

EIRFeature

Terror on Worldwide Main Street: President George Bush's April 2

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April Fools' Day came a day late this year.

On Friday, April 2, the pack of ghouls and goniffs otherwise known as President George W. Bush, Jr.'s campaign strategists, pulled one of the dumbest publicity stunts in modern history, with the way in which they, and Federal Reserve Chairman Alan Greenspan, orchestrated the fraudulent reports intended to convince the world's dumbest suckers that there is an ongoing uptick in the already stumbling, bumbling, broken-down U.S. economy.

Some days the official hangman called in sick, but, he did not neglect his duties for long. The world financial system might not blow up on Monday, but poor silly Bush has pulled the pin on the detonators; the world's financial mine-field could blow this coming week, or it might not; but, it is now ready to blow on almost any week, or day. The delusion that the blowout of the world's monetary-financial system could be postponed until after the November U.S. general election, has left the department of economics, and moved over to the department of clinical psychopathology.

Notable, is the pathetic reaction to this news by presumptive Democratic Presidential nominee Senator John Kerry. Whether the foolish statement issued by Senator Kerry was his own idea, or that of influential pressures on his campaign from DNC circles, is not settled. However, the fact that he would utter such a foolish statement, warns us that he is not yet up to the challenge of being the next President of the U.S. Unless I am allowed to take over the direction of the 2004 Democratic campaign, Kerry, with his present advisors, will be assuredly a disaster. Not only candidate Kerry, but the entire current pack of the Democratic Party's 2004 campaign bosses have also goofed, big time. President Bush is clearly a basket-case, but the current Democratic Party leadership is not that much better. The question is: Is the judgment of the voters currently much better?



He's at it again—this time declaring an end to all economic problems! The President's—and his Cabinet's—besotted celebrations of their faked March jobs report backfired into a bond-market plunge, and shifted the financial system toward collapse.

1923 and Now

Those who know little or nothing about economics (such as the typical Baby-Boomer among today's government officials, university economics professors, business management, or the journalists generally), challenge me: "How dare you claim that you can predict a crash? What are you, some kind of conspiracy-theorist nut? Show me your Wall Street charts to prove your predictions."

First of all, I never predict, I leave predicting to fools who refuse to recognize that history is the history of voluntary choices of policy. I forecast in ways which take the voluntary factor in economy into account. Let those whining complainers explain how and why I have been, on the record, the most successful long-range economic forecaster during the recent four decades.

First, of all I base myself chiefly on long-term physical-economic trends, rather than merely monetary-financial trends. Second, what I forecast are two kinds of developments: first, the entry of the economy into an area of its history called a "boundary-condition"; second, I describe that boundary-condition in terms of the principal, opposing choices of policy, among which society will have to choose as that boundary-condition is approached.

In dealing with the kind of international breakdown-crisis which the silly Bush Administration set off on Friday, we must recognize the way in which decisions made in the setting of October-November 1998, unleashed a policy of unleashing a "wall of money," in the effort to overpower the ongoing threat of a general collapse of global financial-derivative markets. Since that time, the rate of creating new volumes of money needed to flood, and thus prop up financial markets,

has generated an accelerating spiral of inflation globally. While the U.S. physical economy has continued to contract, the rate of issue of monetary aggregates has increased at a self-accelerating rate. This development is to be compared with Germany 1923, when the effort of the German government to prop up the economy with printing-press money unleashed the June-November 1923 hyperinflation which blew out Germany's financial system.

In an economy dominated by the post-1987 policies of Alan Greenspan's Federal Reserve System, inflation can be controlled only by, chiefly, looting the physical wealth of the United States and foreign peoples. As this looting approaches an asymptotic limit, the rate of hyperinflation needed to delay a systemic collapse tends to move more and more in a nearly straight-upward direction, as was the case in 1923 Germany. The steepness of this curve of hyperinflation becomes what physicists call a "boundary-condition." At that point, a general disintegration of the existing monetary-financial system becomes inevitable, as for the Americas, Japan, and Western and Central Europe today.

When we have entered such a boundary-state, slight perturbations are sufficient to set off the kind of explosion-collapse which is implicit in any hyperinflationary spiral, such as a "John Law" spiral. Prudent management can delay the explosion, to a certain degree; reckless moves will have an effect like stepping on the detonator of a minefield. Poor, dumb President Bush, with no idea at all of what he was actually doing, stepped on an eager detonator on April 2, 2004. What a way to celebrate April Fool's Day, even if one day late.



On John Kerry's pathetic "good news" reaction to the April 2 jobs-report trickery: "Not only candidate Kerry, but the entire current pack of the Democratic Party's 2004 campaign bosses have also goofed, big time. President Bush is clearly a basket-case, but the current Democratic Party leadership is not that much better. The question is: Is the judgment of the voters currently much better?"

What We Must Do

In dealing with a hyperinflationary system which is reaching the bursting-point, no tinkering within the rules of that system will succeed in dealing with the threat of a general physical collapse of the economy. Only a sudden and radical change of the rules of the game which is the present system, could prevent the kind of otherwise inevitable catastrophe which is threatening the United States and its people, right now, while well-meaning, but economics-ignorant Senator Kerry bumbles and fumbles the challenges posed by the events of Friday afternoon.

The changes which are required in the U.S. are echoes of President Franklin Roosevelt's response to the depression created by such rightwing predecessors as Coolidge, Mellon, and Hoover. The Roosevelt precedent must be chosen by us for three overlapping reasons.

First, it represents a precedent which succeeded under circumstances with marked resemblance to the doomsday crisis hitting us today.

Second, although variations might work, on paper, as well as, or better than, FDR's, in politics, we must hope we can avoid any sudden, drastic action which does not enjoy the credibility of borrowing from a proven, relatively successful precedent, preferably a precedent taken from the experience of the same nation. That is the reason no Presidential candidate could be truly qualified for the kind of crisis immediately facing us today, unless he or she were a steadfast adherent to the excellent tradition of FDR Democracy. A critical understanding of relevant precedents is the first prin-

ple of practice in politics.

Third, the chief immediate obstacle to a successful recovery action, comes from the members of the same type of international financier oligarchy, such as those financiers associated then with England's Montagu Norman and Hjalmar Schacht, which put Hitler's allies among the fascist regimes of continental Europe into power during the 1922-45 interval. The obscene spectacle of the effort to collect the Argentine debt, is an example of the mentality and methods of that same financier oligarchy, today, as then.

A Democratic Party which needs money for its campaign, tends, therefore to seek financial support whence large financial support is apparently available, the very type of financier oligarchy which formerly gave the world Mussolini, Hitler, Franco, and so forth, back during the 1922-45 interval. That is why Democratic National Chair Terry McAuliffe behaves as insanely as he does.

There is one alternative to a bankers' dictatorship in the United States today. Instead of running for money, as the DNC of today is doing, run with a mobilization of the people, especially the lower 80 percentiles of family-income brackets which the DNC has treated so shabbily for about 30 years. I speak for the people's interests, all of our people, as the principles of natural law set forth in our Declaration of Independence and Preamble of our Federal Constitution attest.

People, make your choice! You choose your candidate, or the bankers who virtually own today's party machines will make the choice for you, as the bankers did in Germany in January-February 1933.