

### *It's Only Paper!*

With the outbreak of a full-blown banking crisis the week of Aug. 6, the world is once again on notice to act to address the *cause* of the crises of this sort. Lyndon LaRouche has put forward the measures to “right” the financial system before, notably at the time of the crashes of 1987 and 1998. By rejecting his solutions then, the powers-that-be only made the next crisis that much bigger.

On the current occasion, we turn to one of the documents LaRouche wrote in the Fall of 1998, which gave precise instructions for action. The article, called “People First!,” ended as follows:

“The central principled issue of financial reorganization, is that the defense and deployment of those forms of U.S. sovereign debt, are the financial mechanisms of credit-creation, through which the U.S. real economy shall be revived from its present degenerated, torpid condition.

“3.5. With one additional provision, let paper values otherwise, fall as low as they please. ‘It is only paper, after all.’ If a bank’s net worth is less than zero, we may choose to support its continued functioning, because the sovereign U.S. requires that such a bank exist for the needs of the citizens and economy of that locality. The protection of modest financial and other assets of individuals, households, and certain varieties of enterprises which are defined as essential in physical-economic terms, follows from the same general principle.

“3.6. The object is to expand the physical-economic activity and productivity of the economy and of the population as a whole, such that the economy is meeting the needs of the entire population, and also operating above physical-economic break-even levels. To this purpose, U.S. national credit must be supplied, through national-banking methods, radiating through participating private banks, into the relevant enterprises of the nation’s government and private sector. . . .

“Our nation has done this in the past, has known how to do that in the past, and can apply those lessons to doing the same, or better, once again.

“During 1861-1876, again during the economic

mobilization of 1914-1917, and during 1933-1945, the U.S. used a combination of large-scale infrastructure-building and science-driver programs in technological progress, with effects whose successes astonished the world of those periods. The leading priorities in organizing a long-term period of successful, global economic reconstruction, are the following.

“4.1. Basic economic infrastructure: principally water-management and general sanitation; mass transportation of freight and passengers; power, with emphasis upon increasing energy-flux density and coherence of primary sources; basic urban infrastructure as such; and, national and international mass systems of education, science, and health-care. Large-scale, long-term investment in these improvements in basic economic infrastructure, supply the foundation upon which the potential for real economic growth depends.

“4.2. Fostering employment of operatives in basic agricultural and industrial production, with emphasis upon those increases in the productive physical-economic powers of labor which are realized solely through emphasis upon increased rates and levels of per-capita investment in capital-intensive, power-intensive modes of scientific and technological progress.

“4.3. Increasing the role of the machine-tool-design sector of production as a percentile of total labor-force employment, and the development of these capabilities to ever higher international standards, and with greater density of efficient delivery into national economies and the localities of those economies.

“4.4. Integrating the educational, fundamental research, and machine-tool-design functions of the world’s and national economies around science-driver programs, including the aggressive exploration and colonization of nearby portions of our Solar System. . . .

“The only true moral equivalent of war, is to mobilize for development of the world’s economy, to the benefit of each and all nations of the planet, and to do this in a way we have never mobilized before, except for purposes of war. That, in summary, is the task, the policy which sane governments will adopt now.”