

# LaRouche on the Detroit Bankruptcy, Pensions

*In his discussion with the LaRouchePAC Policy Committee Dec. 2, Lyndon LaRouche was asked by Bill Roberts for his views about the Detroit bankruptcy. Roberts is a former Congressional candidate from the Michigan district that includes Detroit. You can watch the video at <http://larouchepac.com/node/29071>. Here is the exchange.*

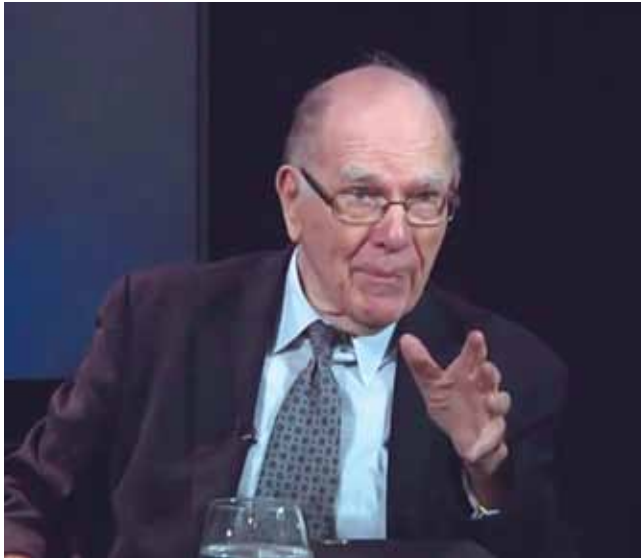
**Bill Roberts:** Tomorrow in Detroit, the Federal bankruptcy judge is going to be making a ruling on whether Detroit is eligible for bankruptcy, whether they're going to uphold that, and whether or not, as a related question, the pensions [of city workers] are going to be included as one of the things that are going to be put on the chopping block in the process of this bankruptcy process.<sup>1</sup>

What the Detroit situation raises at this point, is the issue of a credit system, because the one thing that's not being discussed in this whole process is, are we going to have a credit system or are we going to have a Wall Street system? . . . For example, the pension situation, I think, is going to have to be taken up as a question of: There's going to have to be some sort of guarantees, or some sort of protections put in place for something like a retiree pension program, but it's going to be considered from the standpoint that Hamilton and Franklin and Roosevelt considered credit, and credit institutions, as a matter of protecting an aspect of the economy because of its significance for the economy in the future, overall. For example, the way that Franklin Roosevelt did this with the farmers, to protect their ability to sell their crops, because he didn't want the farmer to go bankrupt, because then people would starve.

And I think that's the only way this question can be forced, but it's got to be on the level of the discussion about what the American economic system actually is.

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1. On Dec. 3, the Federal Bankruptcy Court upheld the City of Detroit's bankruptcy petition.



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Lyndon LaRouche posed, and then answered the question, "What is the moral economy of retirement?" in his discussion with the LPAC Policy Committee.

And so, I think this needs to be brought out into the open, particularly in this Detroit case.

### How Does Society Progress?

**Lyndon LaRouche:** This is a crucial matter, but we have to define it properly. The danger is, if we talk about people who are out of work and retired, and we say, "Oh, we can't afford them," now, that poses a moral question, but it's not simply a moral question. It's a moral question in more manifold ways than just that kind of assumption. The issue is, how does society progress? You have people who are living on, in their senior years, and they have pensions coming up; sometimes it's health-care issues, or pension issues, calamities and things of that sort. But how do you justify paying for something the British would oppose, of course, how do you justify paying pensions to people who are just going to be ending out their lives on pensions?

Well, obviously, you don't operate on the basis of people living out pensions. You assume that a population is going to continue to grow, births will take place, young people will emerge from this process of birth and so forth; they will presumably have productive employment, which means they will be creating wealth. And the usual way that this whole pension system worked was based on, if you have contributed to the possibility of these children coming into adult-

hood, you owe something to that [older] population for its retirement. And your very existence in retirement has a moral and also practical effect and benefit for society.

So when you try to simplify it and say, "We can't afford to pay off people who are no longer working," then you've got into the mass-murder trap. And that is mass murder! Because the system was always organized on the basis of the assumption that you educate children to become productive people in society, or most of them. And you take the risks involved, the hazards and so forth, as a part of the frictional cost of maintaining a system of decent life. And generally, the thing is, technological progress.

The problem is, you have to eliminate *Green policy*. It's the Green policy which is murdering Americans! And if somebody says that the Green voice has a remark to make, well, that's because they're stupid, because they don't represent anything useful to society in the way they think.

Society is composed of the human species, a human population. It is never always the same people: People are born new, and people die old, or whatever. That's the way it is: People get killed in war, and so forth. You don't say, "We can't afford dead people."

### The Economy of Retirement

So therefore, we have to put the question on the right basis: What is the economy of retirement? What is the moral economy of retirement? What did the retired people do, before they became retired, or their families became retired? What did they do? They created wealth, if they were given the opportunity to do so! And that's the point we have to make.

If you have an area like Michigan, and you think you've got whole pockets of Michigan which cannot afford themselves because they're living on pensions, then you've to put some more people into Michigan who are not required to live as pensioners, but who are actually productive people. In other words, you want to recruit productive people into your society. You want to hire people and train people into higher degrees of skills in society! You want to bring in new technologies which will help society. And then, we treat the cost of maintaining retired people, as a *frictional cost* of a process. And if you do that, *if* we do that, and if we insist on that definition, rather than just retirement per se, then the argument is very difficult for the enemy to oppose.