

Call for selective credit action issued

Democratic presidential candidate Lyndon Hermyle LaRouche, Jr., has issued an emergency message to President James E. Carter and the members of Congress. The message specifies those alterations in the 1969 emergency credit controls bill which must be effected immediately, as alternative to the deadly recent actions of Fed Chairman Volcker, and the even more dangerous proposals of Representative Henry Reuss.

LaRouche emphasized that the present breakdown of the value of the United States' dollar began in August, 1971, when John Connally successfully induced President Richard Nixon to "steal" the monetary reforms package of Representative Reuss. Reuss's proposed medicine has always proven worse than the disease it purports to treat, the candidate insists.

What LaRouche outlines is a two-tier credit market. (1) Low borrowing costs, and ample supplies of credit

for both operating capital and investment in production capacity for farmers, manufacturers, construction firms, mining firms, and transportation firms. There should be the same treatment for commercial firms engaged in wholesaling and retailing the product of farms, manufacturers, construction firms, mining firms, and transportation firms. (2) Except for vulnerable real estate categories, there should be punitive tightness of credit for legalized-gambling ventures and for all other forms of speculative and service enterprise not directly related to production and commerce in tangible new product, with the following noted exceptions: educational and medical or hygienic services, and resale markets for household capital-goods categories.

In contrast, the measures taken by Volcker and the measures proposed by Reuss would savagely increase declines in production, commerce and employment, without checking the real causes of monetary inflation. The kinds of measures adopted by Volcker and Reuss are in fact an imitation of the programs instituted by Nazi Finance Minister Hjalmar Schacht. The President and Congress must make it forcefully clear to such

Illinois Rep. Bullock: it means catastrophe

In a Chicago press conference Oct. 29, State Representative Larry S. Bullock, a Democrat, issued the following statement on the state of the U.S. economy and Federal Reserve Chairman Paul Volcker's program. His statement was covered that same day by major radio networks in Chicago.

It is ironic that we are holding this press conference today on Lasalle Street, 50 years to the day that "Black Friday" occurred—the infamous day the New York Stock Market collapsed.

I am not an alarmist, but being aware of the circumstances that currently exist, I have convened this news conference. Joining me today are leaders of religious and civic organizations who share my con-

cern that we do not suffer a repeat of the Great Depression of 1929.

There has been considerable discussion concerning raising the mortgage usury ceiling in the State of Illinois. This issue, which goes before the General Assembly tomorrow in Springfield as House Bill 2818, will have significant impact on the economic well being of the state. However, neither the solution nor the problem exists in Springfield, Ill.

The problem is the federal monetary policies of Paul Volcker, Chairman of the Federal Reserve Board in Washington. The problem is the policy of Paul Volcker which limits the rate of interest paid on savings accounts, while at the same time allowing unlimited interest to be paid on commercial certificates of deposit.

What concerns us very deeply is that the spiralling interest rates being promoted by Paul Volcker might very well lead us to economic chaos. Therefore, on Tuesday, Oct. 30, I shall submit an emergency resolution to the Illinois General Assembly which calls upon the Illinois congressional delegation to request that Federal Reserve Chairman Volcker immediately

misguided influential figures as Volcker and Reuss that the people and political parties of the United States are not going to permit a reenactment of the discredited Nazi Schachtian experiment upon our own nation.

For those unacquainted with the evil and incompetence of the so-called "wizard" Schacht, LaRouche recommends study of the writings of the late Jacques Rueff, as well as the candidate's own exposure of the hoax and evil of Schacht's "wizardry."

Although Schacht was sent into honored semi-retirement by Hitler at the close of the 1930s, it was Schacht's policy which directed the Nazi regime from the point Schacht put Hitler into power over the winter of 1932-1933 until the miserable end of the Hitler regime. Schachtian "fiscal austerity," the model for the proposals of both Volcker and Reuss, is "hyperinflation turned inwards," as Jacques Rueff accurately described it. The Nazi regime was brought close to total economic collapse by Schachtian looting during 1936-1937, and continued only by a process of both looting its neighbors and the hideous, wartime slave-labor/useless eaters measures.

This understanding of Volcker's and Reuss's policies is not limited to candidate LaRouche, nor Jacques Rueff. Milton Friedman has repeatedly, and explicitly associated himself with defense of Hjalmar Schacht's policies, as has liberal Keynesian Abba Lerner. Although John Kenneth Galbraith has been a less boisterous booster of Schacht than Friedman or Lerner, Galbraith's policies are also Schachtian, and Galbraith is aware of this connection.

Admittedly, this Nazi precedent is not known to most of the banking and corporate circles who have gathered themselves into hysterical support of Volcker's recessionary policies. These corporate and banking circles are not intentionally evil, they are merely behaving foolishly at this moment. Their foolish behavior is in fact almost identical with the industrialist and banking circle of 1932 Germany who supported Schacht's program for pushing Hitler into power. They are being simply narrow-minded and opportunistic, refusing to think through the consequences of Volcker's sort of policies.

lower interest rates or that President Carter and members of Congress accept his resignation and rescind the tight-money policies of his administration.

My positions on these issues are totally consistent with the 1976 Democratic national platform passed at the New York convention which clearly states that:

"The biggest reason for escalating housing costs is mortgage interest rates. Out of every housing dollar, 37 cents is spent on interest, with mortgage rates pushed to the highest levels of the past century, the notion the public is served by high interest rates is a myth. Every time the mortgage rate rises a single percent, three and one half million Americans are locked out of the chance to own a home." The solution to the home building dilemma in Illinois and the nation is not located in the lifting of the usury ceiling. While it is true that because of the ceiling, lending institutions find it impossible to make money on mortgages, it would be folly for anyone to believe that there would be any real housing "boom" with mortgage rates approaching 15 percent.

A sound monetary policy is required to generate the credit necessary to gear up our economy for expanded industrial development which will increase the rate of capital formation. This creates the means to both lower the prime interest rate and develop millions of productive jobs for Americans.

Already my constituents and many elderly and middle class citizens have been priced out of the housing market. How many more will be denied access to the housing market with escalating high interest rates? Clearly the solution lies not in Illinois but in Washington, D.C., where President Carter and Federal Reserve Chairman Volcker have embarked on their high-interest rate squeeze.

Therefore, I am urging both the lobbyists and the legislators who support House Bill 2828 to also join with me in a bi-partisan effort to lower the national prime interest rate.

On Oct. 29, 1929 our nation went through a regrettable economic collapse precipitated by a similar high interest rate policy. Now is the time for the citizens of Illinois to take the lead in preventing such a catastrophe from occurring again.