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This Week You Need To Know

The Great Crash of 2005

by Lyndon LaRouche

Here is Lyndon LaRouche's keynote address at the International Caucus of Labor Committees/Schiller Institute annual Presidents' Day conference on Feb. 20, 2005.

Some people wonder why, at my not-really-venerable age, that I sometimes do the things I do, which they suggest might be left to younger people. And the rude answer I give to that, is, younger people are not qualified to do what I have to do.

Typical is the case, as we went through this last year's convention and what followed up to the present time. We started a campaign, in which we were excluded by the Democratic Party and others from the start. It was highly unlawful on their part, totally undemocratic, in fact, destructive, and corrupt. But I said, "We're going to do it." So some people among us, who unfortunately belong to a slightly younger generation than mine, said, "Let's be practical. Let's not gamble so much on this. Let's be practical. Let's manage things more calmly. Let's not be frantic. Let's not push too hard."

My response is, that we are at the last chance to save civilization from Hell, a last chance which I have been forecasting with accuracy over several decades, and most emphatically, since the period 1968-1971, and there are some alive in this room today, who can remember that. That the system is finished. The United States saved the world, under Roosevelt—otherwise we'd been in Hell a long time ago.

But Franklin Roosevelt saved the world: Franklin Roosevelt went back to the roots of the American System of political-economy, which was the tradition of his ancestor Isaac Roosevelt, the banker of New York, who was an ally of Alexander Hamilton. Roosevelt was a spokesman for the American Revolution and its tradition, and those who attacked him were the enemies of the United States, whether they intended that, or knew that, or not.

Roosevelt saved the United States from becoming fascist. The United States would have become fascist in the middle of the 1930s, but for Franklin Roosevelt's election, and the actions he took, beginning the day he entered office in March of 1933.

He saved the United States. He saved our system. And what he did saved the world from fascist conquest. There are three key points in that fight. One is Winston Churchill—who was not a good person—but he was a greedy person, who did not believe that the British Empire should be turned over to Adolf Hitler. On every other point of importance, he agreed sentimentally and philosophically with Adolf Hitler. He was just a different variety of the same species.

But the first step toward defeating Hitler, otherwise, during the war came when our dear friend Winston Churchill appealed to Franklin Roosevelt in 1940, to enter into a scheme to prevent the British Empire from being taken over by the Nazis, in the case the invasion of Britain by Nazi forces should occur. That agreement was the first step toward the defeat of Nazism.

The second step, apart from the entry into the war by the United States, was the defeat of the Nazi forces at Stalingrad in the Soviet Union, and by the Soviet Union, which was done with cooperation and assistance from the United States, at that point. The third thing, which sealed the potential doom of Hitler, was the Battle of Midway, where an American vastly-outnumbered naval force defeated the Japanese Navy. And thus, created a situation in which the United States was the leading factor in a two-front war against the Nazi forces.

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Latest From LaRouche

DO THE DEMOCRATS HAVE THE GUTS TO STAND UP?

The following exchange with Lyndon LaRouche took place at the ICLC/Schiller Institute Presidents' Day Conference on Feb. 20, following LaRouche's keynote address (see this week's "Need To Know"). The question was submitted in an e-mail, from a leading Democrat who lives in the Washington, D.C. area.

Question: Lyn, Democrats are undoubtedly unified on questions of domestic policy. But when we get into the realm of strategic policy and international policy, we're dealing with a different kettle of catfish. I refer simply to, just as an example, to the events of Friday, when Joe Lieberman and John McCain entered this resolution to kick Russia out of the G-8.

Sid Blumenthal, among others, has pointed out publicly, that when we're dealing with this Administration, the fact is that Bush's popularity was at an all-time low, prior to the events of 9/11. This is a fact, that is not one that Bush, Cheney, and the people who control him do not recognize. They know that, under current conditions they need a new national security crisis, whether it be Iran, Syria, North Korea, China, or even Russia. And my problem is, that I'm not at all confident that we Democrats will respond with the same unity that we seem to be able to maintain on questions of domestic policy. I don't know exactly how to pose this question. And I don't normally engage in "what ifs"—but, what if they actually do this? What do we do? What do we do, if they try to change the subject? And how do we ensure unity among Democrats in meeting a challenge of this type, when there is no unity at this moment?

Tell the Truth!

LaRouche: In a situation like that, where you're faced with telling the truth, or lying by omission or statement, in order to avoid being rejected, there's only one thing you can do: The enemy is trying to intimidate you into telling a lie. You should scare the hell out of him.

For example—and I've dealt with this: Let's take the case of my record on this thing, because it's relevant to the Democratic Party today. They have been opposing me. They opposed me on SDI. They were wrong. If we had had, if the Soviet government under Andropov, had agreed to discuss with President Reagan, who was actually quite dedicated to this specific idea, then the discussion itself would have produced a change in the political situation inside the United States in the 1980s. And would have changed the world situation, so that the nightmare which threatens the planet today *would not have come into existence, because of the lack of guts.*

Now, what was the lack of guts? The lack of guts is centered in an institution which is called the Committee on the Present Danger, which has had several incarnations, including a present incarnation under the direction of George "No-Good"

Shultz. And this idea has been the charge of "OH! You're pro-Communist! You're soft on Communism! You're soft on Communism! You're soft on the Russians. You're soft on the Soviets!"

Like fools—in the Congress and elsewhere—they capitulated to Bush-Cheney et al. on the issue of going into the war in Iraq. The American people did it out of cowardice. How was this cowardice induced in the American people? By the people who orchestrated 9/11, which were *not* a bunch of Arabs. The bunch of people who were running whoever was involved in the operation.

A State of Terror

This was, as I had forecast the danger, before the inauguration of the year 2001, is that because of the economic situation, that the Bush Administration would come up, soon, with what Hermann Goering did in setting fire to the Reichstag in 1933, which established the Hitler dictatorship. And we had a *very similar* phenomenon in 9/11—9/11 induced a state of terror, a state of disorientation in the U.S. population—not so much in the citizens of New York, but in other parts of the world, in the other parts of the United States. (New Yorkers are much more sophisticated than these dumb fools out in the Midwest and the South.)

This state of terror made it possible for Dick Cheney, George Shultz, and company to launch a regime-change war in Iraq. There was no evidence to justify war. All the claimed evidence was a lie. And now they're going to do the same thing all over again—in Syria, Iran, and North Korea and so forth, the so-called "outposts of tyranny." Of which the White House is the principal representative, by the way.

So, the question is: Do we have the *guts* to stand up? My point has been, I stood up. If I had not stood up, I can tell my fellow Democrats, they would be nowhere on any of the domestic issues of the United States, today. *We saved the Democratic Party, from absolute disgrace, by my having the nerve to do it.*

And what you have to do, is stand up and tell the truth.

Now, you have to tell the truth in a special way—and I can be very savage on this thing, and quite justifiably: I would say, "You dumb—. You idiot. You fool! Do you know what you're really talking about? Do you know what the consequences are, of the policy you want us adopt? Do you know the international financial system is finished? Do you know you're bankrupt? There's nothing you can do about it in your terms? Only on my terms? Do you want to escape the effect of a bankruptcy which will wipe you out? Well, come to my terms!"

A Firm Hand of Leadership

You have to have a firm hand of leadership. And people have understood democracy to be sloppiness, cowardice, foolishness. You don't have to be sloppy, foolish and cowardly to be a Democrat.

You can stand up on your hind legs, and tell this guy where to get off! And make it stick. You can go out on the hustings, as we are doing; you can issue pamphlets, as we are doing, through the youth movement, largely. You can do these kinds of things, we have done. And if we had more means, we would do more of them. The only chance of saving the existence of this nation, *is to do that.*

And you dummies, if you want to get frightened about foreign policy questions, well, you're just going to go to Hell. And when you're delivered there, you're going to say, "How did I end up here? I'm such a good Christian?" Well, first of all, because you claim to be a Christian, you ain't, and that's blasphemy. And secondly, because, you're such a cowardly fool,

you deserve it.

So, the answer, essentially, is: You have a lack of courage, a lack of intellectual courage in the leadership of the Democratic Party. What we've demonstrated recently, over the recent period, the course of the past year, 2004, and continue to demonstrate now, is that you can save a Democrat! God, you're great! You can save a Democrat! [laughter]

That's the problem. Stick with the truth. But, sometimes you have to put spurs on it.

InDepth Coverage

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Feature:

LaRouche Revives 'FDR's Miracle' To Rescue the Nation

by Nancy Spannaus

The Presidents' Day conference of the Schiller Institute and International Conference of Labor Committees—meeting bi-coastally, near Washington, D.C. and near Los Angeles, California—over the course of two extraordinary days of presentations and discussion, analyzed the process whereby during the 2004 Presidential campaign and its aftermath, Lyndon LaRouche succeeded in mobilizing and transforming the Democratic Party under his increasingly visible leadership. The conference discussed how to build on that breakthrough, and lead this newly determined, newly unified party, in the battle to make of GeorgeW. Bush and his Administration the lamest duck there ever was, to avert the global threat of perennial war, of nuclear war, of economic catastrophe that Bush embodies, by hammering him into defeat on the central issue of Social Security privatization.

- **The Great Crash of 2005 by Lyndon H. LaRouche, Jr.**

Here is Lyndon LaRouche's keynote address to the International Caucus of Labor Committees/Schiller Institute annual Presidents' Day conference on Feb. 20, 2005.

- **The Global Option for This Emergency: Beyond Westphalia Now**

A document by Lyndon LaRouche, prepared for discussion at the Schiller Institute conference.

Feb. 6, 2005

The Feb. 18, 2005 discussions to be held in Northern Virginia will address certain included challenges which are of existential importance for the continued existence of the U.S. republic. Our role in meeting these challenges is now a unique capability, and therefore a unique responsibility, for reviving the kind of U.S. leadership for today which had been manifest under President Franklin Roosevelt prior to his most untimely death. This involves a capability which is inherent in both the unique characteristics of our republic, and the special influence which the presently U.S.-dollar-dominated, but collapsing, present world monetary-financial institutions have for determining the immediate period's well-being of mankind as a whole.

- **On the Occasion of Abraham Lincoln's Birthday Memorial: Franklin Roosevelt's Miracle**

"At the present brink of the world's greatest monetary-financial crisis," writes Lyndon LaRouche, "the principal challenge to leading governments of the world at this moment, is to master and apply the lessons to be learned as the remarkable successes of the U.S. President Franklin Roosevelt Administration."

Economics:

SOCIAL SECURITY

Even Bush's 'Math' Lies; a Jobs Boom Would Perpetuate Surplus

by Paul Gallagher

Why should any intelligent American accept an actuaries' 'forecast' about Social Security which is embraced and promoted by President George W. Bush? When Bush received National Intelligence Estimates about the current situation in Iraq which displeased him, he called them 'just speculation,' and 'really just guesses.' But when he got actuaries' 'forecasts' about the income and outgo of Social Security, which stretch out tenuous and very pessimistic assumptions—'guesses'—a century into the future, they met the President's policy specifications. Bush decided, 'This is the math. Learn the math.'

Interview: Isabel Ma´rquez Lizana

Pension Privatization Plunged Chile Into 'Pre-Industrial' Age

Mrs. Isabel Ma´rquez Lizana is the Director of Research for the Chilean government's Institute for Social Security Normalization, a researcher at the Department of Social Sciences at the University of Chile, and is affiliated with the Development Studies Program at the same university. On Feb. 19, EIR's **Cynthia Rush** spoke with her about her thesis, 'Impact of the 1981 Social Security Reform on Enrollee Benefits,' written for her Masters degree at the University of Chile. This work, published in 2004, was the first study of its kind to carefully analyze the negative impact of Chile's 1981 social security privatization on the population, including specific case studies and future projections. The United Nations Development Program cited her work in its 2004 report, Power: For What and ForWhom, in its Chapter 5, 'Social Protection and Power in Chile.'

Eurasian Core Nations Cooperate To Meet Growing Energy Needs

by Mary Burdman

The core Eurasian nations, Russia, China, India, and Iran, have been rapidly expanding their cooperation on ensuring vital energy supplies. India, Iran, and Russia are already in advanced discussion of oil and gas development and supply deals; India and China are now proposing mutual cooperation rather than competition for energy supplies. Both nations are rapidly increasing their energy consumption: after the United States, China is now the world's second-largest oil consumer, followed by Russia and then India. Chinese oil imports rose by about one-third in 2004, and India's by 11%.

Italy's Tremonti Hits 'Suicidal' Free Market Policies in EU

by Andrew Spannaus

Giulio Tremonti, the former Italian Economics Minister known for his proposals in favor of large-scale European infrastructure projects, is taking a prominent role in denouncing the 'dogma of the free market' that is being imposed throughout Europe. At a Feb. 21 conference in Milan, Tremonti slammed the European Union's policies against state intervention into the economy as 'suicidal,' while calling for protecting industry and creating new credit mechanisms to finance the productive economy.

From the EIR Berlin Seminar: French Gov't Policy: Words Belied by Deeds

by Jacques Cheminade

Here is a speech delivered by **Jacques Cheminade**, to the Jan. 12, 2005 EIR seminar in Berlin (subheads have been added). Cheminade, a longtime friend and associate of Lyndon LaRouche, ran for President in France in 1994 and 2002, most recently with the Solidarity and Progress (Solidarité et Progrès) party.

Will France Become a Farming and Perfume Exporting Nation?

by Christine Bierre

This is the question posed in a report on the state of French industry authored by Jean Louis Beffa, the CEO of St. Gobain, one of France's top multinational companies. It calls on the state to help in a massive effort to reorient French private companies towards investments in high technology.

International:

Putin Stands Up To Bush's Sabre-Rattling

by Muriel Mirak-Weissbach

Ironically, it was George W. Bush himself who said it: 'Iran is not Iraq.' What the U.S. President thought he meant, he explained, was that the diplomatic process with Iran, to settle matters related to its nuclear program, has not yet been exhausted; whereas, in the case of the other Persian Gulf giant, it had. Thus, in the case of Iraq, war had become inevitable. But actions taken in several Arab and European capitals, and especially in Moscow, cast his words in a totally different light. For President Vladimir Putin, in particular, such a statement could only mean that his nation, Russia, would not respond, in the event of armed aggression against Iran, in the same way that it had, during the 2003 war on Iraq. Quite the contrary.

Bush, Schröder, Keep Disagreements Quiet

by Rainer Apel

Despite German Chancellor Gerhard Schröder's open criticism of Bush Administration policies at the Feb. 11-13 'Wehrkunde' conference on Security Policy in Munich (see EIR, Feb. 25), the Feb. 23 Bush-Schröder meeting in Mainz seemed to be a mutual public relations affair, aimed at creating the impression that in spite of the differences, there are also some points the two leaders and their administrations have in common. As the German Chancellor revealed at the concluding 20-minute press conference, he and Bush had agreed to no longer mention their differences in public, but rather talk about subjects on which their views converged. But these 'common' points have very little substance...

Sharon Talks Peace, But Prepares for War

by Dean Andromidas

The government of Israeli Prime Minister Ariel Sharon on Feb. 20 approved the so-called disengagement plan, thereby setting in motion Israeli military withdrawal from the Gaza Strip, as well as evacuation of all Jewish settlements in Gaza, a process which is to begin July 21. The decision is being hailed as possibly the first step in an overall peace agreement between Israel and the Palestinians.

National:

LaRouche Youth Lead Democrats In Mobilization Against Bush

by Nancy Spannaus

In a phenomenon unseen since the 1970s, U.S. Congressmen around the country are convening town meetings to discuss the issue of Social Security, which is now threatened by President George Bush's manic plan to steal the elderly's pension funds for Wall Street. The Democratic Congressional Caucus has announced that it will hold at least 300 meetings by the end of February, and, in a counter-attack, some Republican legislators are taking to the hustings as well. Anywhere from tens to hundreds of citizens are showing up, and engaging in heated discussion of this national policy issue.

Support Slipping For Schwarzenegger

by Harley Schlanger

The latest polls out in California confirm what organizing squads of LaRouche Youth Movement (LYM) members have been reporting over the last month: Gov. Arnold Schwarzenegger's popularity is sagging. A new Field Poll shows that the percentage of voters who approve his job performance has fallen from 65% to 54% in the last four months, while the percentage who believe the state is going in the wrong direction is up, from 38% to 53%, in the same period.

Bush-Cheney 'Torture-by-Proxy' Policy Under Growing Exposure

by Edward Spannaus

The Bush-Cheney Administration's policies of direct torture, and what has been termed torture-by-proxy, are likely to dominate upcoming pre-trial proceedings, growing out of the Feb. 22 indictment against a U.S. citizen who had been detained by Saudi authorities for 20 months, at the request of the United States.

Negroponte Appointment: Hail,Hail the Gang's All Here

by Ray McGovern

The nomination of John Negroponte to the new post of director of National Intelligence (DNI) caps a remarkable parade of Bush Administration senior nominees.

Books:

A Defense of the Economic Royalists

by Stuart Rosenblatt

For the Survival of Democracy, Franklin Roosevelt and the World Crisis of the 1930s

by Alonzo L. Hamby

New York: Free Press, 2004 492 pages, hardcover, \$30

In the current political climate increasingly characterized by debate over the policies of President Franklin D. Roosevelt, Alonzo Hamby's book fails to comprehend the true fight between fascism and the republican, not 'democratic,' tradition embodied in the Presidency of FDR. It demonstrates the fact that even 'pro-Roosevelt' scholars are now genuflecting before the anti-New Deal—and therefore anti-Constitutional—philosophy which has taken over the United States during the last 40 years.

This Week in History

February 28-March 6, 1933

FDR Begins His Hundred Days — Of Legislation to Save the Nation

Seventy-two years ago this week, on March 4, 1933, Franklin Delano Roosevelt was inaugurated as President of the United States and called for the Congress to meet in extraordinary session on March 5. On March 6, the President addressed the Governors' Conference at the White House, and that same day, issued a proclamation declaring a bank holiday until March 9. This was the beginning of the legislative "Hundred Days" which would establish policies and programs to rescue America from an ever-deepening Depression and from the looming threat of fascism.

Looking back, in 1937, on what had been accomplished during that emergency Congressional session, President Roosevelt wrote an account of his thinking on the crisis which then faced the nation, and the philosophy which shaped the programs which were translated into legislation. He began his account by citing not only the material crisis in banking, industry, and farming, but also the crisis in the spirit and morale of the American people. This crisis carried within it a grave danger, for "their confidence and morale were so shaken that many of them would have been willing to accept any form of specious glittering guarantee of a chance to earn a livelihood."

"This attitude of hopelessness was aggravated by the recognized failure of the Federal Government to assume any practical leadership, to hold out any prospect of immediate help for the present or any hope for a more secure future.

"In the face of this crisis in national morale, no remedy which stopped short of correcting the immediate material illness of

the moment could be a safe or permanent cure. A temporary revival of a sense of physical security would be insufficient. Action was necessary to remove the sore spots which had crept into our economic system, if we were to keep the system of private property for the future.

"That simple truth was not recognized by some people. In fact, a great many who were thinking of future national welfare in terms of immediate dollars began to protest within only a few weeks after the banking crisis of March 4, 1933, against our efforts to couple reform with recovery. In their selfish shortsightedness they were deluded into the belief that material recovery for the moment was all the Nation needed for the long pull.

"These few did not realize how childish and unrealistic it was to speak of recovery first and reconstruction afterward. The process of recovery by its very nature required us to remove the destructive influences of the past. To attain the goal of the greater good for the greater number with any degree of permanence, the old abuses had to be uprooted so that they could not readily grow again.

"From the first day of my Administration, permanent security was just as much in the front of our minds as the temporary bolstering of banks, the furnishing of immediate jobs, and the increase of direct purchasing power. Even in the spring of 1932, I had come definitely to that conclusion. It was the result of trying to think things through during many years; it was the result of observations of what the country had gone through during the days of false prosperity after the World War and the days of darkness after the panic of 1929; and it was the result especially of my experience as Governor during four difficult years.

"On the occasion of the all-night session of the Democratic National Convention in Chicago, in 1932, I was at the Executive Mansion in Albany with my family and a few friends. While I had not yet been nominated, my name was still in the lead among the various candidates. Because I intended, if nominated, to make an immediate speech of acceptance at the Convention itself in order to get the campaign quickly under way, we discussed what I should say in such a speech. From that discussion and our desire to epitomize the immediate needs of the Nation came the phrase a 'New Deal,' which was used first in that acceptance speech and which has very aptly become the popular expression to describe the major objectives of the Administration.

"The word 'Deal' implied that the Government itself was going to use affirmative action to bring about its avowed objectives rather than stand by and hope that general economic laws alone would attain them. The word 'New' implied that a new order of things designed to benefit the great mass of our farmers, workers and business men would replace the old order of special privilege in a Nation which was completely and thoroughly disgusted with the existing dispensation.

"The New Deal was fundamentally intended as a modern expression of ideals set forth one hundred and fifty years ago in the Preamble of the Constitution of the United States—'a more perfect union, justice, domestic tranquility, the common defense, the general welfare and the blessings of liberty to ourselves and our posterity.' But we were not to be content with merely hoping for these ideals. We were to use the instrumentalities and powers of Government actively to fight for them.

"All through the spring and summer of 1933, when the many measures adopted by the Special Session of the seventy-third Congress were just beginning to be effective, a vocal minority had already begun to cry out that reform should be placed on a shelf and not taken down until after recovery had progressed. This same vocal minority, four years later, when recovery is well under way, still obstructs with all its power reforms now too long delayed, refusing still to realize that recovery and reform must be permanent partners in permanent well-being.

"It irked some people in 1933 that at the Special Session of the Congress—the famous Hundred Days—so many activities were begun at the same time. They would have been more content if Government had restricted itself at that time to saving the banks which were closing, to saving the large financial and industrial organizations, many of which were faltering, and

to bailing out the railroads and other huge corporations which needed money to save them from bankruptcy. For in spite of the lessons of 1931 and 1932, they still were willing to believe that this kind of help by Government to those at the top of the financial and business structure of the country would trickle down and ultimately save all.

"Here again, examination and reexamination of all the aspects of the national problem led inevitably to the conclusion that a mere rescue of organizations of wealth at the top would be no solution. Obviously the remedies had to cover a far wider field; they had to include every phase of economic life throughout the Nation—at the bottom of the structure, in the middle, and at the top....

"For underlying all of the immediately effective provisions of these laws and all the activities of the agencies under them, was the ever-directing purpose of permanence of objectives. Briefly, the objectives were, have always been, and still are:

"A chance for men and women to work in industry at decent wages and reasonable hours; or to engage in farming at a decent return.

"A chance to keep savings in banks safe from the speculative use of other peoples money; and to make investments without danger of deception or fraud by greedy promoters and speculators.

"A chance for adequate recreation, better housing and sounder health.

"A chance to make reasonable profit in business protected against monopolies and unfair competition, but organized so as to provide fair prices for the consuming public.

"Planning and use of natural resources for the benefit of the average men and women.

"Security against the hardships of old age.

"Security against unexpected or seasonal unemployment.

"Security against new as well as old types of criminals.

"Security against war.

The task of reconstruction which we undertook in 1933 did not call for the creation of strange values. It was rather finding the way again to old, but somewhat forgotten, ideals and values. Though the methods and means and details may have been in some instances new, the objectives were as permanent and as old as human nature itself.

That so many of our purposes could be put in process of fulfillment in the year 1933 is a tribute to the ability of democracy to recognize a crisis and to act with sufficient speed to meet it. A Nation of citizens, as well as the Congress and the Executive branch of the Government, quickly understood the problems and the answer. We did not have to revert to the autocracy of a century ago, as did less hopeful countries where the ways of democracy were not so old and tried."

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