swindle! There are ways of going at that. Paulson knows what they did was a swindle. The law was done by fraud; the way that law was voted in was fraud, and they robbed the people; they robbed the nation. Well, we'll take it back. We'll put a tax on whatever we have to tax to get it back. Tax whoever deserves to be taxed, and get it back. We can do that, can't we? We can give it away, we can also take it back.

So anyway, the point here is that we have to—we just need an open till on specified projects. And the emphasis is *not makework*. We don't need windmills; we don't need these solar panels—they're crazy, they're not productive. They don't earn money; they're subsidized, that's how they function. Without the subsidies, they don't function. So, eliminate these things! They're not worth anything.

What you need is—how about building a high-speed transit system for the nation? It was torn up. How about building power stations that are needed? How about building a hospital system, which is needed? You can't get the care you used to be able to get in the system because you don't have general hospitals and so forth, one-stop service for all people. So, we should be building our river systems; we should be building our trans-



Without mass transit, the American people are spending their lives commuting in their cars; it's destroying families, and the culture generally. And mass transit is cheaper: "If you ran the New York subway system fare-free, you would save money." Here, a subway station in New York's Times Square.

portation systems; we should be building our water systems; we should be building the foundations of industry.

When you take the people who are machine-tool designers, that machine-tool sector—engage them. They are the most productive people in the system, in physical production. You don't want to start with the low grade; you give people the low-grade jobs because they're what you have for them, and what they need. But you don't want to keep them in low-grade jobs. You want to concentrate on capital-intensive production, with high-technology features, science-driven features, which gives you the highest productivity, the highest return. And you want to increase the number of people, or the percentile of the total population which are engaged in these kinds of jobs. So, in that way, you build profit, because it's the high-technology jobs in infrastructure and so forth, which give you the profit. It is the high-technology infrastructure jobs which create the employment in industry.

The automobile industry—manufacturing automobiles, assembling automobiles—is not high-gain for the economy; it's a waste of money. But the machine-tool side of the auto industry, which can produce other things besides automobiles—like rail systems, aircraft, and so forth, power systems, these things—this is where the gain is, and what you're looking for is a policy which gives the maximum gain, the maximum value in product per person employed. And you want to upgrade

people into these kinds of jobs more and more. We used to have an idea where, you know, you take people in off the street; they come in on a job in a factory or some institution, and they work their way up. We used to have these educational programs, which would assist people in qualifying for jobs, from a lower grade to a higher grade. That was our policy. We were saying that the U.S. interest is always to build the highest degree of productivity in the most useful areas, and to upgrade people from low-grade producers into high-grade producers, to eliminate low-grade jobs by transferring people into high-grade operations. Under those conditions, we have a gain.

The problem with the spending of money now, as with the case of Paulson's operation: We didn't generate any useful productivity with this thing. We didn't create a factory; we didn't create a rail system; we didn't create a hospital; we just paid money to swindlers. That's the problem. What did we get for this? What did we get for this money? It's now getting to over \$20 trillion. What did we get for it? What did the American people get for it? *Nothing!* It was just stolen from them. What we did was, we covered the debts, the unpaid debts, which they had incurred in speculation, in financial derivatives, over a period of time, particularly the Alan Greenspan time. And that's what we paid—we bailed them out of that! We didn't invest in value. We didn't put a nickel into production. This has been the Great Swindle. And we have to go back to a productive economy.

'How Big a Deficit Can We Take?'

Freeman: We have one more question from the economic advisory group to the current administration. The questioner says: "Mr. LaRouche, as you know, we had hoped to have the President's economic stimulus package in place in early January, before the oath of office was even taken. We did not succeed in doing that, and the last few weeks have been characterized by a deluge of calls from state legislators, governors, mayors, elected officials from all parties, pleading with Congress to pass the package, with all of its problems, as a first and vital step to allow states and cities to continue to function. Largely, that is what we intended to do in crafting the bill. None of us ever thought that the bill itself would be the 'solution' to the current crisis. And in fact, the bill that is currently being negotiated is itself significantly different from what had been originally proposed.

"But, presuming that the Congress succeeds in doing what it has promised, and gets something on the President's desk within the next week, the question that we are now posed with is what to do next. I think you know that, at best, what the current measure will do in terms of infrastructure, really allows for almost no new infrastructure, but merely succeeds in beginning the process of repairing the roads, bridges, schools, and other elements of the nation's physical infrastructure that are in a terrible state of disrepair.

"When we begin to consider what new projects we would like to embark upon—for instance, high-speed rails and other things that you and others have proposed—one problem that we face is the question of how much we are willing to spend, and how much it is reasonable to spend. There are obviously, on the one hand, people who are downright deficit hawks; but there are others who, while they agree that in a time of crisis, we cannot worry too much about the deficit, still do express a concern on what the limits are on what the government can and will spend. Could you comment both on what you think the next steps should be, but also on this broader question of the Federal deficit?"

LaRouche: Right now, the Federal deficit as such is not of our primary concern. That's a diversion, because you're trying to manage something with no solution. In other words, how are you going to deal with the deficit? It's there. Are you doing something that would lead to reducing the deficit? No. You're spending money on managing the deficit, or managing around it. It's not worth anything.

What you need to do is, do the right thing. Cut out this nonsense that's in the package. Just take it out; sweep it out. The greatest part of this package should be scrapped. Instead, look at high economic gain. High economic gain is technology and skill. Highest technology gain comes from the machine-tool sector. The highest paid, the most skilled people. The highest paid and most skilled people give you the impetus which will let you employ other people. Because you want competent production, and it's your highest skilled people that give you competent production.

Take the auto industry. The U.S. auto industry, except for the Japanese section of it, is dead. It's been dead for a long time. It was dead of its own obsolescence; killed by its own self-induced obsolescence, by trying to put out cars like pancakes. And this has been going on since the 1950s. It was insane. That's another story. I could tell the details of that; I was involved in



EIRNS/Dan Sturman

Instead of producing more cars, “You would want to think about getting every machine-tool-design specialist from what had been the auto industry, the aircraft industry, and the nuclear industry,” and put them back to work building bridges, high-speed rail, etc. Here, members of the LaRouche Youth Movement visit a machine-tool lab at Ohio State University, October 2004.

making a large forecast based on my understanding of that.

All right, we have mass transportation, we have all kinds of things which require high-technology machine-tool-design impetus. You would want to think about getting every machine-tool-design specialist from what had been the auto industry, the aircraft industry, and the nuclear industry—because there’s a lot of high technology buried in there. You want the highest technology production in the machine-tool sector put back to work. Now, by putting them back to work, you are now generating the basis for employment in other things. You developed the machine-tool sector, now you develop the product which the machine-tool sector provides. You want to fix the railway system? You want to fix bridges? Don’t just repair the bridge; get into the idea that generally you have to build new bridges.

For example, the Ohio River and the Mississippi River, and also you need some help on the Missouri, too. These areas are breaking down, because the infrastructure on these systems is broken down. What you saw in New Orleans, given by George W. Bush, is an

example of this. We need these things repaired. These things are repaired out of the machine-tool sector. And a lot of this machine-tool sector capability is located in the machine-tool sector associated with the automobile industry, which historically used to be the military industry of the United States during World War II. We built everything—airplanes, everything else; tanks, all the things you can imagine. We built them, and we built them from scratch in a very short period of time. We were producing tons, where other people were producing pounds of military hardware.

So, you want these things. Get the Ohio River project rebuilt—the locks and dams—get it rebuilt. Take the Mississippi River, get it rebuilt. They all need rebuilding. Go upstream on the Mississippi, up toward the Twin Cities. Go along the Missouri, you need it there. Power systems: Get nuclear power plants in there. The windmills don’t work, the solar panels don’t work; it’s garbage, it’s all a fraud. But get this thing going, because what happens is,

when you build the high-tech machine-tool sector, this is what throws off the actual physical production capabilities in which you employ other people. And the effect of the income going through the high-tech sector, is what begins to rebuild your towns and cities around the country. That’s where we need to do the job.

And we have to go with a credit policy. We do have a crucial policy with the states. The states are now going bankrupt. California is going bankrupt; it’s mostly due to the governor. Don’t get the son of a fascist official and employ him as the governor of California; that’s a mistake, as we should have learned by now. But, California is being destroyed, and you have to rebuild a lot of the infrastructure in California, from the machine-tool sector on down. You have some varied skills in the state which can be reactivated. That’s the approach we should take. You want a multiplier factor, where one job creates the basis for three other jobs, which creates in turn, the basis for ten other jobs. And you don’t build from the bottom up, you build from the top down. And that’s the way the American System worked at its best.

Extend Social Security

Freeman: This is a question from a Republican member of the House. He says: “Mr. LaRouche, whether or not I agree with every aspect of your policy initiatives, I do understand how your proposal would serve those Americans who are facing foreclosure, and even how your proposal to put the banks through bankruptcy reorganization, would function. My question comes from a different direction. I have hundreds of constituents, perhaps even thousands, who would normally be considered part of the American middle class; these are individuals who depended upon their pension funds, their IRAs, and other things to sustain them in retirement. And in fact, their entire life savings is invested there. Many of these funds were invested in the derivatives market; many of those funds were invested in hedge funds, and other things. Your proposal, while it might serve to stabilize some aspects of our current crisis, does not, at least not in any terms that I can understand, address what will happen to these people who have already lost a good deal of what they thought they could depend on.

“These people have worked very hard, they worked to save, they achieved a certain standard of living; and it seems to me, that since they didn’t design the hedge fund or derivative system, they should not be penalized because they saw it as an opportunity and a place to invest their hard-earned dollars. How do you address this? What do we do for those Americans?”

LaRouche: What you’re talking about in large part is the Social Security system. And the Social Security system which was intended to be extended, under Roosevelt and thereafter, is the answer. We have to provide protection to our citizens; and it’s not just a matter of what they paid in and so forth. We can not have citizens who are left destitute because of this kind of situation. We have to extend the Social Security system.

Now, we have poured trillions of dollars into bailing out Wall Street. I think we should recapture that money, and put it into this kind of thing. We need to get back to



EIRNS/Melvin Dean Van den Top

What about the pensions and retirement funds that have been wiped out by the collapse of the hedge funds? LaRouche was asked. The Social Security system, as established by FDR, was meant to provide that kind of protection to our citizens. Here, LaRouche activist Ron Wieczorek leads a rally in Omaha, against George Bush’s scheme to privatize Social Security, in February 2005.

a productive economy. We need to get back to an economy which actually works. We need to have the employment which enables us to maintain that base. We have to have high-gain employment, that is, skilled employment. We don’t want cheap labor.

For example, take the auto industry. What happened in shutting down General Motors, and Ford, and Chrysler, what we did in the process: We turned over the industry to the Japanese manufacturers inside the United States. And how did that work? It worked because we cut the benefits, the wages and the benefits, of the American auto industry, and brought in the Japanese to replace them. The other part of the problem was, Japanese industry had improved their technology of production, which is also a competitive factor, and the Americans were left destitute.

I saw this in the 1950s; I saw this tendency. As a matter of fact, my forecast in 1956, of the 1957 recession, was based on my hands-on knowledge of exactly how the auto industry was screwing up; and other industries as well. So, it goes back to then. McNamara was a disaster! I think he’s still alive, but I think in terms of productivity, he was dead back then, dead from the head down, back then. I think from the neck down, he’s

probably still functioning, but from the head up, he hasn't been functioning for a long time. And he was only an accountant anyway, and putting an accountant in charge of a manufacturing industry is not a good idea.

Anyway, we have to do that sort of thing. I think we have to use the extension of the Social Security system, as one of the guidelines, by giving auxiliary help in that area, and taking the auxiliary help away from the bonanzas given to the thieves; just transfer the credit. And in the meantime, we have to build up the economy to the point that we are generating enough income from production to be able to sustain this kind of thing. I think the direction is obvious. That's what we have to do.

We have another related thing. The related thing is the state support for citizens; you have state programs, health programs, and other kinds of programs. And as in the case of California, we're losing them. We're going to have to find ways of providing credit for that, to keep these things alive. Otherwise, we're going to have chaos. The basic thing is, we have to defend the citizen, but we also have to rebuild the morale of our citizens. Our citizens have been deprived of a sense of dignity and a sense of being part of society. They feel neglected; they feel thrown away. We have to assure them that they're not thrown away, that we care about them, and we're going to find ways, between improving production, and finding ways simply to help them, to get them through, until we can build this economy back up again.

Medical Marijuana?

Freeman: The next question comes from a member of Congress, who is also a health professional, and she says: "Mr. LaRouche, I want to raise a question with you, simply because I get so much mail and so many calls about it. I'd like to preface my remarks by saying that I am unequivocally opposed to the legalization of drugs in any way, shape, or form. However, the question that I have, regards medicinal marijuana. I am, as I mentioned, deluged with calls about this, mainly from people who are either elderly, or who are stricken with cancer. And they provide me with research, with statistics, and papers and articles, insisting that medical marijuana, prescribed by a physician, does not lead to drug addiction, that it is innocuous, and that it is helpful and merciful to them. While I understand the tremendous potential for abuse in legalizing medicinal marijuana—

and I think the situation in California speaks to this—it is still something that I think we have to address if for no other reason, than to identify for these people, who really are very much in need, that they may be being manipulated by the drug lobby."

LaRouche: Well, I think we went through this back in the '50s and '60s, and the argument is false. You have people who are desperate, and it is spread also by the 68ers. The 68ers started this thing; and it was started not because marijuana was helpful—people fooled around with this. But the problem was that legitimate medication was not available. And it was a policy of the drug industry not to provide the necessary help. The important thing here is, that the promotion of narcotics—and marijuana is a narcotic—the promotion of this in that form, even if you produce medically something very similar to it, if it has clinical value, and producing marijuana, are two different things. So, if you take a drug which has the same effect as is attributed to marijuana, or you take so-called medical marijuana—don't allow the medical marijuana. Get the drug. We should provide, economically, these kinds of things and make them available.

Now, this is a problem of the drug industry. The drug industry is not necessarily operating in the interests of the people of the United States or Europe. So, therefore, we need a new philosophy on the way medication is generated and provided. The drug industry has become a big financial racket, and its purpose is not medicine; the purpose is money; the purpose is wealth. Physicians need help, not the drug industry.

But we can provide it, and we should provide it. Even if it's equivalent to marijuana in some symptomatic effect, do it that way; don't do it with marijuana. Why? Because the marijuana is the opening of the control of society by organized crime, international organized crime. And, therefore, if somebody needs something, they get it, but don't give it to them in a way which contributes to organized crime. And what happens is, when you use medical marijuana, it becomes a cover for the use of marijuana in other ways.

If we're going to have civilization, we have to bring this drug thing under control. It's killing us globally. It's killing us in the United States, and it's a 68er phenomenon. It's a phenomenon which was created by the British, British Intelligence, and we have to defeat that weapon. We have to defeat it entirely; crush it. But we will provide, we have the policy of providing the ill, who need medication, whatever medication they re-

quire. But we will do it; we won't have it on the street as medical marijuana.

Culture: Restore What We've Lost

Freeman: In terms of questions overall, in terms of policy, I think that we've covered the great bulk of what really needed to be addressed in today's proceedings. . . . But a question that is being posed by some of the people who are watching this webcast, and who have followed what Mr. LaRouche has been saying for quite some time, is indicated by this question: "Mr. LaRouche, I have no doubt that you are absolutely correct, in terms of laying out a path as to how to address our overall economic and financial problems. Your infrastructure proposals clearly are right, but they also are right not only because they have the potential to alleviate the current depression, but also because they are in the spirit of everything that our country has come to represent.

"But, I have another question, and it's one that I really have far less clarity on. That question has to do with the overall culture of the United States, and of the advanced sector in general. Although I did not support Barack Obama during the Democratic primary process, I must say that I was not only pleased, but also moved, when I saw the incredible expression of hope and optimism that surrounded his inauguration, even though I knew that a great deal of that had, yes, to do with Mr. Obama, but also had to do with a feeling of great relief that Bush and Cheney were gone. What I don't have a very good handle on, and as a school teacher, it's something that I would like to have a handle on (I should mention to you that I not only am a school teacher, but I also am a state legislator, and I have responsibility for policy in this area): That question is, how do we address the broader question, not only of economic infrastructure, but of the cultural infrastructure of our country? In the midst of everything that we have to do, is there anything left over for that, or do we have to concentrate on getting the country back on its feet economically first, and worry about those other questions later on?"

LaRouche: Well, you're talking about the real gut of the moral question, or you're addressing an aspect of it. I would say, people don't understand, because of a cultural degeneration in the United States, and in Europe also, that the post-war cultural trends—post World War II cultural trends—in Europe and the United States were very destructive. Art, Classical art, virtu-

ally disappeared. Science deteriorated; if you compare the scientific education of the 1930s, the late 1930s, and that of the 1940s and '50s, in our going to what was a progressive movement of mass higher education, it was also a deterioration in quality of higher mass education, especially after the end of the 1960s. And the popular culture of the nation was morally destructive.

The key thing you see, on this, which I see clearly, because that's the area I deal with, is that we used to have a sense of family, as the location of the identity of the personality. Family in a special way. For example, my first ancestor here in the United States, or in North America, came—Brewster—in the Plymouth thing. Most of my ancestors of the 17th Century were radiated from New England, and came largely from England. Then you had, of course, the Quebec side, where we had shiploads of farm families. Whole villages were shipped here by ship by Jean-Baptiste Colbert into Quebec, and they just were taken from France, one place in France, the whole village just moved over into another place in Quebec. And this is all in the middle of the 17th Century.

We had a conception in this country of family: That you have a sense of immortality, that your body is born, and dies, but your personality does not. Because your personality is a continuation of work which was set into motion by earlier generations. So you would always think of families, immediately, of three generations, meeting together at a dinner table, at a family meeting, and you would think in longer periods. For example, I have an active memory of people I knew who were born even before the 1860s. I have an active knowledge of people who were their antecedents of two generations before, at the end of the 18th Century. And this was not untypical of families which had settled in the United States earlier, to have this span of a process. The immigrant family, the same thing. The immigrants coming in: One generation comes in poor or limited, as immigrants. The next generation makes a step upward—that's the idea of the thing—through the sacrifice and efforts of the older parents. Then the third generation comes in. You come in as a laborer, and your grandson is a physician or a scientist or something. That sort of thing.

So, we had a moral sense. And you get this moral sense which I associate with social dynamics, as I refer often, and have over years, to the last paragraph of Shelley's "In Defence of Poetry," which typifies the



Culture, LaRouche said, is transmitted through the family, over generations. Shown: "Baby at Play," by the American painter Thomas Eakins, 1876: The little girl (Eakins' niece) has cast aside her doll and other toys, to concentrate on creating something with her alphabet blocks.

way in which there's a sense of immortality in the relationship, the intellectual relationship, of successive generations. And you have those who are leading generations, who actually lead society, the creative people, and then you have the other people who respond to the leadership of that generation.

What we've lost is that. We now have reduced ourselves to societies which are composed of individuals. The parents say, "We had a child. Yeah, it was a mistake, but I suppose we still have to feed the thing." And the child has a similar attitude toward the parent generation. It's an ugly situation.

The moral sense of responsibility, the sense of immortality, the sense that your life means something, and not just in the physical confines of your being born and dying, but in terms of the effect, the process of which you're a part. You're a participant in a process of developing society. And that's been lost, it's largely lost. And the problem is also what has happened to education: a loss of those aspects of education which reinforce that.

You know, you used to have in schools in the United States—my experience goes back to the 1920s and 1930s—you would have public education programs in grammar schools and secondary schools, which would often emphasize feeding back to the child in the classroom, in the school, to feeding back to them a sense of

history, a sense of their own place in history. And the whole business was always to educate the child, first of all, to an historical sense of the meaning of their existence. What their grandparents were, where they came from, this kind of thing. And we would think about Classical forms of education; what you have now in forms of Classical entertainment is a highly disruptive process which has no continuity whatsoever in the quality of the culture. None!

So, you have de-culture. What is called "culture" today in the popular practice in the United States is a de-cultured population. You come along with some innovation; you do some silly thing, some crazy kind of masturbation.

That's now the new fad, and it replaces the old fad which you have contempt for. The newest thing, the latest thing, with no sense of values extended over multiple generations. And that's where I think the problem lies. We have lost our sense of culture, of educating our people, our culture, into a sense of a personal cultural identity which has the effect of being a sense of immortality. That your fleshly existence between birth and death is important, but it's important because it is a conveyor, a transmitter of a more permanent, more durable value, a sense of immortality. And that's lost. It's only when you have a sense of immortality that you can think into the past and associate yourself with the past, and think into the future.

Most of the investments that we have to make for society, are fifty-year investments. That's only industries and things like that. The longer investments in infrastructure are hundred-year investments—four generations today. What you do is you commit yourself, if you think in these terms, you commit yourself to the idea of this two- and four-generation span. You think of the outcome of your life, after it has been lived; what you've done while you're alive to determine the outcome of your life, and to respect that you are the outcome of other people's lives, and a sense of cultural connection in this way. And that's what's lost, and that's the thing I think we really, in the process, have to fix.