

## LaRouche Webcast: ‘Pulling This Nation Together Now!’

by Lyndon H. LaRouche, Jr.

*What follows is a transcript of the opening remarks of Lyndon LaRouche to an international webcast on Sept. 3, 2005, and selected questions and answers from the webcast discussion period, which was chaired by Debra Hanania Freeman and Marcia Merry Baker. Over 310 sites around the world tuned in for the webcast, in addition to 50-100 on a conference call hook-up. Participants came from Germany, France, Italy, Philippines, Australia, Canada, and, in Ibero-America, Mexico City, Monterrey, Lima, Buenos Aires, and Neuquen. In the United States, gatherings of participants, especially those of the LaRouche Youth Movement, included Los Angeles, Seattle, Houston, Toledo, Boston, and Chestertown, Md. The full transcript and audio/video archive are available at [www.larouchepac.com](http://www.larouchepac.com).*

Most people don’t understand what the nature of the situation is, because they’re not thinking from the standpoint of what a President of the United States should think at a time like this. We have a crisis now, which is chiefly a man-made catastrophe, added to what had been otherwise a controllable, but severe, natural catastrophe. It is the man-made catastrophe, which is the chief problem we have to face and overcome. If the government had acted properly, as of Aug. 2 or 3, when the certainty of a Force 4 to 5 hurricane hitting the Southern coast was clearly known, a hurricane for which the area is not prepared: The area that was hit by this hurricane, which came in at [Force] 4, and reached close to 5 at a time, that area was not capable of withstanding a Force 3-level hurricane.

So, the minute we knew we had a major hurricane, in the Force 4 to 5 range, aimed at the Southern coast of the United States, anyone in Washington who was on the ball, would have known we had a major emergency, and had to take *imme-*

*diately, emergency action* on the assumption that we were going to be hit by that kind of hurricane. Which would mean: evacuations, plans for evacuations, mobilizing forces for evacuations, certain kinds of emergency measures taken to moderate the situation—all these things should have been done. Nothing was done.

As a result of that, what might have been a few thousand people injured, and a limited number of deaths, is now thousands, and could rise, as a result of complications, if we don’t deal properly with it, to a hundred thousand or more deaths in that area. Because what has happened, because of the negligence, we have an infectious-disease potential, of water-borne and insect-borne diseases, which can become epidemic, including so-called Avian flu. These kinds of things. We have to do something, now, or we’re going to lose a lot of people.

Now compare, for example, what happened on Sept. 11, 2001: The impact of that catastrophe was largely limited at first, to the day of the event. There were aftereffects, but the aftereffects diminished rapidly, and the effects were concentrated mostly in the time period of the attack, and on two areas, Washington, D.C., to a lesser degree; New York, more.

This is a different situation: Because of the negligence, lack of preparation, and failure to get on the ball, we have a catastrophe, a *human* catastrophe, which has been increasing at an accelerating rate *since* the hurricane struck! It’s getting worse, all the time now. So, that’s our first problem.

### Is the U.S. a Nation Any More?

Now, this problem also, internationally, calls into question whether or not the United States is really a nation any more. Whether anybody is running the show any more.



EIRNS/Stuart Lewis

*LaRouche on Sept. 3: “ We can save this nation! . . . Someone like me has to say, ‘Well, look. I’m prepared to face this. I’m prepared to face a crisis of the type we have immediately. I’m prepared to face a financial crisis. We need more people like me, who’ve got the guts to face this crisis. I’ve got the guts to face it, and I know it can work.’ ”*

Whether we’re going to exist as a nation—the has-been superpower, turning into a disgusting joke. That’s the crisis. It’s not the details—people will be calling in, suggesting this, suggesting that: “We could do this, we could do that.” *Shut up!* We don’t want those suggestions. We already have people who understand the situation. They’re prepared to act. They’re officials, they know what they’re doing. They don’t need your suggestions about what should be done. They need information, indications, that sort of thing.

But, what we have to have is a *centralized* top-down approach. Why? We have to convince the American people themselves, as well as the other nations of the world, that this nation is still a great power, and is capable of responding to its responsibilities. So the confidence in the *United States*, and its government is the first point of the human catastrophe, right now.

If we can not convince ourselves that we are going to deal successfully with this, like a superpower—as was not done up to this point—then we’re not going to have a nation. And because we’re in a period, in which the international monetary-financial system is headed for the worst economic collapse in modern history, a collapse of the United States and its credibility would mean a catastrophe for the entire world.

*Therefore, we have to assert the responsibilities of the sovereign government of the United States as a virtual superpower, to deal with this problem! We have to get our act together, top-down! If we do, we can handle it.*

Let me give you some indications.

Evacuation: Now, the first thing we’ve got to do, is get all these people in that area *out of it!* We’ve got to move all those people *out*. We’ve got to move them out quickly, to safe

places. Many of them are already carrying diseases, diseases contracted as a result of the conditions to which they were exposed. Others are in aggravated health conditions, because of the lack of treatment. We’ve got to move them out of the New Orleans area in particular. Because that’s a disease

## In This Section

*To supplement Mr. LaRouche’s webcast presentation, EIR has assembled documentation of the events leading up to Hurricane Katrina; the record of Bush Administration malfeasance; Congressional action to deal with the crisis; and the necessary programs to implement, starting now:*

- Congress Swept Up in ‘Revolutionary Tide’
- A Timeline of Criminal Negligence: Hurricane Katrina—Actions, Non-Actions
- Bush and Cheney Culpable: Takedown of FEMA, Disaster Planning
- Mobilize Public Health Infrastructure Now!
- ‘Super-TVA’ Needed, Not Halliburton Profiteering
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center. Epidemics are about to break out. We've got to put them into a safer environment.

Now, one of the places we have—not stadiums, not Astrodomes, or that kind of nonsense. That's children's games. Let's get serious. The way we would handle this thing, and the way we should handle it now, is we have some military bases. Now, instead of trying to play games, we're going to have to move those people quickly into military bases, or improvised arrangements which are equivalent to military bases. We have some large bases in southern Mississippi. They're in a disease-prone area, but they're manageable. These are not ideal for the long-term. But we must move those people out of the New Orleans area, and similar areas, *quickly*. We've got to move them.

All right, the Mississippi bases are there. Move them there. Get whatever is required mobilized, and *move them now*. Don't talk about buses, don't talk about this—*move them now!* All right, now we have some other bases. There are not enough of them, yet, online, but there are other bases which are in better areas.

Now, we're going to have to take these people and process them. We're going to keep families together, to the degree we can. But some of these people are going to be very sick and need special treatment. Many will have to be isolated, because they carry infectious diseases, that are dangerous, that they've contracted under these conditions: cholera, Avian flu, all these kinds of things: water-borne disease, insect-borne diseases. That's a *nightmare* down there in New Orleans. We've got to get them to an area *out* of that infectious area. We're going to have to classify them; we're going to do triage—good triage, not bad triage. We're going to have to take families that have a sickness pattern, put them in an area where they're going to get the adequate medical and other treatment. So, we're going to have to immediately follow up—the usual social-work things, to make sure that everybody's—we know who they are, where they are, what their families are, who we have to contact; that sort of thing.

But the way to do it, is, first of all, use our military bases, which are idled, but are still functioning. Keep them. Forget the BRAC—keep the bases. Until we get enough bases with capacity to handle the entire area. We're going to move people back, but first of all, we've got to move them to safety.

Now, instead of trying to bring foodstuffs and so forth into the New Orleans area—which we'll do! But not that much—we intend to move the people to a place where we can safely bring the food to them; bring the care to them. Military camps are the best place for this kind of thing. We can also improvise—and the Corps of Engineers are capable of doing this—we can improvise new camps, which are temporary, but at least they will do the job, before the Winter sets in, for the time being.

Then we're going to start rebuilding.

Now, this is largely a military job. And what we're going

to have to do, is take the Corps of Engineers, and fully activate it, and equip it, including with money. It's going to cost a lot of money. We've now got \$10.5 billion allotted by the Congress. That will help; it's not enough. We're going to need about up to \$100 billion just to deal with the immediate costs of this thing—if we're going to keep people alive! Don't talk about the cost! Don't talk about the \$100 billion. Yes, be realistic about it. But realize, that if we don't do this job, *we no longer represent a nation*. We lose our ability to function as a nation, *at a time that the entire world is on the brink of the greatest financial crisis you ever heard about!* We can not let the United States go under! Because other parts of the world can not deal with this global problem without us. We can't solve the problem entirely by ourselves as a nation, but the rest of the world couldn't solve this problem without us.

### A 'General Welfare' Policy

Let me give you an example: Many of you believe in a myth. You believe that we are a broken-down nation, and the proof of that is, we are producing things in China and India, instead of the United States. That is a myth. That is a *fraud*. Why are we producing things in India and China, rather than the United States, and similar kinds of outsourcing and so-called globalization? Why—because they're better than we are? No! They're not better than we are! They don't have a General Welfare policy! See, 700 million people of a billion in India are extremely poor. You have a concentration of poor in China. India and China are very well off, compared to most Asian nations. Seventy percent being extremely poor, is really a luxury state for most of the Asian nations. We have dying nations in Central and South America—dying, partly because of our policies. And partly because of our globalization policies, our free-trade policies.

See, what happens is, these nations produce chiefly for us. They use some of their labor to produce for us, instead of we producing for ourselves. *Why?* Because we have a system of public health. We have a system of health care. We have a General Welfare policy. We support our people, we protect them. We fight for their medical care, we fight for their Social Security, their insurance, their pensions. These countries don't have it. They don't have infrastructure. Therefore, they can produce cheaper—but at what cost? By starving 70% or more of their own people.

They're not better than we are—we're stupid!—when we get into this kind of an arrangement. We delight in getting cheap goods from China, and think nothing about the poor people of China, who are producing in China, at prices which don't meet the needs of the Chinese people as a whole. We're doing the same thing in India. The same thing in Third World countries *below our borders!* Do you know what we're doing to Mexico? Do you know what we're doing to Central America? Do you know what we're doing to South America? With this cheap labor export policy?



FEMA/Mark Wolfe

*"The approach we're going to have to take is to fight this as if we were fighting a war. Colonels and generals and so forth, retired or otherwise, are going to play a key part, because they know how, quickly, to do the kind of job of mobilization that needs to be done, to fix things that need to be fixed." Here, members of the Ohio National Guard deliver drinking water to Ocean Springs, Miss., Sept. 6, 2005.*

We are, in the meantime, destroying the United States! We've destroyed our industry! You take a map of the United States, and look county-by-county, over the past 30 years: *We've been destroying the United States!* And many of you live in areas which are being destroyed. You remember when there was a factory, when there was a town, when things functioned. Not any more! We are now turning our people into Third World people! With the kind of jobs, and wages, and incomes of a Third World level.

The rest of the world is not better than we are. We're being stupid. We let this happen to us, because we had a bad policy. There's no reason for it.

Now, what we're going to have to do—and the reason we have this crisis down there in Louisiana, Mississippi, and Alabama, is because we abandoned the policy of the Constitutional commitment to promotion of the General Welfare. And therefore, because we were *cutting costs*, General Welfare costs, and the way we were trying to loot Social Security, we no longer maintained the standard of living, and support for these areas, which would enable them to deal with many of these problems: *We did not deliver what was required in the Louisiana-Mississippi-Alabama area, even though we knew it was needed, because we didn't want to spend the money!* Because we were trying to cut our social welfare funds, for conducting, say, the war in Iraq, or for a new war they want in Iran: these kinds of things.

So now, we're at a point, that the issue before us, which is posed to us by this plight of our people, in these three states in particular—but that's not the problem. It poses something larger to us: *Are we a nation?* And what defines

us, as a nation? The President and Vice President, of course, have failed, in this respect. We don't throw them out, we don't shoot them because of this. But we have to recognize, they failed. The incumbent President of the United States *has failed*. And therefore, the other institutions of the United States, which are forced to come into the picture, and play a larger role, because the President isn't up to it, we have, together, to hold our institutions together, and to realize, we are still a superpower. We are the leading nation on this planet.

And it's time we acted like it.

That's our situation.

## Mobilize As If For War

Now, here, most of you young guys, you've got a good two generations, 50 years or so, ahead of you. Your parents don't. Your parents are entering the last quarter-century of active life, as a generation. And it's a diminishing life. The future, for better or for worse, belongs to you, the next two generations, the next 50 years—and beyond. If we don't solve this problem, you have nothing for the rest of your life. Your parents' generation can die out. And will soon, anyway, within the coming quarter-century. Most of them will begin to die off and disappear. But you are stuck with this for 50 years to come—right now, you have no future, the way things are going.

Therefore, *you*, and your generation has to mobilize to fight for your future.

You also are the generation that made up the bulk of the troops that went to war in World War II. We're now in another

war to defend this nation, and what it stands for, to bring back the dignity of this superpower, as a superpower—to convince ourselves we *are* that power. We're going to have to fight that war. This war is not with guns, as such. We don't desire, we don't need a war of that type. But we have to fight, *as if* for war. We have to mobilize *as if* for war. Your generation is going to be the bulk of the butt of this mass mobilization of the citizenry as a whole. Just as my generation was taken to war, drafted into military service in World War II: We were the bulk. We didn't have much skill. But because of Franklin Roosevelt, we had the best logistics in the world. We had *tonnage per man* of every soldier put overseas, compared with the relative poverty of every other army in the world, including the opposing army in the Germans. What we had, relative to the Germans—*vastly* superior! Not because we were better at war—they were better at war than we were; they were better trained, longer trained. But *we had logistics; we had sheer tonnage of power!* per capita, that no other part of the world had.

We don't have that any more. But, you are going to have to help mobilize the population of the United States; you are going to have to be the thrust, that pushes what has to be done.

We now have, around the Senate, a bipartisan group of Senators, and other people, in and around government. We have retired people, retired generals, retired colonels and so forth, who could volunteer to fill in on many of the jobs that need to be done.

We can save this nation! We can bring back its dignity. We can't bring back the lives that were lost, by the malfeasance, or misfeasance, in this period. But we can save this nation. We can say, we won this war. And it's up to you.

The approach we're going to have to take, though, is to fight this as if we were fighting a war. Colonels and generals and so forth, retired or otherwise, are going to play a key part, because they know how, quickly, to do the kind of job of mobilization that needs to be done, to fix things that need to be fixed. They're the ones who know how to build a base, overnight, and we're going to have to have more bases for people. They're the ones that know how to organize mass transit—overnight—how to do that. They're the ones that are simply waiting—they'll volunteer, too!—they're waiting for the orders, the authorization to act—and *they will act!* So, we have to mobilize around this, as if for war, and say, "Look, we're looking at, right up front, frankly, when you look at this realistically, we're looking at \$100 billion fix-up job, to come out of this thing *with our dignity.*"

And giving the American people, first of all, the sense, that we are a nation, we are still a superpower, we still have it in us, despite even the failure of some of our institutions. And reminding the world, that we are still a leading power of this world. We have *not* gone away. We're *not* going to disintegrate. And we're going to have to go back, to correct our mistake. We're going to have to back to the Preamble of

the Federal Constitution of the United States, and recognize, the fundamental law of this nation, is in the Preamble, not only in national defense, but in the promotion of the General Welfare, for the living, and for their posterity.

We have *violated* the principle of defense of the nation! Flagrantly! We have violated, even more flagrantly, the policy of promotion of the General Welfare. We are condemning ourselves to contempt, unless we go back, and make the promotion of the General Welfare of the living and their posterity the foundation of government, now.

Thank you.

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## Dialogue With LaRouche

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**Freeman:** Lyn, thank you. We do have a couple of questions that we wanted to ask you. Both of these questions came as a product of the joint leadership meetings that have taken place in Washington over the last 48 hours, although both of these questions do come, specifically, from the Democratic side of the aisle.

### The Economic 'Order of Battle'

The first question is—well, it's really on the order of battle. It says, "Mr. LaRouche, the issues that we have to address as they relate to the human catastrophe and how to address that, are things that you've made clear. What is less clear are questions related to the ongoing functioning of the economy, and the economic dislocation that we've suffered as a result of this disaster.

"As I think you know, we have, now, two major ports that have been severely crippled as a result of this storm. The Port of New Orleans alone, is responsible for approximately 25% of the nation's fuel supply. It's going to take some time for us, even with the best efforts, to get these areas up and fully functioning again. Obviously, the most efficient way to address some of these questions, within the framework of our Constitution, is by Executive action. But that does not seem to be forthcoming.

"Therefore, we're posed with the task of intervening Congressional action. Can you please define your view of an order of battle? For instance, should we be moving immediately to freeze prices on fuel and food? What else is it that we need to do, to address this interim emergency period?"

**LaRouche:** You mentioned the question of limits, upper limits on prices of fuel and food: We face not only the price, we face shortages of supply, right now, because we depended too much on petroleum products coming in through the Gulf area. It was a terrible mistake. It was a mistake based on corporate thinking, *not* on national-interest thinking. And we have to recognize, as we are reminded now, that the policies, the economic policies of the United States have to be based on the interest of the United States *as a whole nation*, not on

the interest of one group within the nation, or some special group with special interest. That was a mistake.

Now, we're going to have to deal with that. One of the first things we've got to do to deal with that, is we've got to clear the Mississippi and the area of waterways around New Orleans. We've got similar problems in the southern part of Alabama and Mississippi. We've got to clear these.

Now, this is a Corps of Engineers job. So we have to augment and give the Corps of Engineers the authority to proceed. They can do the job. Because we've got the grain harvest that's coming up now! We've got to move that grain, along the Mississippi, out into the Gulf and we've got to export it. We'll have a catastrophe if we don't do that! The only way we're going to do that, is the Corps of Engineers and related institutions, have to get in there and clean up the Mississippi and get the wreckage out of the way. That must be done, immediately!

But somebody has to give the order. Therefore, if the White House is not disposed to give these orders, then the Congress, a bipartisan body in the Congress has to enact legislation which creates *authorities*, staffed by people including people—preferably from the military, in many cases; I mean, there are number of retired generals and colonels and so forth, who can be called into duty to staff these things. Corps of Engineers people understand this: We've got to clear this mess out! And these people have to be given the authority, and the backing, and the funding to *move!—and to move, now!* Not debate until next week. We've debated too long. We've waited too long, already. We should be moving on it now.

We do have to, again—back to the other question—we do have to enforce—. Now, we had a case out nearby here, of \$6 a gallon for gasoline. And you have people standing by the side of the road and laughing at Hummers. But that's not the only part of the story. We can not allow a speculative exploitation, which is now going on in the world market, to drive up the price of petroleum products on which this nation and other nations depend, to floating prices. We're going to put a lid on it. We're going to put a lid on it in the United States, and we're going to go to Europeans and others, and we're going to put a lid on it. We're going to talk to people overseas—we're going to *put a lid on the cost of petroleum products*. We're going to *stop* this inflation: Because this inflation is purely based on speculation. And the speculators are going to have to take bath!

We're going to have a price of energy which enables this nation to function. We're now coming into a Winter season—months ahead? Yes! But we're coming into it now! How do you like it, with no heating, in the Northern part? How do you like it, the fact that we're shutting down electrical systems, power systems in entire regions of the country now, for lack of petroleum products, because we made ourselves dependent upon it? No!



EIRNS/Bonnie James

*"We cannot allow a speculative exploitation, which is now going on in the world market, to drive up the price of petroleum products on which this nation and other nations depend. . . . We're going to talk to people overseas—we're going to put a lid on the cost of petroleum products. We're going to stop this inflation: Because this inflation is purely based on speculation. And the speculators are going to have to take a bath."*

*We organize the flow*, of what we need in so-called energy supplies, and we regulate the price, put a cap on it, and we work with other nations *to keep that price, a lid on it!*

Now, we also have a problem of food supplies. Most people don't realize it, but our food chain is quite vulnerable now. Therefore, we have to mobilize, and ensure that everybody gets a chance to eat. Those two things—at this time. There are a minimal number of things we should try to do, in terms of management, from the Federal government, but these are two things that *must* be done! Because, if these things *are not* done, the whole system can blow, the whole effort can fail, as a result of not doing it.

That's the basic thing.

Now, we are going to have to have backup anyway. I mean, the Executive branch is not presently staffed to handle it. For example: FEMA was understaffed, and has no clear direction. It was gobbled up and cannibalized to feed the Homeland Defense. And now see what happened to homeland defense? What happened in 9/11/2001 is peanuts, compared to what's happening now. You realize, we could lose over 100,000 citizens, or more, right now! And if an epidemic of major proportions breaks out, in the Southern states, because we don't do something about it now effectively, we could have something that'll take out *millions* of Americans. We can have something spreading around this country, like the flu epidemic, the Spanish flu epidemic at the end of the World War I. Problems like that. We can not fool around with this thing. We must get back into action.

Therefore: We must create special authorities, using a lot

of our retired military who understand exactly how to organize for this kind of situation. Because our military is *not* a shooting organization, essentially. Our military is essentially a logistic/defense organization. And what we need is logistics. We need generals and colonels who know how to do this, and who can recruit people with experience back into service. So, create authorities; fund these authorities, on mission-orientations to get the job done. The President does not have to be in the act, every time this has to be done. You have to have authorities which are mission-oriented, where there's a problem, where it's been authorized by law, by the bipartisan vote of the Senate and the House—it'll be done! Automatically! By these people who are agents of the U.S. government, in taking care of that problem. And that has to be done now.

So, we're going to have to go to this business of authorities, special authorities, created by the Congress, by law, and authorized and staffed to do these various things that must be done. And special legislation to enable the government, and to compel the government!—to put a cap on the price of fuel, and a cap on the question of food supply. We're going to have a food supply. We're going to have necessary energy. And we're going to fix some of the mistakes, that got us here to this mess in the first place. But right now, we've got to fix that, we've got to ensure our national economic security.

## A Two-Pronged Catastrophe

**Freeman:** . . . [The next question is] a question of anticipating what the next few weeks may hold. It has two components to it. What he asks is:

“Mr. LaRouche, as you probably know, the National Weather Service is forecasting the potential of at least four to six more storm systems before we are free and clear of this year's hurricane season. We were briefed on Friday, that at least two to three of those will probably be Category 3 hurricanes. In the second case, our concern is that, in both your words and specifically the words of people like former Treasury Secretary Robert Rubin, we're dealing with a highly unstable global financial system, and that predated the events of this last week.

“In the immediate aftermath of Katrina, the President's Council of Economic Advisors told us, that the result of Katrina is likely to be only a blip on the global financial system. Somehow that does not seem at all realistic.

“The question that I have for you, Mr. LaRouche, is, how do we prepare in advance for the possibility of both these eventualities, so that we're not caught flat-footed, as we were when Hurricane Katrina swept the Gulf?”

**LaRouche:** On the first thing, I would say, we have to create the equivalent of a special authority which can utilize existing and newly assembled resources, which are assigned to do what was not done in the case of Katrina. That is, they're assigned to take each of these questions, on these storms, and to go at them, on the basis of the kind of reports which your question refers to, the kind of report we had on Aug. 2 of this

year. And once these reports come up, on any particular threat, we go to work *on that question, then, immediately*, as we should have done in the case of Katrina.

Remember, we had four weeks' warning, on Katrina. We did *nothing!* Less than nothing, in four weeks, to prepare for what was known to be an attack on a part of the country *that could not withstand a Category 3 hurricane!* And what came in, was a 4-5 Category hurricane. But we'd have been a disaster if we'd had a Category 3!

Now, if you're talking about Category 3, and higher, hurricanes, these things can not be absorbed in the short term. That means you have to mobilize, as you would for an attack, a military attack on the United States, by capabilities which could deal with them! And you have to make it automatic—the way you do in warfare. An automatic defense of the United States against hurricanes! What's wrong with defending against hurricanes? You don't have to go out and shoot a hurricane (it doesn't work too well). But you have to control it. You have to control it, as if it were an invading enemy. And the military know how to do that—not by shooting, but by using whatever we have, to take the precautions that we need, sit down, staff the thing just as you would for a battle; staff it, prepare, take the actions, set up the contingency actions and so forth.

But, on the economic crisis: Well, that's what I've been warning about. It's coming.

Now, let me describe this, fairly, as I've said before: The problem here, is very few people really understand an economy. And Bob Rubin, I think, would say, that he and I share that view: That most of the people who are called economists, who are under 63 years of age, really are not competent as economists. They may be useful people, but they are not competent for defining this. They don't think the right way. We've gone through two generations of cultural paradigm-shift; we no longer think of ourselves as an agro-industrial economy. We think of ourselves as a service economy. The whole system, the whole economic thinking of the country, has shifted totally, to the generation that runs the country and thinks in terms of a services economy, not an agro-industrial economy. Well, a services economy is about to *disappear!* In its present form. And you can do nothing to save it. Therefore, we're going to have to rebuild the economy, back to an agro-industrial economy; otherwise, we're not going to make it.

Now, we're at the point—we're at a boundary area. Now, some people say, “What day is the crisis going to come?” You can't answer that question. Because, we're in a situation like Germany was from June on, into October-November, of 1923. Germany was carrying its income, the apparent income of Germany was being carried by going into debt, through the printing-press money. And the ratio of unpayable debt incurred, to the amount of short-term income you were generating in Germany, was such that the ratio of debt to income, was increasing at a geometric rate. So that the entire German economy, from June of 1923 until the real crackup in October-

November, was on a collision course. Who could have predicted what month that would have gone down?

We are now in a cycle like that. What has happened recently—first of all, go back: 1987, we had in October '87 something which I had forecast, and I had forecast it several months before then, that we were headed for a general, 1929-style crash of the financial market by sometime in early October of 1987. I forecast that in May and June of 1987, I said, "We're on that track. That's what we're going to deal with." *It happened*, just exactly as I forecast.

Now, what happened then? That was the 1929-crash equivalent which occurred in 1987! What year is this now? 2005—moving toward October 2005, which is always a bad season for financial storms! The system is ready to blow: What Greenspan did, when he came in as Federal Reserve Chairman, he invented a new kind of money, called "financial derivatives." This is not real money. This is gamblers' side-bets. In other words, you got two guys up in an alley, shooting craps. And you got a bunch of kibbitzers on the sidelines, betting on the outcome of the shooters. These are *side-bets*. You have people in Las Vegas, you have people playing at the tables. And somebody is conducting side-bets on how the game is going to go on the table, as personal side-bets among them, and exchanging pieces of paper as bets, eh?

Now, what Greenspan did, is set into a system of side-bets, gamblers' side-bets called "financial derivatives" or sometimes called "hedge funds." And these were used as a form of indebtedness, high-velocity, rapidly-rolled-over indebtedness, involving quadrillions, essentially, of debt—untold amounts of debt, because so much of this is private and unrecorded, we don't know exactly how large it is. But it's enormous.

Now, the profit, which is registered on the basis of these kinds of transactions, is then reflected as profit, or claimed profit, in the markets, in the regular financial markets. This is what is shown as the basis for the profitability and stability of the U.S. economy! In a situation *like Germany*, in 1923! Like the Summer and Fall of 1923 in Germany.

We don't know when this going to blow. It's *ready* to blow. And when it blows, there's not a major bank in the United States or Europe, that will be standing! That's what Bob Rubin's talking about. That's what I'm talking about.

That's what leading economists know! The mortgage-based securities bubble, as concentrated around Greater Washington, as concentrated on the West Coast: This is about to blow! Shacks at a \$1 million mortgage, may be going to \$200,000. Mass evictions. People who thought they had riches, have nothing—or much less than nothing. This can happen at any time!

This is not something in the future. This is not magic, this is not guesswork. *This is what we know!* And any leading economist or banker who tells you it's not true, is either stupid, or he's a liar. Any government official who's relevant, who denies this, is a liar, or stupid! And should be removed, for

that reason, from that position.

So, we're going to have to act on this.

Now, there is a solution: We have to be ready for the reality, that this crack is going to come. What do you do when it comes? Well, if it happens, and we don't do anything, if the policies of the present Bush-Cheney Administration were in force, you would say, "This is the end of civilization, and the whole planet is going into a Dark Age, for maybe several generations." Because, unless you do something to prop up the economy, under conditions that all the banks, the major banks in the world are going under, and you try to run, with a broken-down economy, with no funding and no credit to keep the economy open, what's going to happen? It's going to be chaos. It's going to Hell. We'll either go into some kind of fascist dictatorship or tyranny, or you're going to something worse.

## Return to the American System

So therefore, there's one solution: And that is, to go to the Preamble to the U.S. Constitution, national defense, and promotion of the General Welfare for present and future generations. The government puts the national banking system into receivership and bankruptcy, and prevents the banks from closing their doors; goes through financial reorganization of the system, to ensure that people are not thrown out of their homes; their businesses stay open; their pensions are paid; and we *proceed to grow*. With things that have to be done, physical things that need to be done, which will grow the economy, and bring the level of current income above the level of current obligations, current costs.

On that basis, we can work our way out of the problem. We have to do this in cooperation with other countries. But the countries of Europe can not do this by themselves. The countries of Europe do not have real sovereignty. No nation in Europe today, has sovereignty. Because they are all victims of central banking systems, which are privately controlled and which are nothing but agents of a concert of private financier interests. So, the governments of Europe are controlled by the bankers. The government of Germany, the government of France, the government of the United Kingdom, the government of Italy—are controlled by private bankers! The government is inferior in political power to private bankers!

So therefore, there's no government in Europe, which is prepared to put the private bankers into bankruptcy, which is what has to be done. The United States is the one nation which has a Constitution which qualifies us, by tradition, to go to National Banking, as Hamilton described it. You put the private banks into receivership. You keep their doors open. You keep them from being shut down. You reorganize them. You sort the paper out. And you create new credit to make the economy grow. And make it grow through infrastructure investments and other things, sufficient to ensure that what we're *earning* per year, exceeds what we're spending per





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year, in terms of current accounts. And we're going to have to do it.

This is not necessarily something which corresponds immediately, and simply, to the crisis we have as a result of the hurricane crisis, and the national catastrophe. But, it's something that government has to be prepared to do.

Now, we have a number of Democrats, in the Senate and elsewhere, who are less unlikely to give serious consideration to what I just said. They might be unlikely to do it, if they thought there was some way of ducking the issue I just raised. But, if they knew, and were sure, that what I'm saying is right, they wouldn't be too resistant, because they know what the consequences are. The problem on the Republican side, is not that the Republicans aren't good people—many of them are, they're very good people. Particularly in the bipartisan coalition. But, because of their party conditioning, and because of the conditioning of public opinion, particularly since 1971—

72, very few people in the political system in this country, *want* to think in the direction I just indicated. *But:* I can tell them, "Do you wish to survive? Do you want to let your prejudice on this account, get in the way of the survival of our nation?"

"You want to save the banks? They can't save themselves—who's going to save them? *Only the power of government* can save the banks. You want to save the banks? Go to the government. Use the power of government, the *consent of the people in support of government* to keep the doors of the banks open. And to keep the things that banking involves, functioning. Keep people employed; keep people working."

We're going to have to face that. It's part of the crisis.

And, in a sense, it's the failure to recognize this, or to be willing to recognize this, that makes otherwise talented political leaders of this country, tremble like idiots on many political questions. Because, they say, "You can't go that way. The country has changed its mood. We're now for fiscal austerity. We're no longer for the General Welfare. We can barely defend the Social Security system—what're you asking us to do?! Put our careers on the line?" They're frightened.

I'm frightened enough, to know what has to be done. The problem is they're not too frightened, they're just not frightened enough.

But in the meantime, someone like me has to say, "Well, look. I'm prepared to face this. I'm prepared to face war. I'm prepared to face a crisis of the type we have immediately. I'm prepared to face a financial crisis. We need more people like me, who've got the *guts* to face this crisis. I've got the guts to face it, and I know it can work."

## A 'Wake-Up Call' To Rebuild the Economy

**Freeman:** . . . Lyn, I thank you for your remarks and those answers to those questions. I know you're not going anywhere this weekend, and that's good, because I think there are going to be a lot of additional questions on this, from especially members of the Senate.

But at this time, we're going to return to what the original intention of Mr. LaRouche's appearance this Saturday was, and I'm going to turn things back over to Marcia Merry Baker, who will entertain questions from the youth gatherings around the country. . . .

**Baker:** Thank you. What we'll do now, is proceed on the rotation to Boston: . . .

"Can we use the new production of jobs as a way to invigorate our economy? And how else can this disaster be used as a wakeup call, rebuilding our economy and outlook as a whole?" . . .

**LaRouche:** Okay.

Well, hmm. Hmm. This is a big question, because there's so many aspects to it. But, let's take the New Orleans thing, first. What has been done to the United States, since 1971 in particular, is, as we've demonstrated by these—even so far—

the animations which have shown exactly county by county in the United States, whole sections of the United States have been destroyed as territory. You have the state of Michigan, for example, the state of Ohio, the state of Indiana, and so forth and so on. The major farm states, and so forth. They've been destroyed. [See animations at [www.larouche.com/animations/](http://www.larouche.com/animations/).]

So, whole sections of the United States have been destroyed. You have populations moving into this area, here, in Northern Virginia, where you get tarpaper shacks going for \$1 million mortgages, or something like that. They put tacks in, instead of nails, and they don't put the tacks in to connect to anything—they just put the tacks in. And maybe the building will hold together, and maybe it won't, and it may be a million-dollar mortgage. We've looked at this stuff, and literally that's it! It's garbage! We're using virtual slave-labor, imported illegals and others from various parts of the world to put these shacks together, and we're charging fantastic mortgage rates, to get people into mortgages—and this whole thing is going to go down! You can get, very quickly, a 60% collapse, or more, in mortgage values in this area, and this particular county, Loudoun County, is Ground Zero for the biggest mortgage bubble collapse in the United States! Right here! It's going to hit us.

So therefore, what's wrong here? We've been concentrating population in a few areas, away from other areas, where there's no economic opportunity. We have destroyed economic opportunity.

Now, take the case of New Orleans, look at it from that standpoint. New Orleans is the key port for the Mississippi system, which goes into all of the farm states, so-called, from the Rockies states, from the 20-inch rainfall line, east and west; from the Alleghenies, and the Midwest, down. It goes largely on rivers and railroads, or used to. Now, we all run trucks, because people don't know how to drive a railroad any more, or something. And truck drivers are cheap—you can kill them and you can throw them away, hmm? They're disposable. That's the way they treat them.

So, anyway, this great flux of production used to come from the interior of the United States, down through the river systems, and related communications and transport systems, down into the mouth of the Mississippi. New Orleans was there. The development of that area was there. Now, we take one area, the New Orleans area, that whole area there which is the mouth of the Mississippi. You take that, which involves the entire area that feeds into it through the water system, from the Rockies and from the Alleghenies, all the way down. It's being destroyed.

What're you going to do? Well, what we're going to do, is New Orleans is being virtually destroyed. But, if we're going to have a nation, we're going to have to rebuild this thing. We're going to have to make Michigan function again; cities that have been virtually closed down will have to function again; farm states that have ceased to function as farm

states, are going to have to be rebuilt; and as part of rebuilding that, we realize that every part of this whole region from the Rockies and Alleghenies on down, from the Canadian border to the mouth of the Mississippi, is one integral unit.

So therefore, we have to think about developing every inch of territory, in that whole area. And have an average level of productivity per square kilometer, and have an distribution of population which corresponds to that. But that's all going to depend upon having the New Orleans port area functioning. It's the mouth. It's the keystone of the whole thing.

What're we going to do? It's a mess! It was a mess before

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*You want to save the banks? They can't save themselves—who's going to save them? Only the power of government can save the banks. You want to save the banks? Go to the government. Use the power of government, the consent of the people in support of government to keep the doors of the banks open. And to keep the things that banking involves, functioning. Keep people employed; keep people working.*

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the storm hit. We're going to go in there and rebuild the thing. But we're going to rebuild it on a functional basis. We're going to rebuild it, to assert our authority, in not giving up a city! We're not going to surrender territory to the enemy! *We're going to take the territory back!* New Orleans is going to live! The state of Louisiana is going to live! *We're going to take it back! From the enemy!* The enemies within and the enemies without! And, while doing that, and certifying that the characteristics of that city that we want to keep will be preserved, we're going to rebuild it, as a functional port as it's intended to be.

So, now, we're going to take the people out—temporarily. Because you can't have them live there, they'll die if they're kept there. We're going to clean the mess up, get the thing under control from the disease, get the rivers working, get the ports working, get the levees working. Go ahead with a plan of rebuilding the whole thing—and then, repopulate it! And it will come back. *New Orleans will be reborn!* We won't put much money into building the warehouses, or similar kinds of entertainment. But the important things, the nice things, will be provided again. Because people like to have the good things they had before, come back.