

Harley Schlanger Panel 2 Welcoming Remarks

I'd like to welcome everyone to the second panel of the Schiller Institute conference, "There Can Be No Peace Without the Bankruptcy Reorganization of the Dying Trans-Atlantic Financial System." I'm Harley Schlanger and I'll be the moderator for this second panel.

For those unfamiliar with the Spiritual, "Hold On," performed by the Schiller Institute NYC Chorus conducted by Diane Sare that opened this panel, it is in keeping with the idea in Helga Zepp-LaRouche's keynote in the first panel this morning, about "Mission Impossible." You have to have the optimism to keep going ahead even if things seem to be going against you, because there's no alternative for humanity, except for the good people to keep fighting.

For those just joining us, the first panel featured an intense discussion among representatives of many nations on why a new security architecture is a necessary precondition for a peaceful future. That



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means putting an end to the dangerous fallacy that peace depends on nations submitting to the arbitrary rules of a unipolar order.

Our second panel is titled, "Runaway Inflation or Glass-Steagall?" I think it's become obvious to many that the present global economic policy of subordinating national economies to the demands of the parasites running global financial and corporate cartels, has put millions

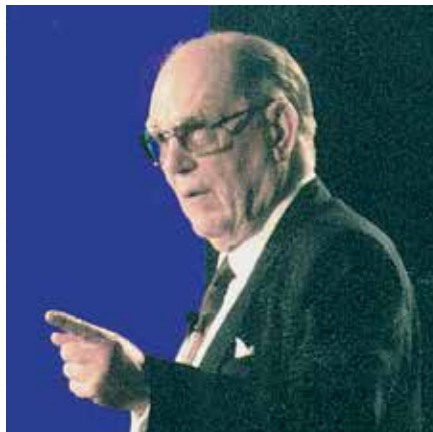
of lives at risk from the effects of inflation, the breakdown of physical-economic production, and the failure to invest in a platform of modern infrastructure. The visible panic among politicians of all parties, of those who run the cartels and the talking heads in the mainstream media, demonstrates that they have no solutions except war and killer austerity. In other words, an escalation of the failed policies that brought us to this conjuncture. But we have a solution.

Lyndon LaRouche (1922-2019)

Bankruptcy, Constitutional Credit and the Successful Path to a Solution

The following is an edited transcript of Mr. LaRouche's answer to a question at a Schiller Institute international conference in Vienna, VA on September 4, 1994. A video clip of that answer was played to open Panel 2, "Runaway Inflation or Glass-Steagall?" at the Schiller Institute June 18-19 conference.

The problem we are about to face, and we already face



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implicitly, is that most people are bankrupt today. Most people's savings and pensions are gone, or if we examine the process, they're implicitly gone.

In terms of government—my advice to the United States government or other governments, well, they're going to say, "What am I going to do?" I say, "You're going to meet the pensions, the pension payments as they come due." And they say, "How can we do that, if you say we're bankrupt, how are we going to do that?"

We're going to pay them anyway.

And, what we're going to do, is this: We're going to generate fiat money under the U.S. Constitution, Article I, [which provides] the power of the Congress and the monopoly under our Constitution of the power of Congress to create money. That money will not be spent by the government directly. It will not be money you print to buy. It will be money you print to loan.

So we are going to loan, to selected projects, in a dirigistic—you might say Gaullist way, the way de Gaulle did, somewhat—we're going to loan the money where it's needed. We're going to reorganize financial institutions, including pension funds, so the pension funds are going to get a new source of income. We're going to do that by recycling through the growth of the economy as a whole. We are going to do that largely through large-scale public works projects, which in the case of the United States, will involve trillions of dollars of projects. For example, we need a new rail system. I say the United States needs a magnetic levitation rail system, coast to coast, and we need to increase the depth, so that every community is serviced. [applause]

And this all goes for Canada, as well. It also goes for the Middle East. But let's just take the United States as an example, to illustrate the problem I'm discussing.

We need an inland waterway system. Our inland waterway system has gone to pot. The Erie Canal should be functioning. Otherwise, the function for which the Erie Canal was created, is still needed. You still need economical barge traffic into Central New York, if Central New York is to function efficiently, as well as an efficient rail system. You need to bring the communities of the United States back into competitive economic functioning, like the rural communities, or the quasi-rural communities, which are now collapsing, and have been collapsing since the beginning of deregulation in 1978-1979, especially after the Volcker measures. So, we have to do that.

We're going to have to rebuild the Mississippi and the entire water system. We have growth potential in the Western United States, but the land is not usable because the aquifers are collapsing, and we don't have enough water. We have enough water in Canada. It's silly to move water from the Central United States, where you have the quasi-desertified regions, from the Colorado Basin into Los Angeles. Can you think of anything more idiotic, than taking fresh water from Utah and the Colorado Basin, to feed the water

requirements of Los Angeles? If those bums want fresh water, let them desalinate! They've got a Pacific Ocean right out there! [applause]

Do you realize that this country has not built a new city, since before World War I, to speak of, except Los Alamos and a few places like that? We've got all that land out there that's not developed. We've got potential agricultural land and reserve land for the future of our children, where they need that land: to have it developed, to make it reserve land, to forest it, to put cover on it, to get some water in there, to create new cities, to develop this country which is underdeveloped!

We talked about hospitals. We need a hospital system according to Hill-Burton standards which delivers what is needed in terms of health-care facilities, to every part of this United States.

We're talking about *trillions of dollars of work* to be done, and no savings to buy it with—at a time when savings are wiped out.

So we're going to have to create a money system from scratch, and there's nobody to loan money. The government will have to generate the cash, take over the banks, because they're all bankrupt; force the bankers to stay functioning there, or we'll get a farmer to take the place of the banker. [laughter, applause]

Get the credit out. Give the credit to whoever has a state, federal, local authority, which is an approved project—to get the credit: to meet the payroll, to buy the materials, to get the capital equipment, to get the project going; just like a war contract. Then, the private contractors who come in and get accepted bids on the basis that they think they can perform. Let the local bankers or local officials decide. They come into a bank with a contract; they've got a contract; we will have the bank guaranteed by the national banking system of the United States. We'll deliver the credit to cover the payrolls on time, to cover the materials bills on time, and to buy the authorized equipment they need to do the job.

On that basis, we are going to generate credit, now. At the point we do that through the National Bank, then the kind of thing you're talking about, then comes into play. Then you want people who are going to, as entrepreneurs, set up under federal regulation or state charters, come in to set up banks or reopen banks that are closing, to take them over, to run them on the basis of saying, "We have a covenant under which this thing is going to operate, and it's going to perform this way."