

LAROCHE WEBCAST

The Greatest Economic Crisis in Modern History

Here are the remarks of Lyndon LaRouche at his webcast on April 27, 2006, in Washington, D.C., sponsored by the LaRouche Political Action Committee. The moderator was Debra Freeman, Mr. LaRouche's national spokeswoman. The webcast can be viewed at www.larouhepac.com.

Debra Freeman: Good afternoon, ladies and gentlemen. My name is Debra Freeman, and on behalf of the LaRouche Political Action Committee, I'd like to welcome all of you to today's event.

I normally give some introductory remarks. But given the nature of the current situation, I think that most of us recognize that with the issuance of his statement last week, that the world system is on a Weimar collapse curve, the dimensions of the crisis that Mr. LaRouche referred to there, that led to many of the people who are here today, being here, and which also has resulted in an unprecedented number of institutional gatherings around the nation's capital, and in fact, around the world, who want to hear what Mr. LaRouche has to say today.

We are witnessing what is, without question, the acceleration of the greatest financial collapse in modern history. Accompanying that collapse, is also an intensification of a series of strategic crises. I know that Mr. LaRouche is anxious to begin to address some of these questions with you, and I know that the people who are listening are anxious to hear what he has to say. So, ladies and gentlemen, without any further introduction, I'd like to present to you Mr. Lyndon LaRouche.

Lyndon LaRouche: Thank you very much. Thank you all.

This nation and the world are now facing, in the weeks and months immediately ahead, the greatest crisis in modern history; a greater crisis than World War II. This does not mean that it's a hopeless situation, it means that it only *seems*

hopeless. There are clear solutions which are obvious to me, partly because I've spent a lifetime, or the greater part of a lifetime, in dealing with precisely these questions, and have an expertise in this matter, which unfortunately most of our people in government, for example, do not have. I can tell you, presently, the U.S. Congress, the Senate in particular, has no comprehension at present of what they're dealing with, or what's about to hit this nation, and what's about to hit them.

As of today, they don't know what to do! And if you see what they're doing, lately, you *know*, they don't know what to do. They may have watches, but they don't know what time it is.

So therefore, I shall try to make this clear in terms, as much as possible, that intelligent lay people can understand what I'm about to say. And I shall go through a series of stages, getting nastier, and nastier, and nastier, until we come to the nature of the solution.

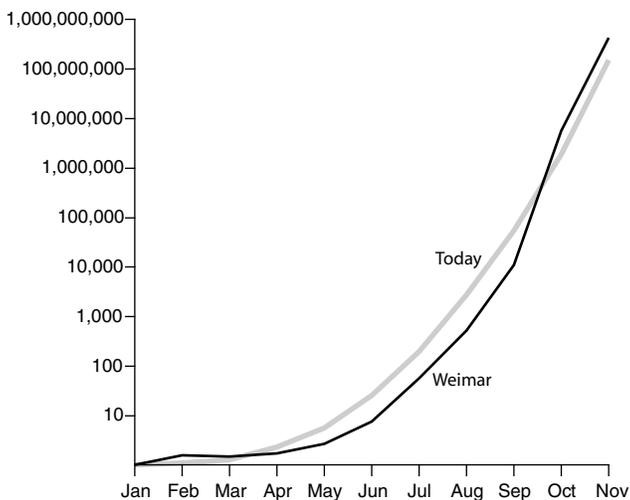
Now, first of all, I want to show, as a thematic point which I'll refer to a number of times, this diagram, which is just a schematic representation of what I discussed this past week. The curve, please (**Figure 1**).

Like Weimar Germany, 1923

Now, what you're looking at, is a comparison of what is projected, first of all from early January 1923, in Germany, until about the end of the year, November of 1923. And this is looking at specifically, emphatically the part that begins about June of 1923. And it concludes at that part, in the first case, with the total collapse of the German economic *and* monetary system, together, at the end of that year, in 1923. The United States presently, and the world presently, *is on the same rate of change of curve*. It's not the same in terms of identical figures, but it's the same in terms of the general

FIGURE 1

Hyperinflation: Weimar, 1923 and the World, Today



A German housewife of the early 1920s lights a fire with worthless currency to cook her breakfast. Today, we're reaching the point where people will be melting down pennies and nickels for the copper in them, which is worth more than the coin itself.

rate. *The rate of collapse of the world economy is increasing geometrically, month by month, such that, by September, unless there's a major change introduced as a matter of policy, particularly by the United States before September, by September, the United States will be in the bucket and we will be finished as a nation for some time to come. And obviously, the members of the Senate, and parts of the Congress, and other parts of the world, are not paying attention to that reality.*

I've just identified, that this curve that we're looking at, is a reflection of Leibniz identified as the principle of physical least action, which is tied to the so-called catenary function: That in physical processes, there are certain kinds of processes, which define a characteristic of a system. And this kind of curve, that I've just referred to here, *this means, that the present system is finished! And it's finished this year, unless, dramatic interventions to radically change the situation are made by the U.S. government.* Which means, you've got to get the nerd out of the White House. And Cheney, first.

And Cheney, I understand, could be in deep trouble this week, or next week. It's already in process. There's no chance that this nation would survive, number one, unless we change the composition of the Presidency. Because, this President would *never do what is required.* He hasn't got the brains to do it, and he'd be "agin it"—sort of like the Mortimer Snerd of the White House.

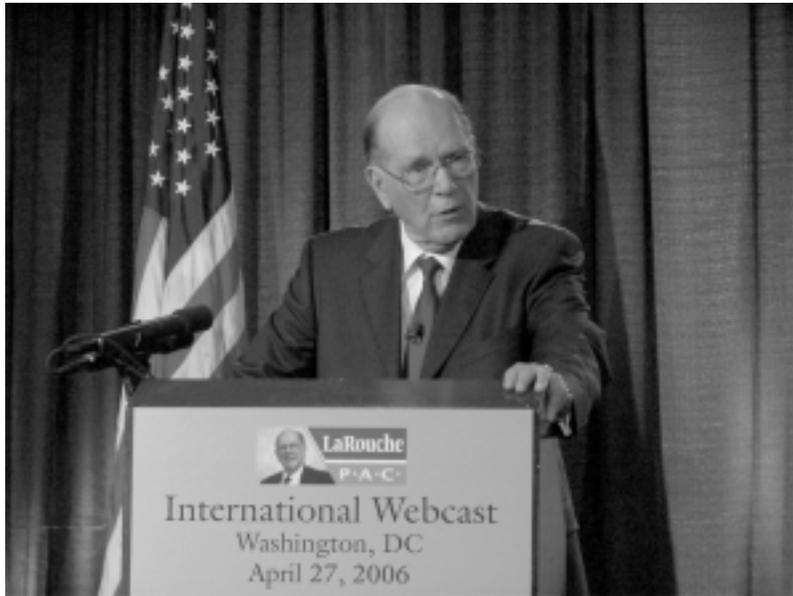
And if Cheney's not out, then, it's not possible to make the kind of changes that are required, which are changes which are *consistent* with what Franklin Roosevelt began to do in early March of 1933, at the time of his inauguration. Unless we go back to Franklin Roosevelt, and do it this year, this nation is not going to make it. We're going to go to Hell—

and we're going to take the rest of the world with us.

There're some people who will tell you, "Well, the United States will fall, and you'll have this group of nations around the euro, around Iran, the Arabian oil countries, they will set up a new currency, and they'll deal with the problem." No! Never happen. That China will deal with it. No. China can't deal with. No part of Asia could deal with this problem. Europe could not deal with this problem.

The only nation which could make the kinds of decisions which would save the world from Hell, is the United States. And in the living memory of some of you, or the recollections from study of others of you, the only precedent for saving this nation and civilization, is the policies taken by Franklin Delano Roosevelt, during his Presidency. That's where we stand. And I can tell you, as you probably know, this Senate is in no mood to do that, right now. They seemed to be getting in the mood to do something during the previous year, but they've lost it since the beginning of this year. They're running in every direction. They're like the cockroaches, when the light's turned on in the kitchen—running in every possible direction except a useful one.

I'll just give you one example before going on to this further: The example of the oil price discussion in the Senate. Now, I don't disrespect these ladies and gentlemen in the Senate, on the question of what they're doing because of the oil price. *But they're wrong, they're dead wrong and what they're doing is worse than useless. This is not a matter of bringing the oil companies into control. That is not the problem. It is not caused by a price manipulation by oil companies. It is caused by the same thing that is running the price of copper up, so people are melting down pennies for the copper!*



EIRNS/Stuart Lewis

“If I were President of the United States, I’d know exactly what to do,” LaRouche said. “I’m not President of the United States. So, we’ve got to get rid of the one we have, and find somebody else in there, to handle the job. But we have to have a policy for that President to carry out, and which Congress will support and carry out. Under those conditions, we can make it.”

Because the copper’s worth much more than the penny. And the same thing is going to happen to your other hard coins: The metal in these coins is *worth more* than the currency, to say nothing of the paper of the dollar bill or the ten-dollar bill.

So, we’re at that kind of point. So therefore, money has nothing to do with it. Let’s go through this thing right now, and I’ll come back to this immediately.

From Harding to Roosevelt to Truman

The history of the United States, and of the world economy, in my lifetime, which began a long time ago—about 83 years ago, nigh on 84 years ago—is the following: I was born during the Harding Administration, and then he was succeeded by Coolidge, who was no damned good, and also Herbert Hoover, who sucked. These fellows who were going along with a certain kind of policy, in conjunction with the British and the French, sent the world into a general depression, by their manipulation. We had a crash in the United States, a stock-market crash. And the U.S. economy, *physical* economy, employment and so forth, all these factors, crashed by *half* between the time of the ’29 crash under Hoover, and the time that in early March of 1933, that Franklin Roosevelt was sworn into office. *By half!* It was a *disaster*. And Roosevelt reversed that. It was a change in policy.

We can divide the history of the United States, modern history, actually from the time that Roosevelt was inaugurated in March of 1933: We had a steady recovery under Roosevelt. It wasn’t easy, but the steps which led to the recovery were

fully in motion. Harry Hopkins’ administration was part of this thing under Roosevelt. But at the same time that Roosevelt came into office, barely a week before, Adolf Hitler had become the dictator of Germany. And everybody in the world who had any sense and was well informed, knew the world was going to a *new world war*. That is, the new world war was made almost certain, before Roosevelt was actually inaugurated as President. When Roosevelt began to organize the recovery, he had to do two things: He had to not only revive the U.S. economy, he had to prepare for a U.S. role in World War II. Our recovery during the 1930s, also was, at the same time, *a war mobilization recovery*. We had to build up the material engines by which to prevent the Nazis from conquering the world; and we knew we were going to be drawn into the war, and we had to prepare.

So, relative miracles were pulled, by pulling people who were ashen-faced, from poverty—men who would have employment, who were suddenly ashen-faced, because, it was not whether they could buy gasoline, they couldn’t get food! And they’d been in

a deep recession, a deep depression, for several years before Roosevelt came into office. And we had to remobilize these people, who were despondent. And we spent most of the 1930s trying to get people back into shape. Roosevelt backed John L. Lewis in what became known as the Congress for Industrial Organization, as a part of this process: To get private operations, as well as public operations, to get the economy moving, knowing we were headed for war.

Now, if you take the discussion in Europe, before Hitler came to power and immediately afterward, everyone in leading positions in Europe knew this; everyone in the United States in leading positions knew it: A war was being prepared. It was also understood, that unless the United States were mobilized to tip the balance, the Nazis would win the war. And we saved the world from a Nazi empire, by Roosevelt’s mobilization, by the mobilization of our people.

We also went into great debt. We had about 17 million people in military service during World War II, but we had a population of over 130 million people. We had about 17 million of the adults, young adults and others, involved in military service. We were not the best soldiers in the world, we were not the best fighting force in the world. But we had tonnage of logistical support, against hundreds of pounds of matériel for the opposition. We crushed the opposition with logistics, with engineering, and with Detroit and with the auto industry, which produced planes and about everything else you can imagine. And it was that crushing power, of U.S. economic power, which we funded by a great debt,



National Archives

During the Great Depression, miracles were achieved, by “pulling people who were ashen-faced, from poverty—men who would have employment, who were suddenly ashen-faced, because, it was not whether they could buy gasoline, they couldn’t get food!”

in order to save the world from Hell. And we did it by Roosevelt’s methods.

That’s the first phase of our history up to 1945. Then Roosevelt died. And Roosevelt was not buried, before Truman had betrayed him. Now Truman and company could not do as they wanted to, because the entire world depended at that point on the U.S. economy. Europe was a shambles. There was no other part of the world that had a currency worth trading in—only the United States dollar. And Truman betrayed us. He got us into war. Where Roosevelt had planned to organize the United Nations, in order to break up the colonial system, the imperial system; to foster the development of a system of sovereign nation-states on this planet, who would be equal in their sovereignty, if not in their power and size. And the United Nations was supposed to be an agency to assist in the development of what had been formerly colonized countries into full, true citizenship among nations.

Truman turned that around, with Winston Churchill and company. They went out to *repress* the people of Indo-China. They reactivated Japanese troops out of prison camps, gave them back their guns, and got them to occupy Indo-China again, until the British and French could come in and replace them. The Dutch, with British support, committed



Franklin D. Roosevelt Library

President Roosevelt in Wilkes-Barre, Pa., in 1936. At right, Walter Reuther of the autoworkers’ union and John L. Lewis of the United Mine Workers. Roosevelt backed Lewis in what became known as the Congress for Industrial Organization, to get the economy moving, knowing we were heading for war.

mass murder in Indonesia! And similar things went on in most parts of the world. Eventually many nations in Africa and elsewhere were given nominal freedom. But it was never *real freedom*—it was lackeydom. You could get a hand-out if you behave yourself. That kind of “independence.” That’s what Truman did.

He got us into an unnecessary war with the Soviet Union, and other forces. There was no need for it, we had control of the situation. There was no threat to us. We were the only power on this planet of any importance. We didn’t have to do anything, except what Roosevelt planned to do. But we got ourselves into a mess. But Truman had to keep the thing going. So finally, Truman was dumped, because he was such a menace to humanity. And he was replaced by Dwight Eisenhower—a man, who, by the way, I had supported for candidacy for the Democratic nomination in 1947, who had written to me back, and said, it wasn’t his time. But he did come back in in the 1950s. He saved us from Trumanism—he didn’t save us from everything, but he did prevent us from going into a nuclear war, and he did initiate a number of policies which were very useful to us.

1964—When We Began the Plunge Into Hell

Some good things happened under Kennedy. But that was quickly ended, and so was he. And then, in 1964, we began to plunge to Hell: We began to destroy what had been the continuous progress in the U.S. economy from the time that



Library of Congress

President Dwight Eisenhower after his inauguration, Jan. 20, 1953. Outgoing President Harry Truman is behind him. Eisenhower saved us from Trumanism, and prevented us from going into a nuclear war.

Roosevelt took office in 1933, until about the beginning of the Indo-China War, the United States' intervention into Indo-China.

At that point, we began to destroy the U.S. economy. The destruction became official in the first form, with Nixon. Nixon, apart from bringing a fascist government to power in Chile and a few other delicate things like that, took the first step to destroy the international monetary-financial system, on which the strength of the United States and the postwar recovery of nations had been based.

Then, in the second half of that decade, the latter part, we had Brzezinski. Brzezinski with the Trilateral Commission brought in Carter, who didn't know what time it was, made him President and ran the administration for him, largely. And what Brzezinski did, with the Trilateral Commission, was to destroy the entire system of protection, of regulation, upon which the economic recovery of the United States under Roosevelt and afterward had depended. Look at your airlines. Look at the number of airlines, which had been proud, powerful, effective airlines prior to 1981, which quickly went into bankruptcy. Do you remember Pan American? Do you remember Eastern Airlines? What happened to them? What happened to a lot of industries that went under? What happened to the trucking industry? It was turned from an industry into a system of slavery, highway slavery. Hmm? Agriculture began to be destroyed. And if you look at the map of the United States, year by year, county by county, you see a pattern from 1977 on, of a systematic destruction of the physical economy of the United States, county, by county, by county; industry, by industry, by industry.

We are now being destroyed.

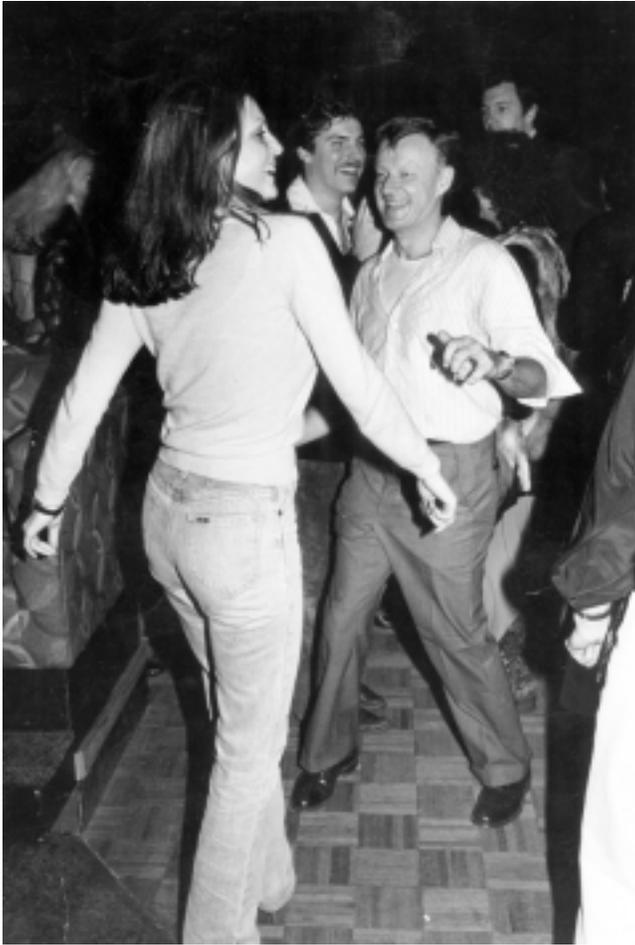
And it was the *intention* to destroy us! It was the intention which the British had. We're a unique nation. There's no nation on this planet like us, in our Constitutional form. For example: We do not have a monetary system. We have a credit

system—read the Constitution: The creation of money, in the United States, is regulated by the Congress. The Federal government has a monopoly on the issuance of money. This monopoly is exerted *only* with the agreement, consent of the Congress, specifically, the House of Representatives. This is the way in which we create credit. The proper way to run this system, under our Constitution, is with a *national banking system*. That is, the credit-creating power, and the regulatory power, of the United States government, the Federal government, should be centered in a national banking system, instead of what we have as the Federal Reserve System. That can be remedied: The Federal Reserve System is about to go bankrupt; therefore, if the Federal government takes over the Federal Reserve System in bankruptcy, and manages it, we will then turn that into a national bank, a national

banking system. The national banking system organizes the credit, both on the public account, and in order to manage credit and manage the banking system, the private banking system, so that our system can produce the credit, the long-term credit for *investment* in technological progress, in capital goods, in infrastructure, which we require to increase the productive powers of labor per capita. That was destroyed.

Europe never had that, really. It tried it a few times, particularly under the Bretton Woods system protection. Europe to this day, is a monetary system. There is no such thing as a sovereign government in Europe, in Western Europe, or Central Europe. Each of these governments is subject to a private financial cartel, called "an independent central banking system." The governments of those nations are subject to government *by* independent central banking systems! Typified by the Bank of England: That is, a syndicate of international financial cartels, based on the Venetian model, based on the same thing as the Lombard League, controls the government and the credit of the nation.

Now the typical European, who doesn't understand economics very well, will say the principles of Roosevelt's reform were Keynesian. Actually, Roosevelt defeated Keynes, in the organization of the Bretton Woods system! *Because our system is not based on central banking! Independent central banking. Our Constitutional system, by our Constitution, is the power of the credit, the power of issuance of money, and regulation of money, is a monopoly of the Federal government, conducted by the Executive branch with the consent of the Congress!* Specifically the House of Representatives. Because the House of Representatives is the agency that says whether the United States government can contract debt or not. And if the House of Representatives agrees, and the Federal government requires this, and we wish to rebuild our economy—as today, from the wreckage it is!—and put the system into bankruptcy reorganization because the entire



Zbigniew Brzezinski, who ran the Carter Administration, destroyed the system of protection in U.S. transportation, by deregulating trucking and just about everything else (including himself). Here he dances at the opening of the musical "Hair," in 1979.

banking system of the United States, *the private banking system is hopelessly bankrupt, including the Federal Reserve System!* Therefore, the job is, to put it into bankruptcy under government.

What Are We Going To Do?

What are we going to do? We're going to balance the budget? No, we're going to balance the minds, first.

We're going to freeze things, we're going to put things into bankruptcy reorganization. Things that must continue to function, including pensions and things like that, will continue to function, backed by the credit of the United States, the United States government, what it can muster. We will keep these institutions functioning. We will take large categories of this debt which can not be paid, we will freeze it and reorganize it. For example, a certain category of debt, the so-called hedge-fund debt, or financial derivatives debt, is not honest debt. Forget it. It's gambling debt. It has no basis in reality. Freeze it. We'll see what we can do with it later.

But we must keep the industries going and growing! We must develop our agriculture, we must develop infrastructure, we must have productive employment. We want people employed, not to get a paycheck: We want people employed, *with* a paycheck, in order to produce wealth. Because the security for the credit of the U.S. government, when loaned, is the wealth created as a result of investment by that credit. We create water systems, we create transportation systems, we create power systems, we create educational systems. We also provide credit for the development of industry. Those industries which are necessary to us, which are the option to us at that time.

That's what we're going to have to go to, and that is what the Congress is not ready to do. Because the only way you can deal with the kind of crisis we have now, not merely a depression like 1929—this is new. We have to go to these kinds of methods. Methods which are modeled on the precedent which Franklin Roosevelt demonstrated for a crisis *less severe* than we face now, but which would work equally well, under the present circumstances.

And, as you see in the Senate and other parts of the Congress, let alone the White House, you see no sign of any intellectual preparation, or emotional preparation, for voting up the kinds of actions which save this country and its people from being sent to Hell, when it's being threatened by being sent to Hell within the months immediately ahead of us, now.

And this curve I showed you is key to understanding what this means. That's our problem.

The problem is that in the middle of the 1960s, you had a split of a generation which had been born in the postwar period, white-collar versus blue-collar. You had people coming into maturity, that is, into young adulthood at that time, who had been born either at the end of the war, or shortly after that. And they became known as the 68ers: They went crazy, took their pants off and everything else off on the streets, raved around, did all kinds of things, made un-music copiously—all this sort of thing. And they *hated* blue-collar people. The 68er, the secondary feature of the 68er, was the hatred demonstrated against the average working man.

This split the Democratic Party. Because, it meant that the liberal anti-war faction of the 68er was in organic opposition to the vital interest of the guy of the same age-group or slightly older, who was working in the factory producing things, or the farmer. It was anti-labor. It was a yearning for a post-industrial society. It was a yearning to have pleasure and opulence and comfort, and sexual satisfaction, in a society which actually did not produce wealth, but got wealth from abroad from cheap labor.

And we were able, because we had more money, we could get those products, without actually having to work for them! And we made new laws and regulations to destroy the ability to develop our energy potential, to maintain our basic economic infrastructure. Look at the charts which we've projected in various broadcasts and reports—look at the United States, county by county, for physical characteristics of life



EIRNS/Philip Ulanowsky



EIRNS/Linda Ray

The 68er generation at a 1979 Shad Alliance anti-nuclear demonstration (left) and a 1980 pot parade, both in New York City. The 68ers hated blue-collar people. "This split the Democratic Party, because, it meant that the liberal anti-war faction of the 68er was in organic opposition to the vital interest of the guy of the same age-group or slightly older, who was working in the factory producing things, or the farmer. It was anti-labor. It was a yearning for a post-industrial society."

in those counties, over this period, from the middle of the 1960s or even earlier, to now. We have become a post-industrial society. We no longer produce what we need.

Whole sections of the country, for example, the area of western New York State, western Pennsylvania, Ohio, Michigan, and Indiana (**Figure 2**). And take one little aspect of this thing—it's not the fundamental one, but it's a good one, to illustrate. Now, most of the people who worked in auto and similar industries in these states, had the habit of having housing. They would invest in a mortgage and buy a house. Now most of these things are still mortgaged, in terms of General Motors, and not only General Motors employees alone; GMAC holds a lot of mortgages. These mortgages are held by auto workers or those in similar kinds of industries, or by retirees living on pensions.

Now, you have right in this area, in the Washington, D.C. area, you have one of the greatest real estate bubbles in history that is about to pop; as a matter of fact, it's beginning to decay. And within a short period of time, you're going to find that this whole area, around the *Washington Post* (it's where you go to die, you know)—this whole area, especially Loudoun County, in Northern Virginia, is going to disintegrate! It already *is* disintegrating. It's doomed! Whole sections of the country, the real estate bubble, on the West Coast, California, whole other areas of the country, are going down.

But now, you've got another: GMAC. They're trying to sell off GMAC and spin it off. Some sharks. But what's going to happen to GMAC? Is that a prize possession? What happens when you start to dis-employ the people in the auto sector and related sectors in the states I mentioned—western New

York, western Pennsylvania, Ohio, Michigan, and Indiana—what happens? These people lose their incomes; their pensions are being taken away. What is going to happen to the mortgages? You're going to have an ignition of a collapse of the entire U.S. financial system, coming out of things, such as these states! You're going to take an area like Northern Virginia, where people have a bigger debt, than the value of the equity of the thing they have debt against in a mortgage! Up to 60% of recent mortgages are of that category in Loudoun County—which is the fastest growing county in terms of real estate speculation in this whole area.

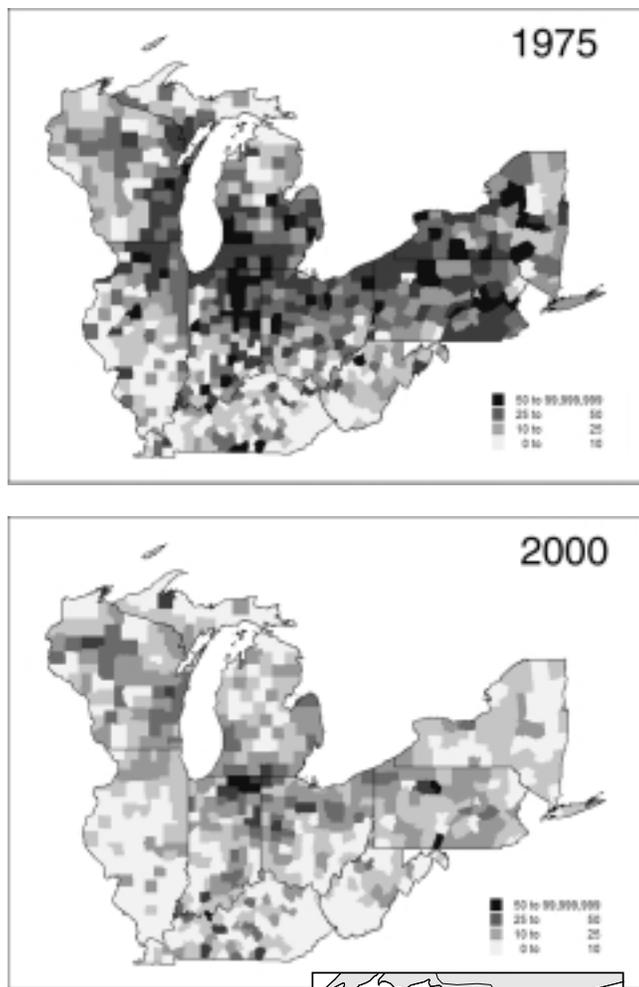
In other words, you're at a point where the whole thing is ready to come down. You look in Europe: There's no country in Western or Central Europe, which is not operating below breakeven, substantially below breakeven. Italy is bankrupt. France is ready to disintegrate. It's sucking on the blood of Germany. And Germany's about to collapse. Maybe it won't collapse, but it's about to collapse. The other countries of Europe are in a similar condition.

China—you say China's a big power? But what does China depend on? China supplies cheap labor for production of products, which are sold—where? In Europe and the United States. India is similar. Other countries of Asia are largely vendors to China or India. What happens if the U.S. market and the European market collapse? What happens to China? What happens to India? What happens to Asia in general? Let alone what happens to Africa.

You're in a world which is about to collapse, as a result of the stupidity, the foolishness, especially since 1964 in the United States, following the Kennedy assassination, which

FIGURE 2

Decline in Manufacturing Workers As a Percentage of Workforce, by County, Upper Midwest, 1975-2000



Source: Bureau Labor Statistics.



is the marker—'64 to '68—when the direction of U.S. policymaking shifted, when the Democratic Party split, between blue-collar and the so-called 68ers, the street 68ers. That's how Nixon came in. That's how this fascist drive came in, which is dominating the world today.

We Did This To Ourselves

We did this to ourselves! We, as a nation, did it to ourselves! We had the power. We were the greatest power on this planet: We wasted that power. We betrayed our heritage. We betrayed the world: Because, we're the only nation on this planet which has a constitutional system which can meet the challenge of this crisis. No European government is capable,

at present, without our help, of putting its central banking system into receivership in bankruptcy. We're the only system that can do that—unless you want to start a dictatorship, simple rule of fist, and that's not a very good idea. It generally doesn't work out too well, as the French Revolution demonstrates. So, don't do that.

But we are the one nation, we're still the world's leader—and think of one thing about it: What are we? We're the Americas. How did we come into existence as a phenomenon today, the Americas, including the United States? Because people from Europe, finding that the oligarchical corruption which is the characteristic feature of European states, was so powerful in those states, that you could not have a just society in Europe. So, people left Europe, beginning in part, in the 16th Century. And more in the 17th Century. And they moved into various parts of the Americas. People fled from Spain, to get out of the *horror* that Spain was, at that time, to get into the Americas. To find a place in which to take the best of European civilization, to engage with the people who already lived there, particularly the Peruvians and the Mexicans—you had about 2 million Mexicans at that time, indigenous, and they were a key part of the culture. So, you had a Hispanic-indigenous Mexican population; similar thing in Peru. And these people went to the Americas to try to build nations, which would do here, in this hemisphere, what could not be done in Europe, because of the reigning role of the oligarchy.

We, in our country, the same thing. We had some crumb-bums who crept in through our gates, but we also had people like the Massachusetts Bay Colony, and other colonies, which were dedicated to establish on these shores, societies based on the principles, the best principles of European civilization, but free of the curse of the oligarchy.

As a result of the French Revolution and what followed, the wars that followed, we are the only nation with the exception of some things that happened in Mexico and elsewhere later, but we're the only nation, the prime nation on this planet, which represents the tradition of the best of European civilization. We are a truer representative of that, than any country of Europe. Because, we do not like an oligarchy. Do you say, "Oh! You have to respect him, because he's Baron So-and-So; he's Count So-and-So"? You say, "Get that no-count outta here!" Even when we are fools and asses, we know better than to say, "We need barons, and viscounts, and dukes, and whatnot." We don't need an oligarchy. And our idea of having a *free* people, is a people *free* of rule by oligarchy, either by the fist, or by corruption.

And in Europe, of course, the oligarchy, the old oligarchy, simply rules by corruption. It hangs around. It pollutes the atmosphere. It's just an unseemly thing.

But this country of ours was founded by Europe, by Europeans to bring here the best of Europe, to mingle what we represented with the people already living here. And to form nations which would be true nations, representative systems of government, systems dedicated to progress, to improvement of the welfare of people. We're the only nation on this

planet which still has that tradition in an active way, even though it's buried under the Bushes.

If we can reactivate ourselves, if we can recapture what many of us recaptured in the 1930s and 1940s under Roosevelt—when, after a bad period of corruption, the 1920s, we came back to being *ourselves* for a while—we *rebuilt* a ruined nation as the greatest power on this planet, we made possible great improvements in the world situation, continuing into the middle of the 1960s, until we began to ruin it. We still have within us, within our cultural legacy and within our Constitutional institutions, the power, the authority, to do again what we did before.

The problem is, we lost it.

And the only way we're going to get it back, is when a very scared generation—including a generation in the Congress which is about to be terrified by what it's trying to pretend will never happen, but is happening—when they're *shocked*, into realizing that we have to make a change. And they give up saying, “No, you can't stop this. It's inevitable.” You've heard the statement, “It's inevitable—you may be right, but you're not going to stop it, it's now inevitable. It's going to happen. You can't stop globalization. You can't stop this, you can't stop that.” And when you realize that your existence depends upon stopping precisely some of these things, and most of your friends and neighbors find that the price of food is higher than the price of rent—which is about to happen, if we don't deal with that—then they'll get up on their hind legs—if there's someone around, if there are people around who represent a quality of leadership that people will trust.

And what I'm worried about, is trying to get at least some of our Senators and others, to behave in ways in which they will attract that kind of trust from among our people. The way they've been behaving this year so far, does not attract much trust. What they're doing right now, does not attract much trust.

Now, for example: This question of inflation—go back to this image again, of this curve.

Now, what's going on here? The price of copper, the price of gold, the price of zinc, the price of petroleum: Has it got something to do with gouging by oil companies? No! Then why are the Senators making fools of themselves by pretending that that's the case? It's not just petroleum—it's gold, it's zinc, it's iron, it's copper, and so forth. You have armed gangs out raiding junkyards! A phenomenon in the United States, and in Europe. Why? Because of a certain system that's operating, and these members of the Senate, and others, aren't willing to face the reality!

How the Financiers Escaped From Their 1987 Crash

In 1987, I told the boys we were going to have a depression in October, early October 1987, and it happened on time. What did these idiots do? They called in Alan Greenspan, who had been designated as the new appointee for the Federal

Reserve System. And Alan Greenspan said, “Don't do anything, until I get there. I got a plan.” The plan was financial derivatives.

Now, the October 1987 financial collapse, was a classical depression collapse, of the type we had in 1929. In about two days, you had about the depths of 1929, all at once. This was panic. The banks were strapped. The banks had been virtually out of cash, which is how this thing happened, out of assets. What he did: He started printing fake money called “financial derivatives”; he authorized an illegal form of money called financial derivatives. Gambling side-bets. You got a couple a crap shooters, there in the alley—ya know, two guys are shooting against each other, and two guys on the side are betting on how it's going to come out, right? Side-bets, gambling side-bets. Financial derivatives!

Now, what did they do? How did they get the money back into the banking system? Financial derivatives. They had the Federal Reserve System go to Fannie Mae and Freddie Mac, and told these fellows: “Bundle mortgages.” In other words, a bank will take a group of mortgages it has, sort them out, make a collection, make a description of them, and put it in a package. And market this as a financial asset. This is a pack of mortgages. They take it now, and they dump it on Fannie Mae or Freddie Mac.

Now what happens? The Federal Reserve System now comes in and subsidizes Fannie Mae and Freddie Mac's purchase of these bundled mortgages. As a result of that, Now, Fannie Mac, Freddie Mac, take this Federal Reserve money, and dump it into the coffers of the banks!

Real estate speculation became an integral part of the way in which the banking system was supported. In other words, you go in and you tell the banks to go out there and get mortgages. “C'mon boys! Go out there and get mortgages. I don't care what you do to do it. You have to take latrines, and you have to put them up, and call them mansions, McMansions or something—get a mortgage on this, quick boys! And get some sucker to sign for it,” which makes it official.

Now, take a bunch of these things at the bank, and you do what you call “bundle” them, you put them together under one little wrapping. And you march this over to Fannie Mae or Freddie Mac, or somebody else's fanny, huh? And now the Federal Reserve comes in, and with this financial derivatives operation which it's working with, it now gets the money back into the banking system, which now engages in this financial derivatives operation, in many kinds of gambling ways—which previously were considered illegal.

So, what we've had, is this kind of speculative system, which is integral to this operation with getting money back into these bankrupt banks, through bundling of Fannie Mae-type and Freddie Mac-type mortgages, this system was going to blow! This is a bubble, this is a classical John Law-style bubble, as John Law from the early 18th Century. You had one in England, you had one in France. South Seas Island bubble, and the Mississippi bubble. Same kind of thing. It's

a ponzi scheme. It's a pyramid club scheme—same kind of thing. But a pyramid club scheme betting on a pyramid club scheme, betting on a pyramid club scheme—off into the stratosphere.

Now, the money is being printed, which is generally registered under the category M3. And notice that you can't find out what M3 is, any more. They officially decided to hide the figure! Because, if the figure were published, it would show you how much money is being printed, printing-press money by the Federal Reserve System, and being pumped into the system now, to bail out and fund these financial interests.

Anyone knows this, who knows the system: When you build up this kind of bubble, a super-John Law bubble, layer upon layer—this thing is going to pop. Then, if you're a smart banker, what're you doing? How are you going to get out of the bubble, which you are going to cause to pop? Why aren't you going to go down with the bubble? You have to find a landing place outside the system. What is that landing place? Gold, silver, iron, zinc, copper, petroleum!

These are physical assets, so-called natural materials, these are assets which will be marketable in the future. So what you do, is, *you corner the market in possession of these materials*. You raise the price to the sky, because you're bidding against each other to grab these materials, and trade them back and forth, day after day. It's all done by this bunch of financiers. That's where you get that curve! So, when you look at the curve of inflation, don't look at the groceries—you will get grocery inflation very rapidly; you're already getting it, as many of you know. It's going to get serious, like housing inflation has been. Hmm? But this inflation, is where the powers of the future intend to be: They will control these assets; they will control the real estate; they will control the water systems; they will control the water. They will control the food. They will own you, and decide which of you lives and which dies.

A landing place.

Now! See what's wrong with the Senate?

This is not oil companies trying to "gouge the public"—oh, they do that all the time! But, this is nothing new; that part's nothing new. What they're doing that's new, is, they plan to sink the whole world economy, into a breakdown crisis, from which they will emerge, where governments are bankrupt and powerless, and they will emerge as the owners of everything in sight. And their banking systems will come—not the government!—but they will come, and foreclose on you. And there'll be nothing to protect you. That's the game.

Felix 'Rotten'

This is what Felix "Rotten" says (otherwise known as Felix Rohatyn), hmm? You call him "Rotten" for short. Now, Felix Rotten is not just an interesting, eccentric character from Vermont. (You do have eccentric characters who inhabit Vermont, but he's not a cow. He's much less useful.)

Rohatyn is a protégé of the people who created the Nazi system. The Nazi system in France was typified by an organization called Banque Worms. Banque Worms was a subsidiary operation of Lazard Frères. And these firms were not shut down when the de-Nazification occurred. They owned it! The Nazis got shot, or other things happened to them, but the people who set them into motion, who owned them, were left untouched! As a matter of fact, they got the assets. Like the whole Göring Werke in Austria—Linz, Austria. That wasn't owned by Göring. Nominally, Göring controlled it. *But!* Who had the paper on Göring? Who had the paper on the Göring Werke? It was Synarchist bankers.

And when Truman came in, they weren't touched. They kept their assets. They remained in power. And they're back at it, again.

Felix himself is tied into a whole group of these characters in France, who are hard-core Synarchists. He himself was trained by Lazard Brothers, which was a U.S. branch of Lazard Frères, the same organization which created the Banque Worms, which was a key part of the Laval-Hitler operation in Europe.

And his policy is—he says it! But fools in the Congress, the Senate in particular, don't pay any attention to that reality. He says it openly! His intention is to shut down government, and put the power over the world, and the world economy, and people, into the hands of giant financial agglomerates, who are more powerful than governments, according to him, and must be more powerful than governments. The people are being turned into serfs. This is a system of a return to serfdom, back to the system of the 10th through 14th Century A.D., that kind of system. *This is your enemy! And he's called a Democrat!* Who needs such Democrats? He's also a Republican, he's interchangeable. He's bisexual.

So, this is the problem: The problem is, that our people, who are supposedly our courageous leaders contending for the Presidency and other appointments in power, are sitting around twiddling their thumbs, playing tiddly-winks essentially, with reality, when the whole system is about to come down.

Now, the key thing comes back to this curve again: What this curve means, is that as long as this system operates under the rules it operates under now, the present laws, the present institutions, and so forth, this system, unless a change is introduced in the meantime, will collapse by September. *This country could be finished by September, unless we do something.* And my job, is to try to educate the educable. There are people in this country and a few other places, who are capable of understanding what I'm talking about: that is, they have the technical competence to be able to understand what I'm talking about.

What we have to do, is two things: We have to rally those people who are well-meaning, and have some understanding of what I'm talking about, to present to their fellows in the Congress and elsewhere, what I'm telling you today. To explain it to them. And also to present to them, the concept of

the alternative. If I were President of the United States, I'd know *exactly* what to do. I'm not President of the United States. So, we've got to get rid of the one we have, and find somebody else to handle the job. But we have to have a policy for that President to carry out, and which Congress will support and carry out.

Under those conditions, we can make it, I know how to make it. We have people who are capable of understanding what has to be done. We can dig out the records of the Roosevelt Administration, particularly the Harry Hopkins operation, in reviving employment in this country. We can save this nation. And if we save this nation, we can rally the world to our support. We can get out of this mess, after learning a very painful and bad lesson. We can do it!

But we have to understand this. And therefore, the key thing is to mobilize as many of our political institutions and others, to a coherent understanding of what must be done, now. Not what must be done as some "idea" to be discussed academically, here or there—*but what we have to do, now! This is war!* Not war with the purpose of killing people, but it's war of institutions: *We must win this war, as a war! We must declare war and win it—now!*

And my job is to help you, and people listening to this, and others, to come together and realize, *we must act.*

Don't ask what the Europeans are doing. Ask what they're doing, but don't wait until they say they're willing. *We, the United States, will go ahead, and do what we must do.* And I know, that if we decide to do this, we will have support throughout the Americas. We will have support elsewhere. And Europeans will look to us, and say, "What're you guys doing?" As it gets worse, they'll come to us.

And we will not have a problem in dealing with China on this. We will have maybe disagreements, but we won't have a problem. We won't have a problem with India with this. We won't have a problem with Eurasia, generally, with this—with the oligarchs, yes, the barons, and the dukes, and the other strange species, yes. But, if we take the lead, we're resolute, and show that we mean business; we're not going to quit, we're going to fight this thing until we win, they'll join us. The United States must again provide leadership—not dictatorship, but leadership. *If we are willing to take care of our own house, and propose to other nations and other peoples that we want to cooperate with them, in doing just this, you will have people all over the world coming to us—as they did, when Roosevelt took his role, in getting people rallied, in the hope that we could defeat Hitler. Because that's what it meant at that time. Once Roosevelt acted, and the people saw the United States moving to stop Hitler, then they were encouraged, and they responded—and we stopped Hitler. We finished it.*

Now, we're going to have to do it, again. We did it before, we can do it again. We were poor then, we're poor now. We got better then; we can do better now.

And that's what this is all about.