

Editorial

Five emergency measures

There is growing recognition of the extremely dangerous global financial situation in every major capital of the world. For example, there is a dispute now among Swiss banking circles about how to deal with the treacherously dangerous derivatives market. More and more, the “traditionalists” are recognizing the truth of Lyndon LaRouche’s analysis of the dangers of an impending collapse. This has not always been the case. Self-styled banking experts were originally quite enthusiastic about derivatives, and defended investment in them vehemently. Then, a year or so ago, they began admitting that LaRouche was right about the risk in the derivatives area. This was the first glimmer of sanity from among these circles.

The picture among these Swiss circles is now typical. Around the world, the smart money recognizes that derivatives are a form of lunacy. But, policymakers are unwilling to recognize the axiomatic failure in their thinking which led them to endorse such idiocy in the first place. They are unwilling to reject the fallacy of speculative economics.

In the United States also, it is common knowledge that the derivatives bubble is about to burst; nonetheless, the Clinton administration is wary about bringing the truth before the voters in an election year. Not so LaRouche—and this is one of the most important aspects of his candidacy in the Democratic Party primary elections, to point out the responsibility of the “Contract on America” crowd in Congress in bringing the U.S. economy to the point of disaster.

There are five steps which the President of the United States must take to avert the consequences of the speculative frenzy of the past period: The bankruptcy of the Federal Reserve System, as part of the international monetary and financial system, must be recognized and openly admitted. This entails legal action by the U.S. Treasury Department.

At the same time that the Treasury announces the bankruptcy of the Fed, Congress must be prepared to pass emergency legislation, in accord with Article I of the Federal Constitution, which would create a supple-

mentary issue by the Treasury of U.S. currency notes in the order of several trillion dollars. This money would be used as a mechanism of credit to fund a general economic recovery. To replace the Fed, the Congress must reestablish national banking in the United States, using the precedent of the first and second national banks of the United States.

Fourth, what is needed is a national economic recovery program, centered around public works, and around the kind of policies advocated by the Bingaman-Daschle report and proposals from Congress, Congressional circles, and the Democratic Policy Committee. What is needed is major investment in infrastructure domestically, and a corresponding program on the scale of the postwar Marshall Plan, to rebuild countries such as Bosnia-Herzegovina, and to transform the situation in the Middle East and the former Soviet Union. Such an international program must involve our European and Japanese allies as well.

To implement all of this, it would be necessary to convoke an emergency international monetary conference. This would include the first-tier powers—the United States, the British Empire (which includes the Commonwealth countries under its control), Russia, and China—and a group of second-tier countries such as Japan, India, the western European continental nations, and key nations of South and Central America.

Without these five measures being taken on an emergency basis, recognition by policymakers of the truth of LaRouche’s analysis of the vulnerability of the financial system will in the end be useless. Action must be taken to put an end once and for all to the parasitical speculative economy which is destroying this planet and every nation on it.

In the final analysis, only the President of the United States can undertake such an initiative, to carry out these five emergency operations. His failure to do so, will, in a short period of time, lead to a kind of chaos which would be unbelievable to most people victimized by popular opinion today, even those who presently recognize the dangers inherent in the derivatives market.