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How To Defend Your Dollar

by Lyndon H. LaRouche, Jr.

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British special interests backed by the ECB's arrogant Trichet, have declared war upon the U.S. economy through tricking the foolish President of the U.S.A., his foolish Speaker of the House, and the foolish Federal Reserve Chairman Ben Bernanke, into cheapening the U.S. dollar, while Trichet et al. brag about tricking the U.S. dollar into ruining itself. Were the U.S.A. to adopt my recommended policy for defense of the value of the U.S. dollar, speculators betting on Trichet's slyness, could be dumped into a taste of their own bankruptcy, an experience which would tend to promote better behavior from them in future weeks.

The U.S. must dump the recent, foolish, pro-hyper-inflationary policies of Federal Reserve Chairman Ben "Helicopter money" Bernanke, for a two-tier U.S. Treasury policy of uttering currency on capital account. The general price of monetary emission by the U.S. Treasury (i.e., by the Treasury, or Federal Reserve System) must be a two-tier policy: a.) One price for the open market, at a significant number of points higher than the ECB, and b.) a special, protected price for long-term to medium-term credit uttered for the benefit of protected prime categories such as household mortgages enjoying Federal bankruptcy protection, and regular (Federally or state-chartered) banks. The latter category should be priced as loans at between 1% and 2% per annum.

The purpose is not to injure our European neighbors' governments and financial authorities, especially multi-national agencies, but to encourage them to return to recognizing the benefits of civilized modes of cooperative behavior consistent with that 1648 Peace of Westphalia which governs all among the actually civilized nations of Europe.

This correction of the ignorant behavior of the present U.S. President and Chairman of the Federal Reserve, is an indispensable, included feature of any competent defense of the U.S. and its people from the currently onrushing, hyper-inflationary breakdown-crisis now gripping the trans-Atlantic community as a whole. Without the specific measures which I have stipulated here, the U.S.A. would soon be bankrupted, and our people ruined, by the foolish policies recently adopted by both Mr. Bernanke and by the U.S. President and the foolish Speaker of the House.

European speculators beware, the U.S. tiger is wounded, but still has claws and teeth. Continue the stunt which some in Europe are attempting against the U.S.A., and many much-too-greedy European speculators will wake up soon, much poorer, but a little wiser, in the morning. Were I President, I would guarantee such effects by morning; Americans who do not support my policy will suffer suddenly and badly enough that they will be "quicker on the draw" on the next weekend this problem might come up again.

The Homeowners and Bank Protection Act of 2007

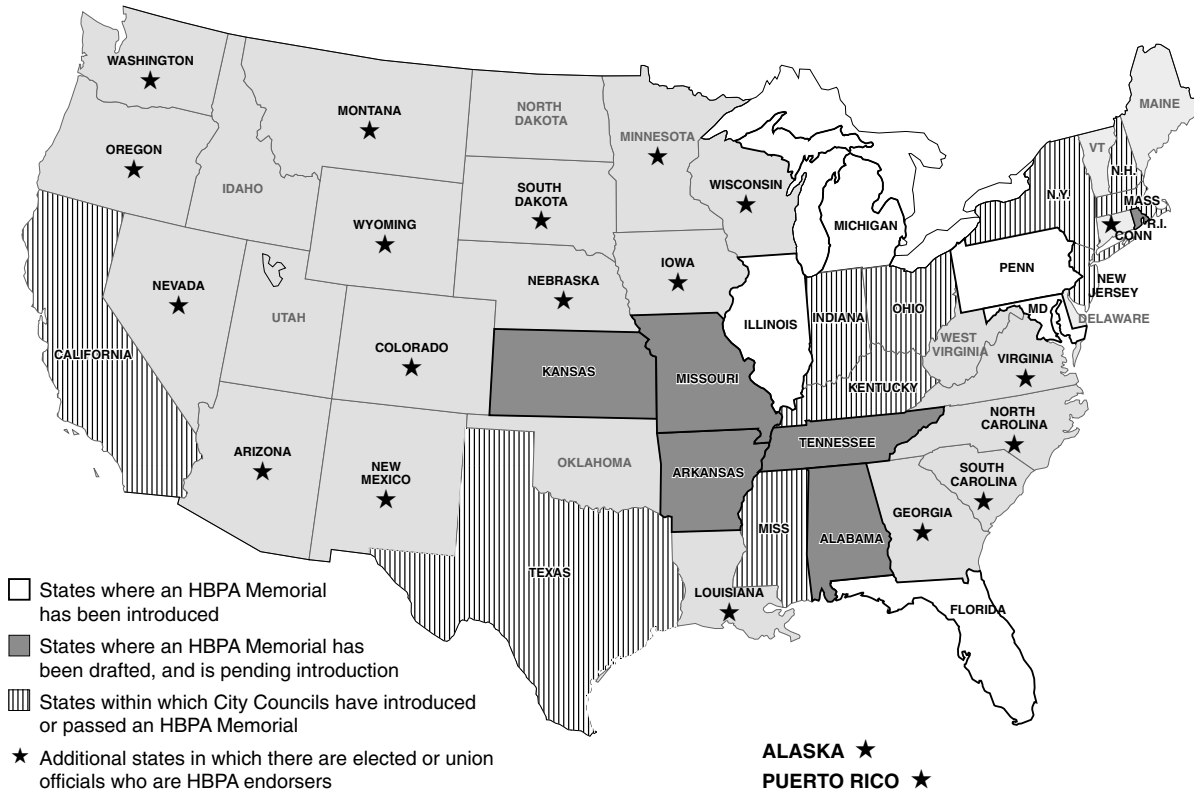
In August 2007, while many Americans were choosing where to vacation, which movie to see, or which gender their Second Life avatar would be, Lyndon LaRouche acted to save the American people, and the physical economy, from sharing the same fate as the world financial system (i.e., death). LaRouche drafted a proposed piece of legislation for the Congress, which would create a firewall of protection for people, and banks, from the sweeping foreclosure crisis resulting from the collapse of the housing bubble. His legislation, dubbed the Homeowners and Bank Protection Act, is, still today, the only proposal on the table that will actually prevent the millions of anticipated home foreclosures, and, importantly, reorganize the presently dead banking system as well. Other "official" proposals, as in the tradition of providing CPR to a

corpse, have simply continued to bail out the banks, when what is required is a *systemic change* in our financial system.

Here are the essential features of the Homeowners and Bank Protection Act of 2007:

1. Congress must establish a Federal agency to place the Federal and state chartered banks under protection, freezing all existing home mortgages for a period of however many months or years are required to adjust the values to fair prices, restructure existing mortgages at appropriate interest rates, and write off all of the cancerous speculative debt obligations of mortgage-backed securities, derivatives and other forms of Ponzi schemes that have pushed the banking system into bankruptcy.

2. During this transitional period, all foreclosures shall be



frozen, allowing American families to retain their homes. Monthly payments, the effective equivalent of rental payments, shall be made to designated banks, which can then use the funds as collateral for normal lending practices, thus recapitalizing the banking system. Ultimately, these affordable monthly payments will be factored into new mortgages, reflecting the deflating of the housing bubble, the establishment of appropriate property valuations, and reduced fixed mortgage interest rates. It is to be expected that this shakeout of the housing market will take several years to achieve. In this interim period, no homeowner shall be evicted from his or her property, and the Federal and state chartered banks shall be protected, so they can resume the traditional functions, serving local communities, and facilitating credit for investment in productive industries, agriculture, infrastructure, etc.

3. State governors shall assume the administrative responsibilities for implementing the program, including the "rental" assessments to designated banks, with the Federal government providing the necessary credits and guarantees to assure the successful transition.

In the four months since LaRouche put forward this proposal, 250,000 families have lost their homes, an increase of 100% above the previous four-month period, and the central banks of the world have injected an estimated \$2 trillion of liquidity into the banking system, all to no avail. On the national stage, while there is much *discussion* of LaRouche's proposal, there is little *action*, although Senator Clinton's remarks point in a useful direction. As the foreclosure rates mount, and home values plummet, cities and counties are finding their property tax base disappearing, and the

nation's largest state, California, has been declared to be in a state of "fiscal emergency," by the governor. The freezing of foreclosures, along with protection for banks, is the vital *first step* in a thorough economic reorganization.

Follow-up steps would involve the Federal Reserve System itself, being put through bankruptcy reorganization, and transformed into a Third National Bank of the United States. As developed in Lyndon LaRouche's September 2007 draft platform for the Democratic Party, these actions shall be complemented by the creation, by treaty agreement among leading nation-states, of a new Bretton Woods System, based on fixed exchange rates, and long-term treaty agreements for large-scale development projects on a global scale.

Through intense organizing by LPAC, hundreds of state and local elected officials from around the nation have personally endorsed the HBPA, dozens of city councils have passed resolutions in support, and it stands introduced into the legislatures of, at this point of writing, six states, and is pending introduction in many more. But this is not enough.

LaRouche said the foreclosure tsunami is occurring, not because of a mere housing crisis, or mortgage crisis, but the death of the entire global financial system. There is no resuscitation for this system—only a legislative firewall, created now, to protect the general welfare, will work. The alternative, as the likes of Felix Rohatyn and George Shultz would enjoy, is a new British Empire, involving dark age and war, where the *globalized* British Empire is on top, and the masses of jobless, homeless people, lowing like cattle, are on the bottom.

LaRouche PAC On the Internet: www.larouchepac.com Call toll-free: **1-800-929-7566**

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