

Bill Ford's Message On Auto

by Lyndon H. LaRouche, Jr.

This memo was written on Nov. 26, 2005. It is republished from the Dec. 9, 2005 EIR.

If we allow the U.S. auto-manufacturing industry to be destroyed, the U.S.A. becomes a virtual "Third World" nation overnight.

1. The nation's machine-tool-design capability, most of which is tied up in the U.S. auto-manufacturing firms, is lost.
2. The loss of employment of that machine-tool design segment of that part of the labor-force, means many times that number of employees out of jobs, with no other place to go.
3. The loss of auto plants means an economic disaster, approaching ghost-town proportions, for what are already highly vulnerable entire towns, counties, and cities, even states of the union throughout many parts of the country. This could set off a chain-reaction collapse much, much worse than President Herbert Hoover's foolish reaction to the 1929 crash, a Hoover program which cut the U.S. economy in half over the 1930-March 1933 interval.

Cutting back on automobile manufacturers' plants and payrolls is not a sane alternative. As Ford Chairman Bill Ford emphasized in his recent statement, the answer is to diversify the product line. The key to any sane approach is to accept the reduction in the number of automobiles produced by U.S. auto-makers, but to replace that work immediately with a switch to other categories of technologically very high-grade

products which the auto industry's machine-tool capacity is uniquely qualified to design and produce. Members of the U.S. Congress are already focussing attention on urgently needed mass-transit systems, power-generation and distribution systems, and other urgent needs of the nation. These would not be make-work projects, but are the new production needed to prevent the United States from continuing to collapse physically into third-world conditions throughout most of the nation.

Action, by the U.S. Federal government and others, is urgently needed, to prevent an across-the-board collapse of not only the U.S. auto industry, but the counties, towns, cities, and states, and their people, which would be pulled under by failing to act now with the reforms needed to save the industry by switching to a new combination of high-technology machine-tool-design products. But, the problems do not end there.

Right now, the threat from the new Federal Reserve Chairman, is to unleash an orgy of hyperinflationary electronic printing-press money, which is already causing sane bankers and others around the world to think about what happened with hyperinflation in Germany in 1923. We are on the edge of what could easily become the biggest global financial collapse in history, unless our government changes its ways very soon. Bernanke does not seem to have any clue to the answers for that rather immediate danger.

We must keep the doors of the banks open, even some very big banks with very big financial-derivatives problems. The Federal government could do what is necessary on that account; but it could not do that successfully for very long without some very big investment in physical production of basic economic infrastructure including the public power and mass transportation fields, which will stimulate the new lines of machine-tool-designed products which will revive the high-grade manufacturing sector of the economy to true better-than-breakeven levels of employment and output once more.

There is much more to this problem than preventing a collapse of U.S. automakers' manufacturing from kicking the U.S. economy downstairs toward becoming a Third World society. Many of us, inside the U.S. Congress and in other relevant positions, are more and more aware of the need for early large-scale action to halt the collapse and turn the nation's economy back in an upward direction. The case of the effects of Katrina, as on Louisiana, is just one large example of the need for a new, upward-looking turn in our nation's economic policy-shaping.

During the coming weeks and months, *EIR* will be doing its part in backing up the efforts of mass education and economic policy-shaping which are urgently needed now to save the nation, and much more, from a looming catastrophe which threatens to be bigger than almost any man in the street might imagine. We can win; but, to win, we must think again, as we used to think in times past.