How To Bring The U.S. Smoothly Into The New World Economic Order

Aug. 28 (NSIPS) — The following statement was issued this week by the campaign staff of U.S. Labor Party Presidential candidate Lyndon H. LaRouche, Jr.

The demands for debt moratorium and the new world economic order that came out of the Non-Aligned Conference in Colombo have raised a welter of questions from all sections of the U.S. population: how will the U.S. economy survive the shock of bankruptcy for the Rockefeller banks? Will we have to go through another "Black Friday"?

In general, the U.S. Labor Party and its presidential candidate Lyndon H. LaRouche, Jr. — who authored the International Development Bank proposal on which the Colombo resolution was based — can assure you that the transition to an IDB economy will be smooth and orderly, **as long as there is visible mass support for the IDB.** Specifically, the U.S. working class must begin to mobilize around the particular pieces of legislation and industrial processes which will bring both the structure and productive capacity of the U.S. economy and workforce into compatibility with the goals of massive industrialization worldwide. The primary pieces of legislation are the National Banking Act and the Emergency Employment Act.

Triage Can't be Avoided

A financial panic can be avoided in the wake of major Third World debt moratoria — the collapse of a number of major banks cannot. No tears should be shed over the potential victims, which will be those banks, such as Chase Manhattan and Citibank, who are deeply immersed in the Eurodollar market. Following a debt moratorium of at minimum 40 million and the deflation of the Eurodollar market, these Rockefeller-run institutions will be ready to close. To prevent disorder and allow the continuation of payment of payrolls, purchases of materials, supplies and services, and for capital maintenance and improvements, as well as depositors' services, the nation's regional banks, the Federal Reserve and the United States Treasury must be insulated from the Eurodollar collapse with emergency banking legislation supplementing that below.

The government must take the appropriate steps to insure that no citizen or resident is deprived of essential levels of incomes and social services because the bankruptcies of relevant public and private institutions, including the banks. For the duration of the emergency, we will take measures to guarantee the provision of unemployment compensation, social welfare assistance, pension payments and national medical services. To do this we will eliminate the present Department of Health, Education and Welfare and put all the above functions under an Emergency Social Security Agency of the Department of Labor. The funding for these operations shall be allocated on a priority basis from general revenue funds.

The process we propose is best conceived as a national bankruptcy procedure, occurring under the declaration of a national emergency (provided for in the Emergency Employment Act legislation). Those banking institutions which have put most of their effort into speculating — particularly at the Eurodollar crap table — will be those destructive parts of the firm who are lopped off and out of existence as so much cancerous wood.

Following the necessary surgical operations, two processes must begin immediately and simultaneously. The first is the start of negotiations on treaty arrangements with the Third World, Comecon and European nations according to the foreign policy provisions outlined in the Emergency Employment Act:

"The foreign economic policy of the United States is governed by the principle of increasing the nation's trade in raw materials and industrial commodiities, with emphasis on capital goods exports, and entering into cooperation agreements with other nations, both industrialized and developing, to promote such general trade and the institutions of credit needed to facilitate it. To effect such results, the United States includes in its foreign economic policy a leading commitment to the internal and agricultural progress, using modern technology, by developing regions of the world, and pursues that policy in concert with both the developing nations and other industrialized nations." No one would deny that ample markets will be provided under such a policy — the most serious obstacle to which is Henry Kissinger. He and his cronies, naturally, must be sacrificed.

The second process is the establishment of national economic development through the adoption of programs which stress the "fostering of basic scientific research and its applications, the expansion of industial power on the basis of emphasis on improved technologies and capital-intensive development, and upon the development of the national infrastructure to meet those goals." Such policies will require the rapid expansion of labor power. "The ruling principle of national policy concerning the labor force is to provide the improved opportunities and conditions of employment, leisure, and essential social services which foster a rising material standard of living in households, improved health and fruitful longevity of the individual, and substantial advances in the cognitive powers of the population both as a deliberating political body and as a labor force emphasizing high proportions of scientists, engineers, skilled industrial operatives, and including farmers who are both producers and available skilled cadres for assisting the development of agriculture in other nations."

The net-result of such policies would be a growth rate of 25 per cent and above for the U.S. economy, a growth rate encouraged by a central government low-interest, high-liquidity credit regime. Because all issuance of credit will be tied to the direct production of tangible wealth in the form of expanded industrial and agricultural exports, high employment levels, and consumer goods including restoration of social services to pre-1971 levels, the very rapid expansion will be noninflationary.