

LaRouche Continues Dialogue With Congress

A number of questions sent to Lyndon LaRouche after his Oct. 12 webcast, by Congressional and other leading Washington figures, and his answers, appear below. The webcast appeared in last week's EIR, and is archived in video at www.larouchepac.com.

What About Environmentalism?

From House Committee on Science staffer: Mr. LaRouche, in many of your previous statements and writings you have been very hard on people you identify as environmentalists. Your supporters seem to have little toleration for what they identify as “greenies.” I know that there are people in the environmentalist movement who are strongly anti-technology and anti-development, but I don't think it is fair to characterize the entire environmentalist movement as such. Specifically, one of the issues that has emerged in the wake of Hurricane Katrina has to do with a failure to protect wetlands. There are numerous scientific reports that indicate that the decision to lift barriers that protected wetlands from irresponsible development played a role in drawing Katrina overland, and increased the strength and velocity of her currents.

My general question is this: How can you dismiss environmental concerns out of hand the way that you do, given the insane behavior of real estate speculation, etc.? Secondly, do you think that there is any merit to the assertions that the failure to protect wetlands added to damage done by Katrina and other such storms? Is wetland protection a completely bogus issue as far as you are concerned?

LaRouche: The list of issues posed by the so-called “environmentalist movement” are a mish-mash of particularized topics, some expressing valid concerns, others policies which are inherently a threat to humanity. My view of the movement is that it is an unnecessary institution, since every legitimate concern, such as the matter of marshlands, is correctly defined as a matter of science, rather than the kinds of wild-eyed sentiment typical of the bearers of “environmental concerns.” Overall, the movement, as a movement, is anti-scientific in its method, as the fraudulent banning of DDT attests, and therefore dangerous to mankind. My point is, scrap it as a kind of pagan religious cult, and, instead, restate whatever might be the valid points of the agenda from the standpoint which have been presented as the implications for today of what was launched by Vernadsky under the topical headings of Biosphere and Noösphere.

Take the case of the pagan-fanatical belief that “global warming” is a product of carbon-dioxide emissions. The issue is predominantly the effect of changes, some cyclical, within

the Solar System at large, or even the Sun itself (e.g., solar flares). In reality, a modest increase of carbon dioxide in the atmosphere, mixed with moisture, cools the Earth through increasing the rate of growth of biomass through photosynthesis. Trees and forests are an enhancement of the environment, even crop plants, and pastures, or, notably marshlands, lower the temperature, while also strengthening the Biosphere in its role as a platform on which society's technological development and general progress depends.

For example, treating desert areas as a state of nature to be defended, is promoting death, not life.

The danger from the “environmentalist” movement's influence lies in its specific irrationalities, including the fact that its method is mechanistic, whereas the processes of the Biosphere and Noösphere are, as defined by Vernadsky, specifically anti-mechanistic, dynamic processes.

On the subject of matters such as real-estate speculation, here we are dealing with the effect of lunatic economic-policies. What has been done to the U.S., in the hectic spread of suburbanization: Look at Loudoun County, Virginia, which is currently a waiting ground-zero site for the most intense implosion of an overripe mortgage-debt-bubble in America. Hollywood-set-style construction of shacks at mortgages of over \$400,000 and up, poorly assembled with tacks, now soaring at speculative, mortgaged valuations three to four times the sustainable price under presently onrushing conditions, is not an “environmental issue” as such, although it does have a horrid effect on the environment, but a product of an ideological binge of “free-trade” ideology.

Look at the changing map of the U.S.A., as a whole, as my associates and I study changes in characteristics, county by county, over the recent 40 years. Look at the insanity of urban life from the standpoint of walking-distance access from home to school, to shopping areas where most of the requirements of daily life are adequately satisfied, to medical care, to family qualities of recreation, to efficient, cheap mass transportation. Get the U.S. out of its compulsory imprisonment in long daily rides in automobiles, to the freedom of a life which does not depend upon the automobile for almost each and every one of the essential minutiae of daily personal and family life. Let the family household join for dinner together on most days of the week, as in times of my memory past, and resume the cultivation of the individual household into the mainstream of society, more or less as a former generation was still somewhat enabled to do.

For the case of Katrina, look at the area's history since Betsy. Essentially nothing has been done which Betsy already demonstrated to be essential for a port area on which most of the economy from the Canada border down, between the Alleghenies and Rockies, has depended. The maintenance of wetlands was a matter of scientific concern before the first official “environmentalist” was discovered. Failing to develop the region, even back during the late 1960s, to resist a Category 5 hurricane, represents unconscionable negligence

of a type which has reigned increasingly since President Richard Nixon embraced the lunacies of Professor Milton Friedman. Compare this case with the onrushing collapse of all categories of our national infrastructure over the recent 35 years since Nixon et al. brought the Bretton Woods system to an end, and Brzezinski's Trilateral Commission during 1977-81 destroyed the basic economic infrastructure of our nation.

Environmentalists are useful only in a society in which policemen are needed to force children and adults alike to change their underwear once in awhile. Issues should be addressed because the issue is a rational one; in a rational society, environmentalists are not needed, but real scientists are.

We must shift to affirmative measures of developing our future, and use that as the method for cleaning up what needs to be cleaned up.

For example, the use of high-temperature gas-cooled reactors, as standard general power-sources in regions, points to the generation of hydrogen-based fuels, whose most notable waste is water, rather than the transportation of inherently cheap combustible fuels at great relative costs per ton over vast distances. Replacing greatly excessive dependency upon highway vehicles with high-speed rail or, better, maglev transport is the mark of building a better, cleaner world.

The Future of New Orleans

From the Congressional Black Caucus: Mr. LaRouche, it is becoming increasingly clear that when some people talk about rebuilding New Orleans, what they really mean is rebuilding the city so that it is no longer "as black"—with all that that phrase implies. One of the immediate dilemmas that has come to the fore is the question of tens of thousands of dwellings in the area that remain standing. These are homes owned by poor people who are being told that the homes are no longer safe and must be bulldozed. While we do not want to send people back to live in structures that are unsafe, we are also reluctant to accept that the only solution is wholesale flattening of entire communities. An increasing number of people believe that, under the cover of rebuilding in the wake of Katrina, the government is doing the equivalent of "ethnic cleansing" in the region. Please comment.

LaRouche: On this point, the foremost problem is, that some fearful souls are afraid to say that some policies shared among some governmental faction and their friends of the financial-scamming world are about as immoral as Adolf Hitler when it comes to practice. They wish a gentrified village of habitués of gambling casino-culture, from which the former inhabitants of the area have been sent off to die, and people with certain well-known social prejudices can smile with a sense of victory, not over poverty, but over the helpless poor.

New Orleans is, by its nature, and its social and economic history as a polyglot, a metropolitan city, at a juncture where the oceans of the world meet the mouth of the Mississippi. It is the aperture of access to the product and culture of an entire region of the U.S.A., from the border of Canada down, be-

tween the Rockies and Alleghenies and the rivers and other waterways and former railway systems within, to the world, and from the world in return.

We must also show caution. When solar flares blare, the heated water of the oceans blends with the Amazon High, and the Atlantic and Pacific tropical areas compete, and alternate the priority of each, in delivering the accumulated heat of the summer waters northward, delivering this power in clumps called storms.

When I crossed the Pacific, during my wartime service, we travelled by a solitary converted passenger liner armed with some six-inch guns, Oerlikons, and kindred impedimenta, travelling at speeds deemed more than swift enough to outrun Japan submarines. Each day, we assembled on deck, to watch the six-inch guns perform. One time, we crossed the Equator, and enjoyed the silliness of that moment. There were times in which this stout young ship was caught by a storm. I came out of quarters, to get away from the mass vomiting among my shipmates, and braced against a bulwark looking into the stormy sea ahead, and enjoying it all (avoiding the stench below). I enjoyed it because we were inherently safe, and such experiences are a testament to the achievements of mankind.

So let it be with New Orleans and the region with which it is associated.

All relevant matters should be placed in the perspective of the presently onrushing greatest, early general physical as well as financial economic collapse in all modern history. This collapse is already a boundary-condition of the economy at large. Either that attitude changes rapidly, or there will not be much for bigots of the type to which we are referring here to squabble about. Even such fools as they are, need what we need to see done.

Greenspan and Hyperinflation

From senior staff, House Banking Committee: Mr. LaRouche, you said that [Federal Reserve chairman Alan] Greenspan's actions in the wake of the '87 stock market crash are what is responsible for the current speculative bubble. Can you talk a little bit more about this—specifically, the relationship between his actions and what you uniquely call hyperinflation?

We have a series of questions from both the House and Senate on the question of financial derivatives, how they work, the difference between a financial derivative and hedge funds, etc. None of them were particularly interesting or unique. What I did was to excerpt your statements from the dinner afterwards on the topic, and send it to the various questioners. If you want to handle it differently, let me know.

LaRouche: The leading source of the lack of comprehension of the fact that we are already trapped in a "boundary layer" from which the present international monetary-financial system will never emerge alive, is chiefly the way in which the ideological shift from a producer, to a services,

economy has tended to uproot the last vestiges of what the generation born before 1940-45 knew as the primary function of the physical realities of a national economy.

In earlier generations, while useful production still commanded the economy's heights, the physical outcome of investment in production and infrastructure, as measurable per capita and per square kilometer, was the reality against which the value of monetary-financial assets was judged. The changes, since Brzezinski's late 1970s, in laws against spread of gambling and against usury, and the role of Federal and related regulation, have removed the essential constraints we employed to judge how well the organization of the flow of money was serving the long-term physical interests of the nation in per-capita and per-square kilometer terms.

In those former terms, sane members of society would have immediately recognized a "post-industrial economy" as an economic depression. This fact is brought more readily to light when my associates and I use county-by-county data, to show the individual and combined physical effects of changes within the U.S. economy during the recent 35 or more years. Today, facts such as those are usually brushed to one side, by a flippant, knowing gesture of protest against such evidence: "Ah, but how is the financial market doing?"

Look at what I have frequently described as the more extreme form of mass-insanity associated with the nearly two decades' reign of Alan Greenspan at the Fed.

We actually had a 1929-style stock-market crash in October 1987. I had forecast it repeatedly; it came exactly and also faithfully on schedule as I had forecast. It was the logical, scientifically lawful outcome of trends downward set into motion during the Nixon and Carter Administrations.

In stepped Alan Greenspan: "Hold everything, I will deal with this," he said, in effect. The effect was the use of gambler's side-bets, fancily named "financial derivatives," and later notorious in current forms as "hedge funds." The counting of these wildly fictitious transactions as a functional part of the financial-monetary system unleashed what would become ultimately a hyperinflationary bubble resembling that of 1923 Weimar Germany; the principal differences were that Germany was a boxed-in economy, whereas ours is a world economy which can print funny money by optical cable, at optical cable speeds. We must compare the ratio of various forms of financial derivatives in various regulated and informal markets to estimated total world net product.

Now, as then, the intrinsic hyperinflationary impulse of the proceeding was held in check for a time, for as long as the bankers and governments could contain the market within which this was unfolding. When, in late spring 1923, the containment mechanisms broke down, the hyperinflationary spiral exploded. The same must be said of the history of the Greenspan financial-derivatives bubble to date. During this past spring, the evidence was that, given the plunging course of the economy under the Bush Administration, the containment mechanisms had broken down under this added stress.

Now, dubious accumulations dating from the period of the 1997-98 crises are in the process of exploding, that at an accelerating rate. More input will be virtually gasoline poured in the attempt to extinguish the flames.

This does not permit us to make a general prediction of the exact date. However, in any case, it used to be said that bears or bulls can profit on markets, but pigs are slaughtered. The pigs are already slaughtering one another, as the zooming speculation in primary commodities attests. The intersection of that hedge-fund fuse with the real-estate-bubble bomb, threatens to blow out the entire banking system of Europe and the Americas soon. While we can not predict the precise date, we should recognize that we have entered a boundary layer which is roughly comparable to a sub-sonic racket. If we do not modify our attitude, under these conditions, the system would disintegrate.

The solution exists as an option. Have we the wit and courage to take it up in a timely fashion?

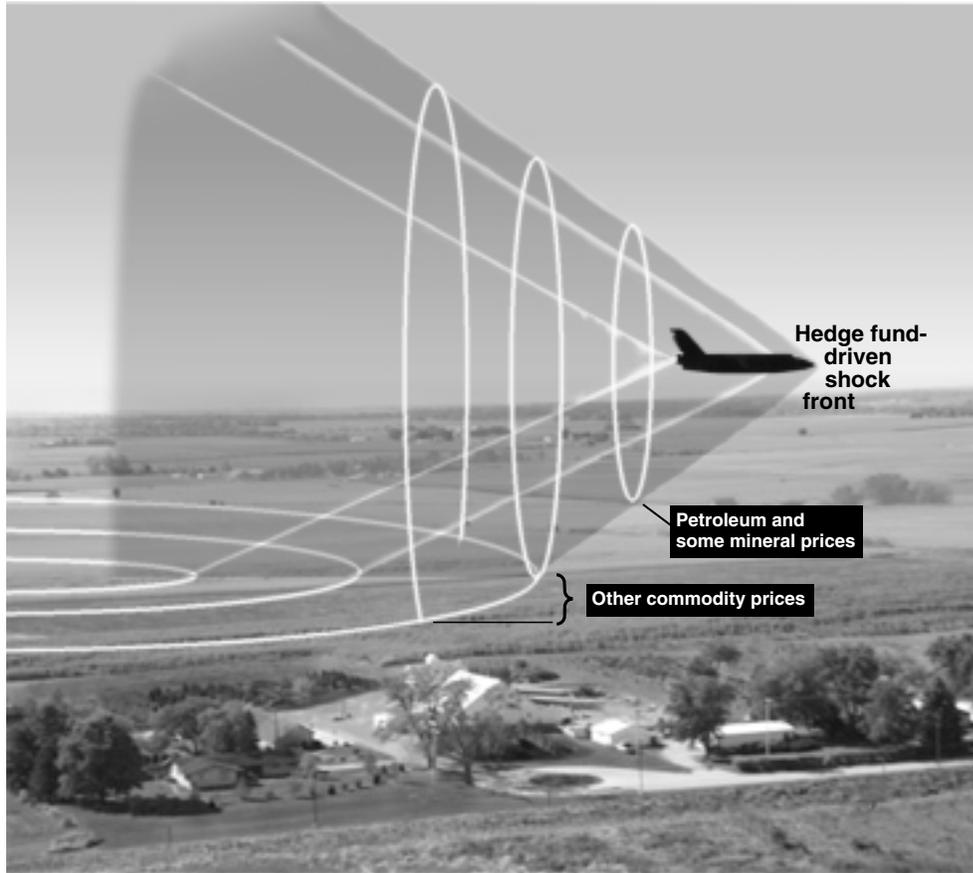
The Synarchist Felix Rohatyn

From a senior economist at a prominent Washington think-tank: Mr. LaRouche, a couple of weeks ago, Felix Rohatyn gave a talk here, and I overheard a fascinating exchange between Mr. Rohatyn, who as you know frequently advocates a new Bretton Woods, and one of your senior people. It became instantly clear that you and Rohatyn are *not* talking about the same thing when each of you calls for a new Bretton Woods. I didn't want to insert myself in an ongoing conversation that morning, but I think it would be extremely helpful if you would define the difference between your view and Rohatyn's.

LaRouche: I launched the international campaign of support for a new Bretton Woods system in the form it radiated widely internationally from my work with the Italian Parliament, which adopted my proposal in a series of actions to that effect. This action, as publicly associated with me, served as the occasion for Mr. Rohatyn's larcenous attempt to pre-empt the field. He stole nothing but the name written on his empty bag. There is, in fact, no coherence between, on the one side, the original FDR policy and my own explicit echo of that, and, on the opposing side, the proposal uttered under the same name by Mr. Rohatyn. The difference between the two is a difference between two universes.

Mr. Rohatyn's frankly stated intention, and matching actions, is to eliminate the power of any government, including our own, to resist the higher authority of private financier interests. He is for a reorganization of a present international monetary-financial system which he knows is already hopelessly bankrupt; but he insists that, under the needed reorganization, it will be the financier houses, not the government, which determines who shall live and who shall die. On this account, his view of me, therefore, is clearly his estimate of me as an extremely credible adversary, toward whom he has, therefore, feelings of the deepest, perhaps even murderous,

LaRouche-Riemann Conical Shock Wave Model of Hyperinflation



The present hedge-fund driven hyperinflation is comparable to a sonic boom moving across the landscape. At the tip of the cone, where the shock front forms, is the speculative bubble in hedge funds and related derivatives, orders of magnitude larger in monetary value than the physical economy. The commodity price inflation, led by petroleum and certain minerals, is dragged along in the opening conical tail. Prices of other commodities and consumer goods lag behind in time and are diffused as they spread out in the conical opening. Visible or empirically determinable measures (in this case prices) are actually being determined in the non-visible, complex domain. A Riemann-type shock front forms at the cone-shaped boundary layer where the rate of increase of out-of-control speculation confronts the declining rate of real physical economic growth.

personal hatred.

The pedigree of Mr. Rohatyn's views on this matter is that he shares in common with that France-based Synarchist International which created the fascist regimes of Mussolini, Hitler, Franco, and, among others, Laval and Vichy governments of occupied France. Certain among the leading banks which were formally leading elements, such as Banque Worms, of the Synarchist International of the post-Versailles Treaty decades, exist still today, and maintain policies toward matters of finance and government which are faithful echoes of the policies of the original Synarchist International. Mr. Rohatyn shares their outlook.

There is a presently ongoing quarrel respecting the way the U.S.A. and others should deal with the fact that the present financial-monetary system of the U.S.A. (as of other nations) is hopelessly, irretrievably bankrupt. The placing of the existing banking system and related institutions under Federal bankruptcy protection, through putting the Federal Reserve System itself under such protection and management, is implicitly on the immediate order of the day. It will either happen very soon, or insoluble chaos were inevitable, instead. The question is, shall the lawful government conduct this reorga-

nization in bankruptcy, or will a consortium of persons such as Felix Rohatyn and his like assume imperial and, frankly, mass-murderous powers over the state?

A second question from the same source: You probably know by now that Greenspan spoke here in D.C. at the same time you did. I was a bit taken aback when I read the text of his speech. It came very close to being structured as a point-by-point refutation of your own economic outlook and I'm not the only one who picked it up. Do you want to comment?

LaRouche: The poor fellow had the opportunity to meet with me during the proceedings of the recent President's annual press reception. He shook my hand, as if automatically, shuddered; he announced: "I need a drink," relinquished my hand, and was seen for some time thereafter occupied at the bar. Apparently, from the reported points of his address, I had made him extremely upset by my publicized criticisms of his presently failed policies.

If any plausible parties wish to arrange a public debate, I would be willing to oblige. If he does think himself capable of withstanding the experience of shaking my hand, I promise to treat his desire compassionately.