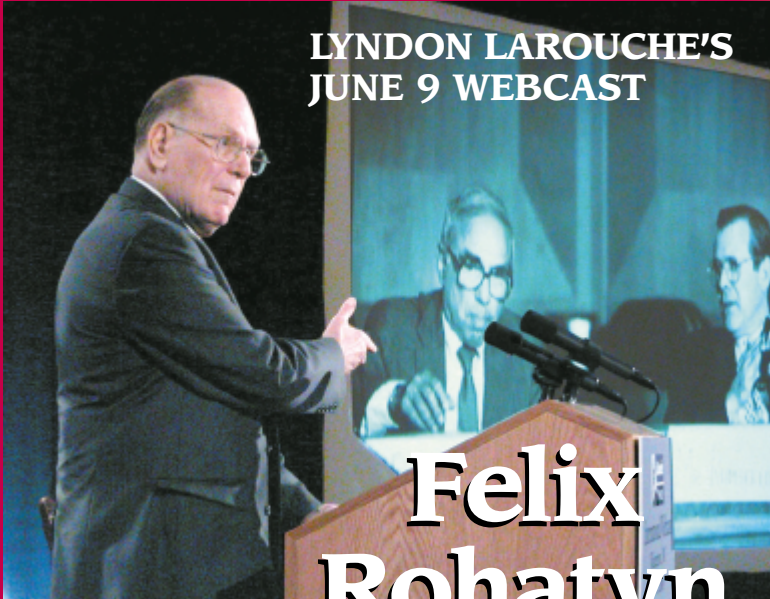


LYNDON LAROUCHE'S
JUNE 9 WEBCAST



Felix Rohatyn And the Nazis



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LaRouche Speaks on

Felix Rohatyn And the Nazis

Includes:

- Lyndon LaRouche's Opening Remarks to the June 9 International Webcast
- Contents of LaRouche PAC White Paper, 'Rohatyn: The French-Nazi Connection'
- Congress Must Launch Emergency Economic Action Now!

ON THE COVER During his June 9 webcast, Lyndon LaRouche points to Nazi Felix Rohatyn's collaboration with Donald Rumsfeld in a Synarchist assault against the United States. EIRNS/Stuart Lewis.

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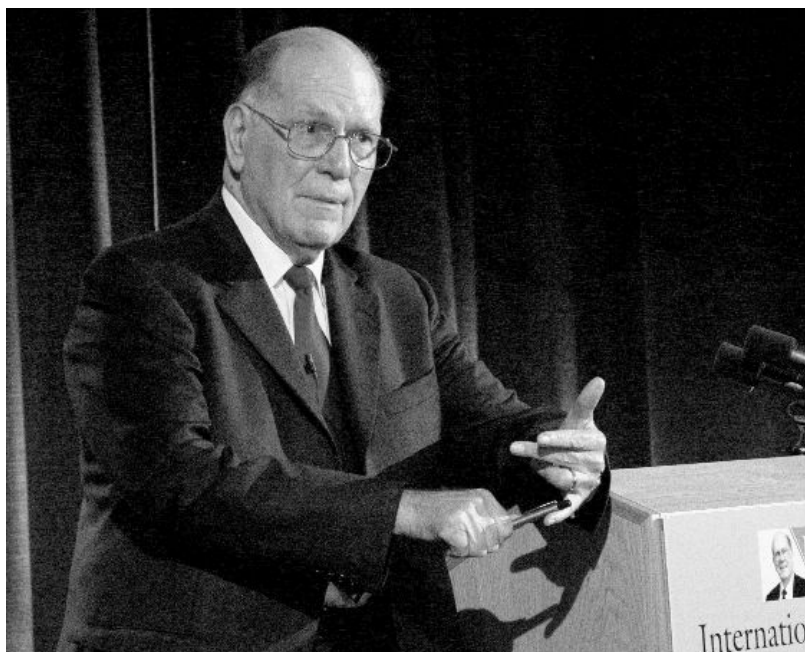
Felix Rohatyn and The Nazis

Here is the full text of the opening remarks by Lyndon LaRouche to a June 9, 2006 Washington webcast. He was introduced by his spokeswoman Debra Freeman; space constraints have forced us to abridge her remarks.

Debra Freeman: Good afternoon, ladies and gentlemen. My name is Debra Freeman. I serve as Lyndon LaRouche's national spokeswoman, and on behalf of the LaRouche Political Action Committee, I'd like to welcome you to today's seminar. . . . This week, we experienced a very rapid escalation of our understanding as to precisely why the Congress has been hesitant to act on the necessary measures to save the auto industry.

Because, keep in mind, it was more than a year ago, it was actually in March 2005, that Mr. LaRouche began a campaign of a very explicit demand: that action had to be taken, because of the impending crisis and bankruptcy that America's major automakers were facing. And it seemed on a certain level, incomprehensible, as that fight intensified, that members of the Congress seemed incredibly reluctant to act.

Well, this week, we began to put together the reason why. And one of the things that we discovered—and certainly you can find out more details of it in a White Paper that is currently flooding the District of Columbia, and will soon be flooding the entire United States—what we have uncovered, is that the bankruptcy of Delphi, which was the spearhead of impending broader bankruptcies, was not simply the result of the ill health of that company; nor was it the result of what was obvious mismanagement. But that, in fact, the sell-off of Delphi was presided over by none other than Felix Rohatyn, as part of the systematic dismantling of America's auto industry, and of America's industrial capability in general.



"Unless there's a change, the entire international financial system could collapse by approximately September of this year, or even earlier."

It was a shocking revelation; shocking, perhaps, that Mr. Rohatyn was so open in his action. But perhaps that is nothing more than a reflection of his incredible arrogance, and confidence that the American people were simply too stupid and too distracted, to notice that their nation was being taken apart from under them.

It's that ideology that unfortunately permeates a good portion of the Congress. Perhaps not with quite the same hostility toward the U.S. population that a Felix Rohatyn has, but definitely a sense of cynicism, that the U.S. population either doesn't know or doesn't care. And in fact, that is a *very serious miscalculation*. And as hundreds of members of the LaRouche Youth Movement have organized across the nation, and have reached out into the pores of this country's heartland, what they have actually found is something quite different: People are angry.

People want to know why this is happening. And people are prepared to act. . . .

LaRouche's Forecasts

Lyndon LaRouche: Thank you, young lady! Thank you very much.

We are now in times, as you shall soon discover, throughout the United States, throughout the hemisphere, and throughout Europe in particular, we're living in times of the type that most of you living today have never *dreamed* could happen, let alone experience.

I am a forecaster, among other things, and probably the best economist in the world. And that's not a brag, that's simply a fact. I made some discoveries back in the course of the late 1940s, early 1950s, and as a management consultant, I applied some aspects of my discoveries to the current situation at that time, 1956. I was looking at the situation, 1955-1956, in the automobile and other industries in the United States, and I said, "This has come to an end. We're going to have, by early 1957, the deepest recession of the post-war period." And in February 1957, we had the deepest recession of the post-war period.

Encouraged by that, I went further with long-range forecasting, based on an understanding of the characteristic mistakes built into the current policy of the 1950s of the United States, including the policies of Arthur Burns. And I warned, I said we face the following situation: "Unless we change these policies which are now in effect, the policies established in 1954 under the Arthur Burns change in the credit practices of the United States, we will go into the 1960s, and by the middle of the 1960s, we will enter a period of crises, of serious international monetary crises. And if it is not corrected then, by the beginning of the 1970s, we shall experience a breakdown of the existing international monetary system." Each one of these forecasts came on, was fulfilled in a timely fashion.

In 1967, the British pound-sterling went belly-up, in October-November of that year. From January through February of 1968, the U.S. dollar went, not belly-up, but went into a severe crisis. In 1971-1972, the existing world monetary system of that time was shut

down.

I have never made a mistake, in a long-range forecast. Every time I have forecast, it has happened precisely as I forecast it: that unless certain changes were made, certain things would happen. It has always happened.

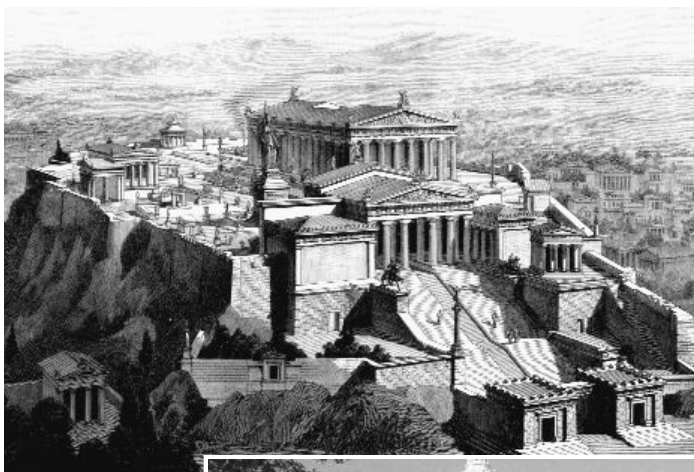
It is now happening.

I warned earlier this year, of this crisis presently happening. It is now happening. During the past three months, the rate of acceleration of collapse on international markets, as well as in the U.S., has increased; there is a combination of hyperinflation like that of Germany 1923, and collapses in whole sections and whole chunks of financial markets. That process will continue. I have estimated that, unless there's a change, the entire international financial system could collapse by approximately September of this year, or even earlier.

It will happen. I don't make mistakes in these matters.

And many people in the world now, reluctantly or otherwise, agree with me, that I've been right on this, that that's the situation.

There is no hope for the United States, if the Congress walks away from this session, and goes out and campaigns to a population that *hates it increasingly*, especially Democrats, and there's not much hope that this nation will not go into chaos.



www.arttoday.com

If Congress doesn't fight Felix Rohatyn's dismantling of the U.S. economy, the United States will go the way of ancient Athens, "which was drawn into the cult of sophistry, which is the precedent for the sophistry that occupies most of the people in the United States today," LaRouche said. Here (left) the Acropolis in Athens depicted as it was in ancient times; below, LaRouche Youth Movement members organizing against sophistry on Capitol Hill.



The Road to Hell Is Paved With Denial

Now, you have additional problems here, and I'll deal with this—this is going to be a tough presentation for many of you, because you will tend to deny the facts that I present to you. Because people do that. It's like looking at what happened in New York City on Sept. 11, 2001. When people are faced with horrible events, they try to say, "It's not happening. Tell me, it's not happening! It isn't happening! It couldn't happen! It's not happening!" And they say, "You have to be wrong. Because I can't believe it would happen"—even when it's happening! "No! It didn't happen. I can't believe—it couldn't have happened!" That's what people are like. And therefore, they will deny, and deny, and deny.

And that's how they go to Hell.

Now, my job is not to sit back and gloat, and say, "Okay, you're going to Hell." I don't take much pleasure in that sort of thing. Besides, I'm not working for that guy, down there. But, Rohatyn is!

And therefore, it's important that you understand the ugliest facts you've ever heard about, in truth. Facts that pertain to the immediate situation, now.

You're going to have to learn, also, a couple of history lessons, that almost no one has learned in any educational institution generally, in the past 40 or 50 years. You're going to have learn something about what the United States is, and why enemies of the United States, such as Felix Rohatyn and his allies, George Shultz, are determined *to destroy this country!* And to face the ugly fact that many members of the Congress, Senators and others, are either not going to fight Rohatyn on this, or are going to look the other way and pretend they didn't know what was happening.

You're going to find yourself in a situation, comparable in some respects to what happened to ancient Athens, which was drawn into sophistry, the cult of sophistry, which is the precedent for the sophistry that occupies most of the people in the United States today. People never tell the truth! They say what they want to be overheard saying—not the truth. Faced with the truth they don't want to admit, they deny it. They lie. They lie to themselves, above all. And therefore, they make decisions based on their own lies. And they go to Hell. Or the nation goes to Hell, as Greece did in the Peloponnesian War, and thereafter.

And you face a time where our country was almost destroyed, beginning with the death of President Franklin Roosevelt. And I'm going to give you that history lesson, the essentials of it, because the world is, as most of you don't believe it ever was. And we're on the edge of Hell, globally. We're on the edge of a Dark Age for all humanity, unless we make certain changes. And you're going to have to kick ass in the political

layers of the United States, as asses have never been kicked before! You're going to give them this special kind of *uplifting* experience!

Who Is Felix Rohatyn?

Now, as Debra indicated, what we dug out in our legal research on the Delphi case—we dug out, and we'll show this thing (**Figure 1**).

Now this is the copy of the legal documents, May 1, 2005: Felix Rohatyn. *Felix Rohatyn is the chief architect of the destruction of Delphi! Delphi was not bankrupt. It was bankrupted by Felix Rohatyn.*

Now, who is Felix Rohatyn?

Well, Felix Rohatyn is essentially a Nazi. That's no exaggeration, that's no mistake, no caricature. That's what he is. Felix Rohatyn is a protégé of a fellow called André Meyer. André Meyer was a kingpin of an organization known as Lazard Frères, in Paris. Lazard Frères was an integral part of the Nazi takeover of Continental Europe! And Meyer personally trained Felix Rohatyn. Now Felix is not bright. As a matter of act, he's very uncouth, very stupid in many ways. He's not an intellectual, he's a thug! He's like a mafia hit-man who is not known for his intellectual characteristics. He's a thug, equivalent to a murderer.

Now, what Meyer represented, and what Lazard Frères represented, *then, and now*: Lazard Frères was the key Continental center in banking which brought Adolf Hitler to power, and launched World War II, and the crimes that went with it.

When the war ended, because Roosevelt had died,

FIGURE 1



"Felix Rohatyn is the chief architect of the destruction of Delphi! Delphi was not bankrupt. It was bankrupted by Felix Rohatyn." Here is Rohatyn's signature on the Delphi May 1, 2005 bankruptcy filing.

Harry Truman covered things up. And the bankers behind Hitler were not really touched. Yes, Banque Worms was shut down, dissolved. But the bankers who really put Hitler into power—for example, the grandson of one of the people who put Hitler into power is the President of the United States today! It was Prescott Bush, as the chief executive officer for Brown Brothers Harriman, who issued the order to fund the Nazi Party at the point in time that the party was bankrupt, in time for Hitler to be made dictator of Germany! Prescott Bush, the grandfather of George W. Bush, Jr. And the father of former President George H.W. Bush.

Hitler was a project of a group of international bankers, who wanted to destroy the idea of the modern nation-state, and modern society, to return to a form of society which had existed during the so-called Crusades period, the period from about 1000 A.D. to the end of the 14th Century, which ended in the so-called New Dark Age. Then the world was dominated, Europe and beyond, by a group of Venetian bankers. The Venetian bankers had a partnership with the Norman chivalry, the so-called Crusaders, and were trying to destroy the system built up by Charlemagne in Europe, a system evolving toward a modern nation-state, destroy it, and carry out a slaughter of both the Jews and the Muslims who had cooperated with Charlemagne in trying to build up a civilized order in Europe.

And so they conducted a race war, of the type that's being conducted by Cheney and Co. today, against Islam. They did it. They called it the Crusades. And the Crusades ended in the 14th Century in what was called a New Dark Age, where one-third of the population of Europe disappeared, dead of the effects of that period, and half the parishes of Europe vanished from the scene. This was the so-called "ultramontane system."

And to the present day, the continuity of those banking traditions in Europe, then centered on Venice, now centered on the Anglo-Dutch Liberal bankers, and the French Synarchist bankers, are bringing back the attempt to destroy the nation-state through what's called the utopia of globalization: to control populations, to prevent sovereign governments from coming back into existence, by making people stupid. Don't give them the kinds of jobs that require intelligence. Don't educate them. Reduce them to peonage, ignorance, brutality. Let the excess population die out. Reduce the world popula-



EIRNS/Roger Ham

The European oligarchy was determined to stop the United States and its Constitutional system of government, and to ensure that the American Revolution did not spread to Europe. But Otto von Bismarck (top left) introduced elements of the American System of economics in Germany, and American policies were also adopted by Tsars Alexander II and Alexander III (above left) in Russia.

tion from over 6 billion today, to less than 1 billion, as soon as you can get there. What's happening to health care, what's happening to our society.

Why They Hate the United States

And the one thing they are most determined to destroy, above all, is the United States of America. Why? Because we, the United States, are essentially a European culture, we're a product of European culture. And our ancestors, who founded this nation, came here. And similar things happened in South and Central America, where people left Spain, in particular, to try to find a refuge in a world where they could get away from the Spanish oligarchy of the time. And they came to the Americas hoping to apply the lessons of European experience, the best of its culture, in a place where they were free from nobility, from oligarchs, from aristocrats, from predators.

And we established in this country, a new nation, a new model, based on all the best features of European culture.

Then they came to destroy it. We had the American Revolution to try to defeat this attempt to establish a new empire, the degradation of man, from 1763 on, when the new form came out of Britain, the imperial form was established in Britain. We rallied people throughout

Europe to support us, and associate themselves with us, in the effort to bring a new order of society for mankind.

And the British and others moved to destroy that. They organized the French Revolution, and took France, which had been the biggest ally of the United States in this struggle, and turned it into a hecatomb. They turned it into the bloodshed of the July 14, 1789 siege of the Bastille, which was the beginning of the entry of France into Hell, from which France has never fully returned, except on short leave, since.

So, Europe was *crushed* by a series of wars, to prevent the American model from being adopted in Europe. It was adopted in Europe! When we defeated the British and the Habsburgs in the Civil War, and freed ourselves from the system of slavery imposed upon us by Britain, the Netherlands, and Spain!, and others, we became a power, by Lincoln's defeat of the Confederacy, which was nothing but a British puppet, a British and French puppet of the time—a puppet of the British monarchy and of Napoleon III of France.

So, we became respected as a power that could not be conquered by invasion. We were too strong. We had built a nation from ocean to ocean, from the Canadian border to the Mexican border. We had built up an economy here that was too strong; we were too powerful to be invaded and destroyed. And the only way they could destroy us was by corruption—and that was provided in abundance.

But nonetheless, in the meantime, you had revolutions in Europe: You had changes in the policy of France, temporarily; you had the Bismarck phenomenon, who was a great admirer of the United States. The Bismarck phenomenon was introduced as an economy in Germany. In Russia, the policies of the American Revolution were adopted by Alexander II and III, especially Alexander III. Japan was brought forth as a civilized nation, directly by the United States. The American model of the United States was used to liberate nations of South and Central America—until some untoward events reversed those advances.

So, we were a repository, with all our imperfections, we were a repository of a *system*, a Constitutional system of government, which had been the objective of humanity ever since ancient Greece. And the oligarchy of Europe



The British and the Japanese in the early 1920s had a plan to destroy the U.S. Naval Base at Pearl Harbor, to keep the United States from getting too powerful. Along the same lines, British sympathizers in the United States court-martialed Gen. Billy Mitchell in 1925, to stop his idea of ship-based aircraft deployment to sink battleships. On Dec. 7, 1941, the Hitler-allied Japanese bombed Pearl Harbor. Inset: the trial of Billy Mitchell.



Library of Congress

were determined to destroy it, destroy *us*.

And they tried in the 20th Century. Go back, for example, to World War I, the end of World War I at Versailles: Now, you had an American Secretary of State, Lansing, under Wilson, who decreed that Germany had the war guilt for World War I. It's a lie! It's a lie. World War I was planned, actually by the British monarchy, with the complicity of France, and the complicity of Nicholas II of Russia. Germany was being attacked on all these fronts. Germany fought back, and was defeated. It was defeated *only* by the intervention of the United States. Had the United States not invaded Europe, to support France and Britain on the Western Front, Germany would have defeated its enemies in Europe.

That was not the end. "Now!" they said, in Europe, "We have to have another war. This time, we'll use the Soviet Union as a target. We'll use Germany as the means of attacking the Soviet Union. The British and French will support Germany in this war, but we will keep the United States *out* of the war." Why? Because the United States was too powerful, and therefore the objective was, the fear was, that if the United States participated in the new war which the British were planning together with the French, then the United States would emerge as the most powerful

nation in the world, that they couldn't conquer. But their objective was, to destroy the United States.

Now, if you know the history of the 1920s, and the military intelligence history in the United States, you know that the British, and Japanese, and others, were planning to make a military attack on the naval forces of the United States. And among the planned attacks, by the British and the Japanese, was for Japan to take the responsibility of attacking and destroying the U.S. Naval base at Pearl Harbor. This is in the *early 1920s*. These matters were the subject of U.S. Army intelligence reports, Navy also, like Operations Red and Orange, which were two studies of this particular case.

You had the case of Gen. Billy Mitchell, who was testing aircraft on big tankers, or big freighters, the launching of aircraft, and introduced the idea of ship-based aircraft deployment, as a method of combat: for which he was court-martialed. Because the British, and sympathizers in the U.S. Navy and elsewhere, didn't want that to happen. So, he was court-martialed, because the British, and sympathizers in the U.S. Navy and elsewhere, didn't want that to happen. So, he was court-martialed.

But then the attack on Pearl Harbor came from the Japanese, now that Japan was an ally of Hitler! They were out to destroy us.

The day that Roosevelt was inaugurated as President, Hitler had already been confirmed as a dictator in Germany. At that point, World War II, in some form, was inevitable. Hitler was supported by the British and the French, including the faction in France which is the source of Rohatyn, in the United States, here today. Remember, Rohatyn is essentially a French figure, not an American figure. He has an American citizenship, but he's essentially an agent of the same French interest, the Synarchist International interest. And they still want to destroy us! And they *have* almost destroyed us.

Roosevelt's Post-War Policy Reversed

Roosevelt had a policy for the post-war period, but he died. And Truman was working for the other side—that's an ugly fact, in the Democratic Party. Roosevelt planned to free colonial nations, at the end of the war, and told Winston Churchill: When the war ends, these people are going to be free, to have their own government, and we're going to help them develop! That was U.S. policy.

When Roosevelt died, what did Truman do? Truman, and the British and Dutch, and others, sent Japanese troops in to reoccupy Indo-China, until the French could get there, with the British. They suppressed the struggles for freedom in Africa, bloodily. They fought a war to suppress the freedom which had been gained in Indonesia. They postponed the liberation of India from British imperialism. The United States became an oppressor, almost the day that Roosevelt died.

Japan had been defeated before the end of the war. It was just a matter of time. There was never a need to invade

Japan. It was totally defeated. The U.S. military forces had totally isolated an island, dependent entirely on supplies of raw materials from other nations. A Japanese ship couldn't get in or out of Japan, the main island. They were in a hopeless situation, and had to surrender.

The Emperor of Japan had negotiated, through a special office of the Vatican, the Office of Extraordinary Affairs, an armistice agreement, a surrender agreement, with the United States and other countries, before Roosevelt died. This was ignored. And instead of going and taking up the offer of the Emperor of Japan to surrender, with certain conditions which were perfectly reasonable conditions, we held back until we could use the only two nuclear bombs we had, to destroy much of the helpless civilian population of two cities: Hiroshima and Nagasaki.

That was done entirely to get ready for World War III. World War III, as planned by Truman, among others—it was a Truman policy, for which he was essentially told to "get out of government," because he was a skunk, and they couldn't stand the smell of him any more. Truman's policy was the policy of Bertrand Russell: Assuming that the Anglo-Americans had a monopoly on nuclear weapons, to prepare to build an arsenal of nuclear weapons they did not yet have, because they had used up the last two prototypes they had in Japan, and to conduct a "preventive," so-called, nuclear attack on the Soviet Union, to compel the Soviet Union to submit to world government.

That was the Truman policy! It didn't work, because the United States' production of nuclear weapons was delayed, and because the Soviet Union developed nuclear weapons much earlier, in the 1940s, than the British and Americans had assumed. And not only that, but went beyond that and developed a thermonuclear weapon, when we in the United States had none.

So, Truman was told, "Git!" That's what you tell a man like Truman: "Git! Git y'self outta heah, raht now!" And he "git!" He done git.

And Eisenhower was brought in. And Eisenhower was a part of the apparatus of Roosevelt, along with MacArthur, along with Lucius Clay, and others. Because Roosevelt knew, the day he entered office, that World War II in some form was inevitable. The confirmation of Hitler as a dictator, in February of that year, in Germany, meant that the plan which the British and French had for World War II, that that plan was operational.

So the recovery operations of President Roosevelt were based on two considerations: First, a recovery program to undo the damage done by Coolidge and Hoover. Remember, under Hoover, following the 1929 crash, the U.S. economy had collapsed by one-half, by the time Hoover left office. One half. Serious destruction. I was there, I saw it. Amelia [Boynnton Robinson] saw it! Some of the others of us around here saw it, too.

Roosevelt had to rebuild a shattered economy. He turned to elements of the military, such as Lucius Clay, such as Eisenhower, such as MacArthur, who worked on



EIRNS/Philip Ulanowsky

The destruction of the United States—housing, health care, education, transportation and so on—was carried out by the corrupted 68ers, who didn't even know that they were corrupted by the ideology foisted on them by the oligarchy: hatred of blue collar workers, technology, farms—hatred of all that is good about the United States. Here, a view of the South Bronx, New York in 1983.

industrial development projects for the United States, projects in the spirit and design of the type we need now: To take our broken nation, our broken economy, take its resources, and start to rebuild—rebuild spirits and souls as well as economy. And we did it. We were preparing for *war*, as well as for peace. And our enemy, at the time, were the British and French, primarily, those governments, those forces.

And the chief agent in France was the Synarchist International, centered around the forces of André Meyer, which are the authorship and heritage of Felix Rohatyn today. The intention of Rohatyn, the intention of these guys, *is the same thing*. To destroy the United States!

Enter: The 68ers

Now, some people don't understand it, because 68ers have difficulty understanding anything, particularly those in the upper 20% of family-income brackets; the so-called 68ers—who were against blue-collar workers, against farmers, and against everything else good in the United States. Who marched in the streets, and were virtual fascists! And did everything possible to wreck our economy. This is the base on which Nixon was able to become President. This was the base for what was done under Carter. Carter didn't understand what was going on—it was done to, or done for him, by Brzezinski and Co. We *destroyed* the United States! We destroyed our system of

regulation! We destroyed our housing programs. We began to destroy our transportation systems, destroy our power plants. Destroyed our health-care system. We did these things in the 1970s.

And the 68er generation: These were the people who were groomed, from childhood, to get into this new, fashionable kind of ideology, who were aimed at going into the best universities, the Ivy League and similar kinds of academics, aimed for careers of influence in communications, and business, and government! The ruling class, so to speak, American-style. And to corrupt them—quite successfully—from 1947 through 1957 and beyond. And this generation said, “Blue collar's no good, production's no good, farmers are no good!”

And they divided the forces of the Democratic Party and the traditional Republicans, which made the Nixon Administration possible, which made the Carter Administration possible.

And over this entire period, while this generation, that's in power today—people generally between 55 and 65 years of age, approximately that, who are now running most institutions, including the Congress, especially the Senate, were part of this corrupted generation! They didn't know they were corrupted. The sophists of ancient Athens, who went to the destruction of Athens in the Peloponnesian War, thought they had to do it that way, even though the destruction of Greece was obvious. And they destroyed their own country.

We have destroyed our own nation, in large degree, with this philosophy! Under the direction of the upper 20% of family-income brackets, in the age group of between essentially 50 and 65. *We have destroyed our own nation.*

Machine Tools: The Last Bastion

Now the last bastion for recovery of this economy, depends upon the machine-tool capacity of the nation. The machine-tool capacity of the nation is represented today, largely in science, which is almost non-existent, and largely forbidden, but otherwise located in the machine-tool sector, which is chiefly located in the automobile industry.

Now the machine-tool sector has two aspects to it: in machine-tool design, in principle. In machine-tool design, you take the same principle you apply in a laboratory to test and prove a fundamental physical principle of nature. In other words, you design an apparatus to test for the accuracy of your estimate that a certain universal principle is operating out there in the universe. Then you turn around, if you've proven it—you now take the same knowledge that you've gained from a successful experiment. You now go back into the factory, and you have the machine-tool designer take the lessons of a successful proof of principle experiment, and apply it to industry: to produce better products, new kinds of products, to produce improvements in technology, to increase the productive powers of labor, to raise the standard of living. That's what Roosevelt did, with his program for rebuilding the nation, in prepara-

tion for World War II and beyond.

That is what we are destroying! What they're doing is taking and looting the factories, which are scheduled to be shut down. They're moving the machine tools out of the United States, into Europe and elsewhere. What we are seeing and experiencing is the destruction of the United States! And this is occurring at a time when the entire world economy is about to go into the greatest depression that European civilization has known since the 14th Century.

All of these problems can be addressed. These problems can be solved. The lessons we had under Franklin Roosevelt will work. The challenge is greater today than it was then, because our relative condition of decay is worse today, than it was then. But if we work, and mobilize around this, we can save the nation. We can reorganize the international monetary system! We can reorganize the banking system! We can do all these things; there's nothing unfeasible about it! Roosevelt pioneered in showing just exactly what we could do in that direction. And I know what needs to be done—and I'm an expert, hmm?

We can do it! But, we have to be *willing* to do it! We have to commit ourselves to the *action* of doing it! We have to go into this, as if we were going to war, to save the nation from an invading enemy. And what do you think of those laggards, those slackers, in the Congress, who *refuse* to mobilize and defend this nation, when its very existence is in danger? What kind of leadership is that? *Is there any person in that Congress fit to be President of the United States?* Because we had one stinking President, like this George W. Bush, Jr., do you have to have *all* stinking Presidents!? Can't we have an honest one, for a change? One with a brain, for a change? One with some guts, for a change? Not a draft-dodger, or a virtual draft-dodger, who went into the National Guard to avoid military service.

That's our problem.

This is an old problem. It's a problem of civilization in general. See, the problem with the Baby-Boomer, is that he never learned the difference between a man and ape. He's like Thomas Huxley, or Frederick Engels, none of whom ever understood the difference between a man and a monkey. Matter of fact, Engels almost made a point of insisting upon it, that it was the same thing.

I say, don't monkey around with mankind.

Life Is Taking Over the Planet

What is the difference? You have three categories that we know today, three categories of existence on this planet, and in the universe as far as we know it. One are things and processes we call "non-living processes." They're the sub-



EIRNS/Stuart Lewis

We can have a world population of more than 6 billion today, because man is able to make discoveries, and increase our power in the Universe. "All this depends upon the ability of the human mind, to do what no ape can do—and what the President of the United States today, can not do: Think!" Here, LYM members at the webcast.

jects of ordinary chemistry. Then you have the chemistry of processes, which we call living processes, or products of living processes. Now, even though the so-called elements, or chemical elements involved in the two kinds of processes, living and non-living, or formerly living, are the same chemical elements according to the Mendeleev Periodic Table, they're not the same processes. Because living processes deal with the same elements differently, than non-living ones. As the case, for example, of the famous discoveries in France, the initial discoveries in the 19th Century, of the difference between living and non-living processes. So there's a different physical principle, which differentiates the way in which the same chemical elements, so-called, function in a non-living process and a living process.

Now, the planet is becoming increasingly more and more a residue of living processes, and less and less a residue of non-living processes. *Life is taking over the planet.* That is, the fossils produced by life, together with living processes, are a greater part of the total weight of this planet, as time goes on. Life is more powerful than non-life.

Then, you have human beings. Human beings do not have a fixed relative population potential. Animals do. But human beings are able to change their societies' relative population potential. For example, if man were an ape, like Frederick Engels—if man were an ape, we would never have had more than several million living human individuals on this planet, under the conditions of the past 2 million years as an available opportunity. But we have, today, over 6 billion people living on this planet. Why? Because of discoveries which correspond to Classical artistic discoveries, discoveries of universal physical principle, discoveries made by individual minds,

and shared with other minds, which enable mankind to increase our power *in the universe*, especially on Earth.

And therefore, where we would only have several million individuals living, if we were gorillas, or gorilla-like creatures, we now have over 6 billion people living. And we have the prospect, as we've seen over the past centuries, the past thousands of years, of increasing the potential population-density, but also increasing per-capita quality of life of the individual: the longevity, the quality of life.

We also increase the humanity of the individual, in the sense that when you improve productivity, you don't have to kill yourself from morning to night, just to get by. You have also the energy and time, to develop yourself. You're able not to have child labor, to send people to schooling for a longer period of time, to develop themselves. We're able to give them the options of studying and working through things, that a poorer population couldn't afford to do! And therefore, the quality of life, the quality of personal life, of personal relations, is uplifted. And this is the nature of mankind.

All of this depends upon the ability of the human mind, to do what no ape can do—and what the President of the United States today, can not do: *Think!* Actually do human thinking, creative thinking, either to simply absorb and apply discoveries made by others, or to actually contribute to making those discoveries. And thus, we are each, in a sense, immortal in that way. Because we have very short lives in the skein of things; when you think about potentially 2 million years of mankind on this planet, our lives are very short. But they're also very important. Because in this short life we have, we have the ability to assimilate, to develop, and to transmit discoveries to mankind as a whole, which live for the future.

And thus, in a sense, we never die, because the contribution we make to mankind, while we live, is a permanent asset of mankind, a permanent source of the improvement of mankind, and leads mankind to the kinds of powers he should have, in order to find what man's role in the universe at large is. We don't have to say, "this is what is," or "this is what's not"; we know our role is to *improve* not only our planet, but to improve the management of the Solar System, and whatever overtakes us as necessity in times to come.

Mankind is necessary in God's universe, a necessary being of immortal significance in the universe. That's us. This is our morality, because our attitude toward our fellow human being is agony over the *lack of development of those human beings!* When you see a person who is not a monkey, acting like a monkey, that is very depressing! If it's George Bush, you can explain it away.

But to take a child, and take children, and when we see abandoned children throughout the world today—who have nothing! They have no means to connect themselves to their human identity, the role they have to play in shaping the future of mankind; they have no access to that! They're barely able to survive, if that. What kind of a society is it, that denies to a child, who is the instrument of

immortality in society for humanity, to deny that child the right to development, by means of which that child can make a useful contribution to humanity, and find a sense of identity in making that contribution? That's what's taken away from us.

History Is Very Short

Now, I want to take this [see photo on cover]. All right, this is what the true model of a Democrat is, especially the Democratic Leadership Council, DLC-type of Democrat. It's funded by all the kinds of people who funded the attempt to impeach President Clinton—fine Democrats of that type. And the key thing—the two are very closely related, which typifies again part of the problem we have. Because Rumsfeld, and George Shultz, and Rohatyn, all have a common policy. And the policy is, to destroy the U.S. military as a government operation, and to hire private corporations to replace the government-controlled military. Why?

It's like the Crusaders: The military power of the planet is to be turned over to private organizations, which are funded and controlled and managed by large financial syndicates, such as that Nazi-like syndicate to which Rohatyn belongs. They *all* are on that side. That's the relationship.

Is this a Democrat? Is this *thing* a Democrat? This man of evil, this thug?

Look at the history of this planet. You know, known history is really very short. The existence of the human race is very long. We know a great deal about that, and the earlier history, because there are records of calendars, which are the products of studies of astronomy. In that sense, we know something about the minds of people who lived tens of thousands of years ago, or maybe 200,000 years ago, from these calendars. And it can be proven, the dating of these calendars can be determined by astronomical calculations.

But the known history of mankind, that is, where we know the thoughts and words of people that governed society, is relatively short. It's only a few thousand years, maybe 10,000 or 12,000 years. That's what we know. Out of all of the hundreds of thousands of years that mankind has existed, we know actually directly, how they thought, what they said, what it means.

So therefore, when we're talking about principle, it gets very narrow: The existence of European civilization in particular, as European civilization, as a civilization we know as such, dates from about the time of about 700 B.C. in ancient Greece. Coming out of a dark age, from an earlier period of Greece, and out of the region generally, you had the influence of ideas from Egypt, in particular, which went into Greece in the form of the work of Thales, the Pythagoreans, Solon of Athens, and so forth; and this is the beginning of the European civilization. There was no European civilization as a culture, until that time.

So the whole of European civilization, of which we are a part, in the Americas, and wherever European civiliza-

tion has touched the world as a whole, culturally, we are a part, a very short part, of the actual history, existence of mankind—a few, 10,000 or more years. We know this fairly well, inside. Because we can trace it. You had ancient Greece, the Peloponnesian War, the things that followed; the rise of this pestilence of evil which contributed nothing but filth to mankind, the Roman Empire. The Byzantine Empire following that. You had an attempt to raise civilization to a higher level, under the Augustinian influence, manifest by Charlemagne. The attempt to bring the Jewish world and the Islamic world together with the Christian world, under Charlemagne.

That was destroyed. It was destroyed by campaigns against Judaism, against the Jews, against Islam, called the Crusades, financed by the financier-oligarchy of Venice; and run by a bunch of butchers called the Norman chivalry. This went on for about 300-400 years: It was the Middle Ages, and became known as the Dark Ages. Civilization did not disappear, but the civilized currents of mankind were a tiny, very much endangered minority.

It was only with the 15th Century, that modern European civilization emerged around the Council of Florence. But then, immediately, the residue from Venice came back with this religious warfare: from 1492, the expulsion of Jews from Spain, into 1648, the Treaty of Westphalia, all of Europe was *torn apart!* By the butchery of religious warfare.

And during this period, you had the emergence then, of the developments in North America, of the colonies trying to find a way of expressing *civilized* European ideas in life, away from Europe where it was seemingly impossible. You had a brief period of development of France, around Mazarin and Jean-Baptiste Colbert, a florescence of science. That, in turn, was then crushed!

We had the rise of the British Empire, in 1763, which was the *casus belli* for our war of revolution against Great Britain. And since that time, Anglo-Dutch Liberalism as an imperial force has dominated the planet, and has been the persistent enemy of ours, as a nation, our republic.

Now, we come to the point very simply, that Felix Rohatyn, with the Nazis for whom he works, is now trying to destroy the United States, as part of the process of creating a global empire, called globalization: In which no sovereign nation-states exist, in which humanity is depleted by death, disease, hunger, destitution. And depleted to levels, which *they themselves* say are below 1 billion people—preferably 500-700 million people, the greatest rate of death in all mankind. To bring the population down to levels of stupidity, at which a minimal population can survive, under the tutelage of the kinds of people which Rohatyn and his owners represent.

History is very short.

The Seeds of Greatness Within Us

So we have this United States, which is the only place from which a successful reversal of that threat can occur—here. You may not think that. I have a much high-

er value of estimate of the United States, than many people do. Because I know *what's inside us*. Not just inside us, as our impulses today. I know what's inside our culture. I know where the seeds of greatness within us lie.

If we moralize our people, give them a sense of hope, a sense that we can beat this, a sense that we can overcome, as Franklin Roosevelt looked at matters in his time, as he entered office; if we have that sense, there is still greatness within us. I went through this: Remember, I was born back then. I don't have quite the credentials of my friend, Amelia, on this count, but I have a few: I was born in 1922, and I was rather a conscious young lad, and I was well aware of the degeneracy in which the people of that time, the 1920s, lived in the United States. And I saw them crawl out of that degeneracy in the course of the 1930s. We were not very good then. We were pretty corrupted. But we did a good job, and we established an optimism around the Roosevelt recovery, and around our *mission* to try to free the world from this Hitler menace.

Let me just explain that: 1940. The beaches of Dunkirk. Hitler had a policy which underwent a change. The original program assigned to Hitler by the British and French, who put him into power, with support of people like Mr. Bush, Mr. Prescott Bush, in New York City, was to have Hitler move against the Soviet Union. And then, when Hitler was deeply tied in the Soviet Union, to unleash British and French forces on his ass, and thus make a mess of everything, and finish off Germany forever. The German High Command said to Hitler, "Uh-uh, uh-uh, we don't go with that. You never attack Eastward first. You attack Westward first." So therefore, the Nazis developed a second plan. The second plan was to go Westward, and to get the French and British to surrender to the Germans; the British under the Nazis, would make an agreement, and then they would, *all together*, march Eastward—and destroy everything in sight. That was the plan.

Now the reason this plan worked, as it seemed to, was because the French command, of the people who represent what Rohatyn represents today, *rigged the French defense*. The French had a superior military power to Germany at the time of the invasion of France by German forces, in 1940. A superior power! Why did they lose the war then, so disgracefully? Because of the inside, the fifth column: The French government and intelligence services, military, were controlled by pro-Nazis. And they arranged to the keep the gap, the Ardennes Gap, open, without French opposition, so the Germans could come in through that open door, to hit the French forces on the flank, and the French forces were routed. The French immediately, being Nazi-controlled already, surrendered to Hitler, in two contingents, the Laval government in the North, and the Pétain government in the South. And they worked for the Nazis! Jewish bankers worked for the Nazis! On the French side, that's what it was.

The British were about to do the same thing. But Roosevelt had intervened in the internal affairs of

England, in such a way, and playing upon certain things in Winston Churchill's instincts, to prevent the British from surrendering. And what Churchill did, with Roosevelt, was to order that, if the invasion of Britain should occur, by Nazi forces, the entire British fleet, and the fleet of the colonies, would congregate *under U.S. command*, and go across the Atlantic to join U.S. Naval forces in a joint command against Hitler.

That prevented Britain from joining the French, and becoming vassals, and flunkies, and lackeys for the Nazis. But for the strength of the United States, and the intervention of Roosevelt, with the British, you would be living either in a Nazi empire today, or the remains of a Nazi empire today. And what Rohatyn represents, is the same group of financier agencies. He may not wear a swastika—but he should. Because he's as guilty as hell, and he's typical of those people who were really the power *behind* the Nazis—not the Nazis themselves, but the power who owned them, who deployed them, who used them—who were not prosecuted at the end of the war.

And those people who were not brought to account for their role in bringing the Hitler menace into existence,



"And those people who were not brought to account for their role in bringing the Hitler menace into existence, those are the people who are trying to destroy the United States today. And the Rohatyn phenomenon is a symptom. If you like Rohatyn, you must love treason."

those people are the people who are trying to destroy the United States today. And the Rohatyn phenomenon is a symptom. If you like Rohatyn, you must love treason.

Thank you.

Dialogue with LaRouche

Here we reprint LaRouche's answer to one of the questions from the discussion period following his June 9 international webcast.

Can't Globalization Work?

Questioner—from Brookings Institution, involved in the new Hamilton Project: Mr. LaRouche, for those of us in this field, the choice between globalization, on the one hand, and strong national economies, on the other, represents a choice between two diametrically opposed philosophies of political economy.

But this is not necessarily immediately obvious to the layman. Most of the opposition to globalization that we see among the population comes from those whose opposition is born of job loss as a result of outsourcing, but their overall understanding is fairly limited. The question that comes up repeatedly, is: Why not reorganize the world economy in such a way that is "more efficient"? Let Latin America produce our food, let Asia make our cars and our clothes, and let the U.S. move beyond that to a 'New Economy.'

I think it's very important for you to take this up, because what may be obvious to us, is not obvious to everyone. Why not do it this way? Must each nation be able to produce adequate food, energy, and other such necessities within their own borders? Or can we move to this kind of rationalization of the global economy, and

live happily and healthily?

LaRouche: One of our biggest problems today, relative to what we used to have as problems, prior to 1968, is typified by what I first encountered around Harvard Business School, and MIT also, in the late 1950s and early 1960s: That I wouldn't give you two cents for corporate management today. There's no comprehension in what you get from the garbage of techniques in management and so forth, then or now—it is worse. For example, in the case of the auto industry, I said, it's obvious to me that you fire all of the top management, on the basis that Enron was no good! Because there's no difference between the thinking, which is like a Pyramid Club-thinking going on in top management in these large corporations, and what was going on at Enron. The Enron philosophy pervades the United States!

Now, the result of that is, that the essential problem of management is no longer understood. Management used to be leadership, when it was good. And if it wasn't good, it went bankrupt. Because leadership meant providing ideas, or coordinating people in developing ideas. You didn't have this kind of touchy-feely kind of management, mixed with whips and lashes. It's nonsense! It's pathetic! It's a '68er mentality.

Now, the problem here, is that most managements don't know anything about anything of importance. They're

good at grabbing money, but that's all. You look, for example, at the rate of profit, or profit margin today. It's absurd! You can not run an economy on those kinds of profit margins! You have very little product cost and much margin. And it works on the basis of so-and-so owns this, and so-and-so owns this, and everybody has their "take" on top of the cost of the product. I used to say, back in the early 1980s, the way the U.S. economy was going, you were going to end up with Detroit with one giant skyscraper. And this skyscraper would have different layers of offices and management on each floor. In the basement, you have one guy with a hammer, producing the product! And that's the direction we've been going in!

What is not understood, because of the way in which economics is taught, and management is taught, especially economics, people don't understand the relationship between infrastructure and production. For example, if I take two plants, and I put people in who are trained to do the same thing in these plants, as workers; if I put it in one location, one part of the country, I will get high productivity. If I put it in another part of the country, with the same kind of program, same investment, I'll get low productivity. What is the cultural level in the schools? What is the cultural level in the neighborhood? What is the quality of the schools? What are all the things that go together to make life? See, life is not going to work, and doing a job and leaving. Life is life in a community, a functioning community. And if you have a community which has a high level of infrastructure, quality of infrastructure, good schools, good education, a stimulating intellectual environment—

You saw the thing, the "Go South" operation, and the first stage of globalization was going South. You move the factories from the North, where you had infrastructure, and fresh water, to places where they had stinking water, and very little infrastructure! And you said, "Now, you're going to save money." The runaway textile industry was a pioneer, going South on that. Then the things came in after them. You get poorer production.

Production is dynamic, the organization of good production is dynamic. You don't have one guy following a recipe to do one thing, when some guy is standing over him, to direct him. You have an interaction of things. How intelligent are the people in your neighborhood? How intelligent are the people in your town? What's their standard of living? What is their ability to innovate?

We used to have the thing, I used to study, in the old days, Soviet literature—translations of Soviet literature; I never learned Russian; but translations—on reports by Soviet authorities themselves, on the problems of management in Soviet factories. And the typical story was, that a new machine was brought into a factory. And the "woikahs" in the factory didn't like the new machine because it wasn't like the old machine! And they would find some way to push the new machine aside, and say, it doesn't work, and demand a replacement for the old

machine! In other words, the characteristic of the Soviet economy as a whole: You had a military sector on a very poor productive base, which performed scientific miracles in terms of producing military capabilities. But at the same time, the production of civilian goods, under the management of the "woikahs," stank! Because the idea of management and the idea of creativity, the idea of leadership—you're taking a population in Russia which had come one or two generations out of poor peasantry, almost slave peasantry, and you put them in a factory, to run a factory, in the way the workers are going to run the factory—it's not going to work! They need leadership! Because they're not familiar with the ideas of science. They're not familiar with the ideas of technological progress. Only a minority are.

And the key thing is, in the old days, you wanted to build an industry: Look at the local schools; look at the local hospitals, libraries; what's the thinking in the community? What are the kinds of social activity going on in the community? You would search the whole community before putting it in that area, because you wanted to know what was the total dynamic environment in that community. Because you're going to move a few key people in there, where you're going to find people who would be agreeable to the kind of production you were doing. If you needed a high degree of innovation, and this became more and more characteristic to maintain U.S. industry, you need more innovation! Well, an innovation factor means that the cost factor that you build into total production, is higher. You had much more on research and development, much more on science, much more on advanced training; you send your people out to be trained in advanced courses in this and advanced courses in that, to new experiences; ship them over to see what the other guy is doing. And you get a higher potential for creativity, and just plain innovation in production, in a quality of product.

You would have, in a good factory, in the old days, with the suggestion box or other methods, you would find out that you had a *high degree* of improvement, in quality of production and technology through the workers themselves! Because you had a stimulation. People would be staying up nights on weekends, working out something they were going to put in the suggestion box. The auto industry in particular, particularly from the World War II experience, was *full* of this stuff!

And when the industry began to go to hell, we began to lose to the Japanese, is when that stopped. With the Black Lake project, where people began to say, "No! We got to drive these guys, harder, *harder*, get more! Speed up! Speed up!" You have some jerk with a clipboard running around called an "engineer"; and he's got an incentive to cut the pay, or to speed up the job. And you get junk.

I remember in the 1950s, surveying the auto industry on the retail end: You would find Coke bottles and sandwiches in the car, because somebody had put their lunch down, and it had gotten trapped in the process of assem-

bling this particular vehicle—"what's the stink here? Oh! That's the Coke bottle." The speed-up was crazy! Whereas originally, the idea was, you had a craft—yes, you worked hard—but you had a craft, a sense of pride in the product you were producing. And having pride in the product you're producing, you pay attention to things that are not on the schedule! You know it's going to make the product bum, so you don't let that go out! You take pride in your work. You're concerned about the quality of life your family has, not just, you know, what it's like to go home and drink a beer in front of the television set, or something. That's not the important thing.

Because you're going to die someday. And the biggest problem you had with industrial workers in the old days, is, they died too quickly once they retired. You get the gold watch, and then two days later—die! Because they're cranked up to work like hell, and they come to retirement age, and they take the first vacation—beep! Gone!

Because then life is not organized in such a way that they have a personal life in which work is simply an essential part of that personal life. But they have primarily a personal life. They think about the life of their children, not just sending their kid to be successful: But a personal life, a community life.

And so what good management represents, is an understanding that there are certain costs, which cheap-skates don't like to pay, the time-study people don't like to have paid. But these costs are not really lost costs: These costs are factors which, properly understood, become the basis for the improvement in product and design of product. You want to develop the people. And that is good management.

Sure, not waste, not slop. That's easy to get it. But people today think in a mechanistic way about production. And production is dynamic. It's human production. Why not hire gorillas? Why not have chimpanzees? Why do you have people? Why not have automatons? What do you want people for? Because people have creative powers in their minds. You want to develop those creative powers, and you want to, above all, not merely produce a product which you *sell*—yes, you do want to sell it—but you want to produce a product which improves the people who make it. Because it challenges them, and gives them a sense of satisfaction: "I made it better."

This was, you know, in World War II, this was the pride. We could produce something out of nothing, and make it work, and make it better!

Everyone's going to die: So what kind of a life are you leading that's leading to death? Are you a chimpanzee, an animal? Or, are you a human being? Or do you have a sense of some kind of immortality embedded in your living? Are you trying to do something which is good for all time for mankind, in your own way? In some degree? Something that your descendants can be proud of? Something your community can be pleased with?

And it's the motivating of this intellectual power, this cre-

ative power in the individual, which is absent in the animal, which is the essence of good management. It's the subjective factor of management, and that's what's missing.

And therefore, the problem today is, we need to think about designing production—first of all—this is an important question. Let me take one other aspect of this thing.

What Is the Division of Labor?

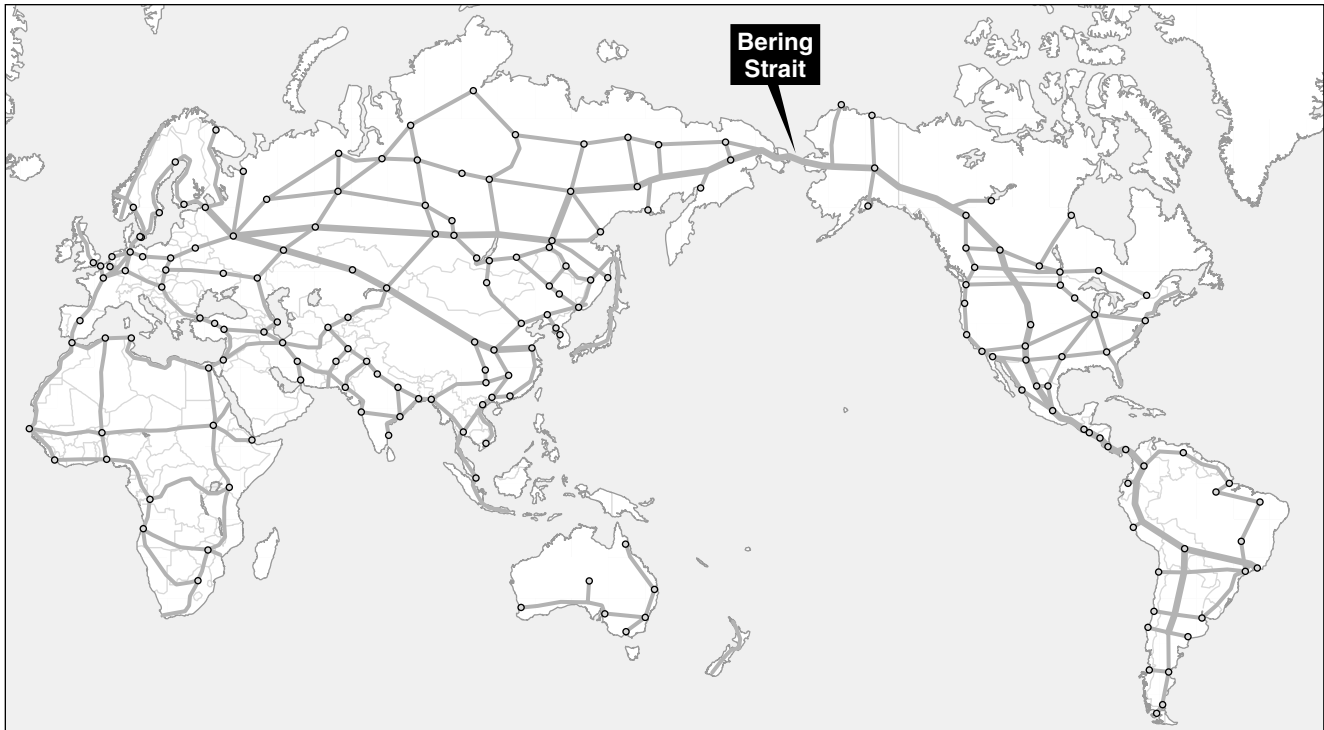
Look at the world—because it's implicit in the question. The world today, the question is, what is the division of labor? Let's take the case of China and India. Now, China and India are not wonder-miracle stories. Yes, the Deng Xiaoping leadership in China, was part of a change in the character of Chinese production, Chinese economy. It was in a certain sense successful, but don't exaggerate that. There are lots of problems.

One of the biggest problems is that China is leaving a lot of its population undeveloped, while using a lot of its population as cheap labor to produce American and European goods by cheap labor for an American and European market. What happens if the European market and the U.S. market collapses, what happens to China? Not very good. What happens to India, which is a somewhat different case, but has a somewhat similar problem?

What's the problem? Well, in China there's not adequate development of water management. Well, they're working on that with these large dams, like the Three Gorges Dam, things like that. Absolutely essential. No excuse for not doing it. But they don't have enough power. What do they need? They need nuclear power, *lots of it!* India's prepared to go with a nuclear power program, a high-temperature thorium reactor from 120 MW up—in multiples, 100, 200, 400, 800. You can produce synthetic fuels, you can produce from water, you can produce hydrogen fuels. Ah! Water! Well, we've got a water shortage all over the world! You can't get drinkable water! We've lost it in the United States. So, what do we need? We need nuclear power to produce potable water so you can get safe drinking water out of the faucet again, as we used to be able to do, 40 years ago. Can't do it any more—get worms, instead.

So therefore, what you have, is you have a Chinese population of 1.4 billion people probably, at this stage, or more; over 1 billion people in India. The rest of Asia in a similar condition. What are you going to do!? Are you going to sit back and say, "We're talking about competition"? Hey, you're an idiot! We're not talking about competition: We're talking about survival of the human race for the future! *These people need more raw materials.* To raise their standards of living, to develop their economy.

The population is going to increase: We're headed toward 8 billion people on this planet! We're already beginning to draw down the best natural resources at rates more rapidly than we can replace them. So what are we going to have to do? We're going to have to have—within 25 years, we're going to have thermonuclear fusion. Why? Because we're going to have to use plasma torches



Lyndon LaRouche's Eurasian Land-Bridge Program. Shown here are proposed links in a worldwide rail network which would be part of the infrastructure required to transform the world economy overall.

to reprocess poor-grade raw materials, and turn them into high-trade raw materials. To deal with the water problem, you've got to have high-temperature gas-cooled reactors, in order to take salt water, other kinds of water that's not drinkable, usable, and process it.

You're going to use petroleum forever? Move this petroleum in cans all over the world? Cheap stuff like petroleum, move it at high prices in cans? When it's becoming more expensive? No! You're going to have a different fuel: You're going to have a much more efficient kind of chemical fuel, hydrogen-based fuels. How do you make hydrogen-based fuels? With a high-temperature gas-cooled reactor: 800 degrees, that sort of thing.

So you can produce hydrogen-based fuels locally, by the same power station, nuclear power station, that produces your power, that produces industrial process heat for your factory production, and so forth and so on. Now suddenly, you have, instead of a dirty community, you have a clean community.

All right, therefore, we have Europe, we have the United States. Reorganize the United States to say, cut this cheap labor out. We don't want Americans doing cheap labor. We'll do what we have to do to maintain the economy, but *no more cheap labor policy!*

We now go to a high-temperature gas-cooled reactor type of technology; high capital-intensive technology! We have a cultural standard that enables us, as I've proven it with these young guys, in our educational program for the Youth Movement: We can do it! We can produce a better educational program for science orientation and cultural orienta-

tion, than exists in universities today! We know how to do it! We're already in that direction. We're going to do it! We can take the existing population, inspired by young people in their 20s, to get off their butts and begin to think again, begin to feel again. We can start, and shift the United States into a high-gain, capital-intensive, science-intensive production, to *produce the needs of the world!* Together with parts of Europe which have a similar capability.

Therefore, we're going to specialize, not in dividing product among this nation and that nation. We're going to specialize in being—we are going to be the planetary *science-driver capability.*

What we need is a Congress which gives up its '68er, masturbatory policies. Gets back to reality, despite being born as a '68er. You're going to have to orient this economy for an emergency, to prevent a general collapse *which is coming on now!* It's coming on this year, unless we change.

So anybody who doesn't change, now, from the current trends in the Congress, is an idiot—or worse! Therefore, we're going to have to do it. What are we going to do? We're going to adopt a policy, beginning with rescuing the machine-tool capacity associated with the auto industry now, for new products which will provide the ground base for a high-intensity driver program for the U.S. economy. We are going to enter into 25- to 50-year contracts, long-term agreements, treaty agreements with Asian countries and others, on long-term development, at 2% credit rates, borrowing costs for long term. Because we don't need a high profit rate: We need a high growth rate. That's the difference.

Rohatyn: The French-Nazi Connection

by Pierre Beaudry and Jeffrey Steinberg

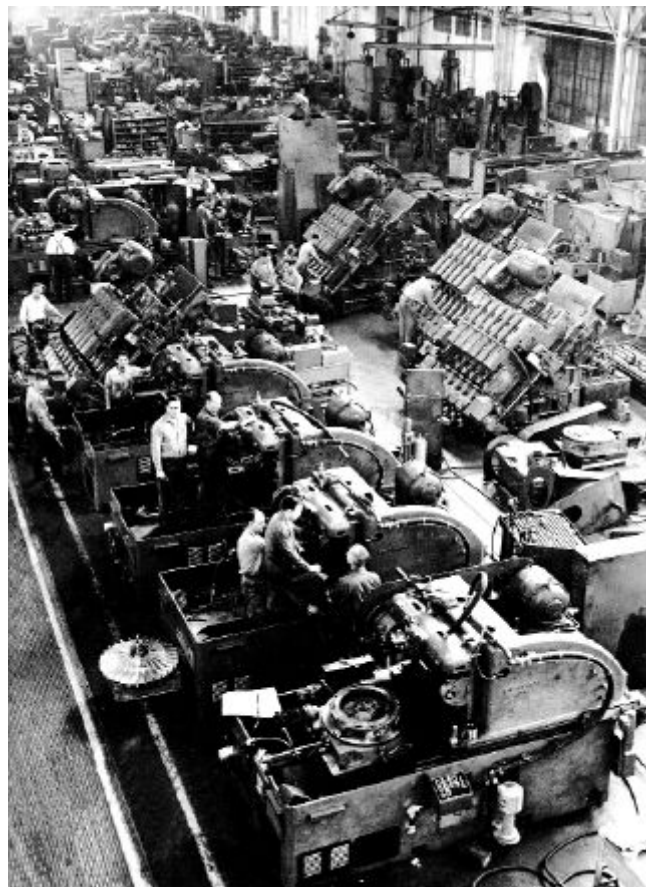
Some gullible individuals, including gullible members of the U.S. Congress, still think that Felix Rohatyn is just another nasty banker. What they don't understand, or choose not to understand, is that Rohatyn is an extension of the 1930s and 1940s Nazi operations inside France, operations associated with a London/Paris-centered faction of international finance, known then and now as the Synarchist International.

Felix Rohatyn today faithfully represents the same policies and the same outlook as the wartime French Nazi collaborationists, associated with his own Lazard Frères bank and its closely allied spawn, Banque Worms. Rohatyn's now-exposed current role in the total dismantling and overseas "outsourcing" of the U.S. automobile-manufacturing sector, with its embedded machine-tool capacity so vital to America's economic national security, is thoroughly consistent with this pedigree. In this scandalous assault on America's once-great industrial base, Rohatyn is acting, not as an American, but as an agent of the Paris-centered financier networks that are today's successor generation of European Synarchist bankers. Particularly since his tenure as U.S. Ambassador to France, Felix Rohatyn has revived the now-70-year-old Synarchist collaboration between his own Lazard banking group and the Synarchist Worms Group, today represented by Gerard Worms. Both Rohatyn and Gerard Worms, in recent years, have been co-directors of three major European financial entities: Suez Groupe, Rothschild et Cie Banque, and The Publicis Groupe, the world's fourth-largest communications firm. In Publicis Groupe, Worms and Rohatyn sit with Michel David-Weill, the longtime managing director of Lazard.

The Wartime Documentation

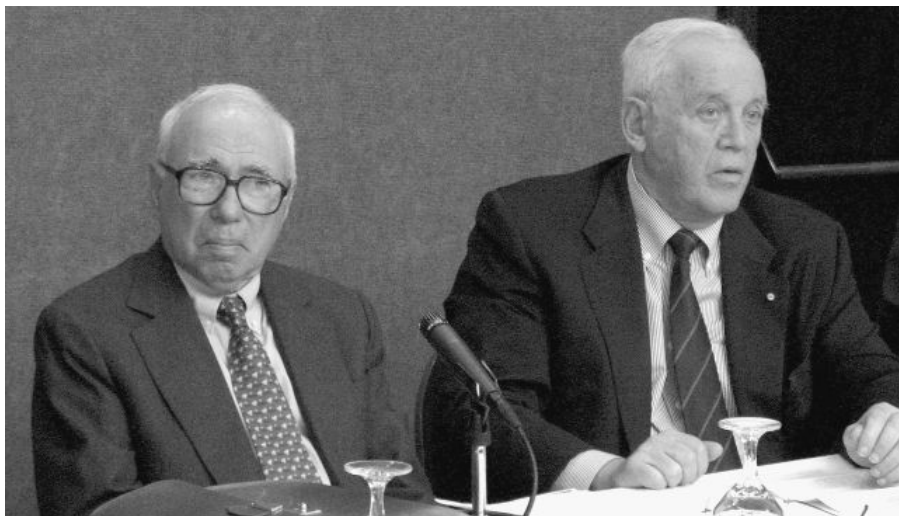
During the late 1920s, the Paris branch of the Lazard

banking interests helped establish the Banque Worms, on behalf of the French Synarchist industrialist Hippolyte Worms. French intelligence documents from the 1930s identified Hippolyte Worms as one of the original 12



Cincinnati Milacron

The machine-tool capability represented here is what is being eliminated by the Rohatyn-led assault on the auto sector.



EIRNS/Dan Sturman

Rohatyn's attempt to portray himself as an advocate of infrastructure development, when he promoted his private financier infrastructure project on March 27, 2006 with former Sen. Warren Rudman (right) at the Center for Strategic and International Studies in Washington, D.C., has now been shown up as a fraud by the exposure of his role in shutting down critical parts of the auto/machine-tool sector.

members of the secret Synarchist Movement of Empire, a group at the heart of the Nazi collaboration. The Banque Worms, otherwise referred to as “the Worms Group,” came to dominate the pro-Hitler Vichy government of post-1940 France, maintaining throughout its close ties to the London-New York-Paris Lazard group. It was during the pre-Vichy period that Lazard bankers Frederic Bloch-Laine and Andre Meyer, later the mentor of Felix Rohatyn, were dominant behind-the-scenes figures in the banking apparatus that later steered the Nazi collaborationist regime of Pétain, Laval, and Darlan, through Banque Worms.

The U.S. intelligence service and diplomatic corps of the 1930s and 1940s were fully aware of the pro-Hitler treachery of the Banque Worms Group.

William Langer, a wartime officer in the Office of Strategic Services (OSS), prepared the official report for President Franklin Roosevelt on the United States government's dealings with Vichy France. The report was later published in 1947 in a book, *Our Vichy Gamble* (New York, Alfred A. Knopf), which was based on Langer's review of the wartime classified U.S. and French archives.

Speaking of Nazi collaborator Admiral Jean François Darlan, Langer wrote, “Darlan's henchmen were not confined to the fleet. His policy of collaboration with Germany could count on more than enough eager supporters among French industrial and banking interests—in short, among those who even before the war, had turned to Nazi Germany and had looked to Hitler as the savior of Europe from Communism. These were the elements which originally backed Pétain and Weygand—elements that stuck to the program after both these men had begun to back away from it. These people were as good fascists as any in Europe. They dreaded the Popular Front

like the plague and were convinced that they could prosper even under Hitler's iron rod. Many of them had long had extensive and intimate business relations with German interests and were still dreaming of a new system of ‘synarchy,’ which meant government of Europe on fascist principles by an international brotherhood of financiers and industrialists. Laval had long been associated with this group.”

Langer identified the center of the French Synarchy as the Banque Worms et Cie. “To realize the extent to which members of the Banque Worms group had been taken into the government by Autumn of 1941, a brief survey of the council and of the Secretaries of State will be most profitable.” Lang then itemized a list of dozens of top Vichy ministers

who were all from the Worms Group, and who controlled every aspect of the economic life of Vichy France.

Langer's extensive account of wartime France was based, in part, on the communiqués from U.S. Ambassador Anthony J. Drexel Biddle to President Franklin Roosevelt. On Jan. 7, 1942, the Ambassador wrote to the President of the Synarchist/Banque Worms control over Vichy: “This group should be regarded not as Frenchmen, any more than their corresponding members in Germany should be regarded as Germans, for the interests of both groups are so intermingled as to be indistinguishable; their whole interest is focussed upon furtherance of their industrial and financial stakes.”

Drexel Biddle left no room for doubt that he was equating the Banque Worms group with the worst of the Nazi collaborationists. “On the one hand,” he explained, “Pierre Pucheu (Interior), and Yves Bouthillier (National Economy) were members of the Worms clique. Gerard Bergeret (Secretary of State for Aviation) was included by some among Pétain's personal following, by others among the Worms group. Excluding Bergeret, the Secretaries of State were almost to a man associates of the same clique.”

Scores of other reports, many of them obtained by *Executive Intelligence Review* from the National Archives of the United States, catalogued the in-depth collusion between the Worms group and the Nazi regime in occupied France. A series of three in-depth intelligence dossiers traced the pedigree of the three main branches of Lazard Brothers (New York, London, Paris), into European wartime Synarchy.

Many will attempt to deny that Felix Rohatyn is of the same Nazi pedigree as his Lazard and Banque Worms predecessors of the 1930s and 1940s. But the evidence is massive.

Outsourcing Delphi: The Crime of Felix Rohatyn

June 6—New York bankruptcy court documents have revealed the personal signature of Felix Rohatyn—Synarchist banker, “Democrat” powerbroker, enemy of Lyndon LaRouche—on the original May 1, 2005 plan for the outsourcing of Delphi Corporation and the destruction of its union jobs, wages, and benefits.

It is clear from these documents and other evidence that Rohatyn Associates and Rothschild, Inc., through Felix Rohatyn personally, started the Delphi debacle and planned Delphi’s total “globalization by bankruptcy,” as *Business Week* termed it on April 24.

This Delphi outsourcing and bankruptcy plan—which may have gone by the internal moniker “Northstar”—has been a disastrous example, international symbol, and trigger for bankruptcies and shutdowns in U.S. auto and other industries. It had been called “the end for auto,” and the destruction of America’s middle class, by IUE (International Union of Electrical Workers) lead negotiator Henry Reichard, who passed away on June 6. Rohatyn launched that destructive plan, which has been linked with the name of Delphi’s bankruptcy CEO, Robert “Steve” Miller—whom Rohatyn’s plan brought in to head the company and take it into bankruptcy. In addition, Rohatyn has intervened repeatedly on Capitol Hill during 2005-06 with proposals for privatized “infrastructure corporations.” He has directly opposed and sabotaged action on Lyndon LaRouche’s emergency legislation to save the American auto sector with Congressional credits and protection, “retooling” auto for infrastructure construction.

The Delphi debacle has opened the floodgates for the destruction of the entire auto industry still remaining in the United States, including, since at least April, the auctioning off of entire closed plants and their machine tools, as if on eBay. It has already driven another 30,000 production workers out of auto employment in 45 days, with no end in sight. It has triggered Congress to *react* by forming an “auto caucus” and a “manufacturing caucus”—but not to *act* to stop the auto sector’s ongoing destruction.

We lay this potentially fatal inaction by Congress at Rohatyn’s door, and at the doors of Congressmen who continue foolishly to regard him as a “leading Democrat” rather than a Synarchist-fascist banker. LaRouche’s is an “FDR-style” proposed action to save auto and build infrastructure. Rohatyn directly and publicly has opposed any return to Franklin Roosevelt’s policies or “RFC methods,” as he calls them.

And he directly devised the plan which is in the process of shutting down at least 21 major Delphi auto-supply plants, moving the company’s entire production operations offshore.

Damning Chronologies

The overlapping chronologies being published here as documentation by the LaRouche Political Action Committee, go step by step through the promotion of the Rohatyn/Rothschild strategy for Delphi, and its lamentable implementation over 2005-06.

Immediately after Lyndon LaRouche’s April 13, 2005 memo, “Emergency Action by the Senate,” told Congress it must intervene in the auto crisis signalled by General Motors’ debt collapse, Felix Rohatyn—acting on behalf of his Rohatyn Associates investment firm and Rothschild, Inc.’s bankruptcy division—wrote Delphi a May 1, 2005 proposal to develop a strategy of merger, acquisition, outsourcing, or bankruptcy. Rohatyn Associates and Rothschild were retained, and developed a “strategic plan.” Rohatyn’s strategic plan was adopted, and then the specification was made that when Delphi declared bankruptcy, Rohatyn would personally “with-

The auto industry is being auctioned off. Shown here, an ad for an auction of machine tools from a bankrupted auto-sector company.

If the foregoing correctly sets forth the understanding and agreement among the Advisors and the Company, please so indicate by signing the enclosed copy of this letter, whereupon it shall become a binding agreement between the parties hereto as of the date first above written.

Very truly yours,

ROTHSCHILD INC.

By: _____
David L. Resnick
Managing Director

ROHATYN ASSOCIATES LLC

By: 
Name: FELIX ROHATYN
Title: PRESIDENT

Accepted and Agreed to as of
The date first written above:

DELPHI CORPORATION

Rohatyn's signature on the May 1, 2005 letter agreement, the central focus of which was "a material reduction" of Delphi's "legacy liabilities"—that is, labor and pension costs—whether achieved through bankruptcy, merger, acquisition, or other means.

draw," leaving Rothschild, Inc. in charge of bankruptcy advice.

Steve Miller was hired as Delphi CEO on July 1, 2005, pursuant to this strategic plan; and Miller described it when he filed for bankruptcy: "[Delphi] believes that a substantial segment of Delphi's U.S. business operations must be divested, consolidated, or wound-down through the Chapter 11 process. . . . In the meantime, the Company will preserve and continue the strategic growth of its non-U.S. operations and maintain its prominence as the world's premier auto supplier"—globalization and outsourcing by the device of "strategic bankruptcy."

In the same May-June 2005 period, Congressional sources have reported, Democratic Members of Congress "were being told" to avoid Lyndon LaRouche's memos for legislative action to save auto, because "LaRouche is proposing to nationalize the auto industry." And beginning early June 2005, Felix Rohatyn began to publish and give Members of Congress proposals for a "National Infrastructure Fund" at a negligible \$50 billion, borrowed by Congress but administered by a National Commission led by bankers like himself. He has been joined in this by former Republican Senator Warren Rudman and others.

Furthermore, the strategic plan adopted by Delphi from Rohatyn and Rothschild, specified that under a Delphi bankruptcy, many of the U.S. manufacturing plants of the corporation—a strategic asset for the econo-

my of the United States—could be declared to be "*de minimis*" assets [assets of negligible value!] and their machine-tool capacity auctioned off over the Internet. That is exactly what has happened, since no later than early April 2006, pursuant to an order of the bankruptcy court entered Oct. 28, 2005. The purpose of these auctions was made crystal clear: to pay down Delphi's Debtor-in-Possession credit facility of \$2 billion from JP Morgan Chase and Citicorp, a credit facility arranged *before the bankruptcy* by Rohatyn Associates and Rothschild. Delphi plants and machine tools are being auctioned off today for the loan accounts of those banks.

It is such auto-supply plants, and their versatile inventory of machine tools, being discarded by automobile manufacturers, that LaRouche's emergency legislative outline insists must be adopted by a Federal Public Corporation created by Congress, and used—

directly or by contract—to produce critically needed new economic infrastructure of rail transportation, power, and water management.

And it is now established that Felix Rohatyn initiated the plan by which Delphi is auctioning these plants as if they were worthless but for some cash payments on their credit card from JP Morgan Chase. Persons familiar with the auctions report that many, perhaps a majority, of the Internet buyers of the machine tools, are foreign firms. Moreover, it is not only Delphi which has adopted this practice, directly destructive of U.S. technological potential and national security.

If this auctioning off of strategic machine tools is not stopped, the United States will become a Third World country industrially.

And not least of these moral crimes, Delphi's bankruptcy strategic plan included the so-called Key Employee Compensation Plan, by which certain Delphi executives were to receive \$400 million in retention bonuses, while its production employees were to have their wages cut in half or their plants closed.

Rohatyn's "withdrawal" from Delphi's consultancy on the date of its bankruptcy, Oct. 8, 2005, may have been made necessary by his other role, acknowledged in Delphi court papers: Rohatyn led "due diligence" efforts for several private equity firms profiling Delphi and its operations; in other words, he is consulting with equity funds and/or hedge funds on buying up the

wrung-out Delphi which results from “globalization by bankruptcy.”

Keep the Plants Open, Fire Rohatyn!

Congress will be answerable if it does not act to stop this planned obliteration of the industrial and technologi-

cal capabilities of the United States—not to speak of the loss of hundreds of thousands of skilled and productive jobs and the sacrifice of the wages and benefits of the American workers who remain in a decimated automobile sector.

This evidence makes clear that the same “Demo-

The Fight Over the Auto Industry

January 2005 to the Present

What Felix Rohatyn And His Associates Did

JANUARY-MARCH 2005

March 23, 2005. As discussed at a LaRouche PAC Town Meeting in Detroit, Mich., LaRouche’s ideas center on restoring the approach to government taken by Franklin Roosevelt, to meet the breakdown crisis of the financial system, the physical economy, and in Detroit, the collapse of General Motors.

APRIL 2005

April 13, 2005. LaRouche issues his Memorandum to the U.S. Senate concerning what to do about GM’s collapse, after being requested to do so by Democratic Party figures. The Memo is countered by various Democrats stating that the GM crisis is not going to hit until the summer or later.

What Happened: Developments in the GM-Delphi Shutdown Crisis

February 26, 2005. J.T. Battenberg III announces his resignation as chairman, chief executive officer, and president of Delphi Corporation. He is also chairman of the Delphi Strategy Board, the company’s top policy-making group. Battenberg has begun moving Delphi parts production to China and to Mexico.

March 2005. News coverage breaks of an SEC investigation of an accounting scandal at Delphi, involving falsification of company books going back to 2000. Most of Battenberg’s competing “heirs apparent” subsequently resign.

March 10, 2005. *Executive Intelligence Review* magazine publishes, based on an alert from Lyndon LaRouche, the article “GMAC Debt Is a Big Soft Spot in Global Financial Bubble.” The article focusses on the sudden dramatic fall of auto sales in January-February 2005, particularly of GM sales; the imminent downgrading of the \$300 billion in GM/GMAC debt to junk status; and the onset of a crisis among major U.S. automakers and their overseas subsidiaries.

Reports compiled in 2004 of auto sales show a 5% drop in the United States from 2000 to 2004; a 7% drop in Europe over the same period, and a 3% drop in Japan.

April 2005. As of this month, in the four-month period beginning in January 2005 and ending in April 2005, GM has laid off 15,500 production workers, reports the *Detroit News*.

April 13, 2005. Lyndon LaRouche’s memo on the auto crisis, “Strategic Action by the Senate,” is issued.

April 29, 2005. *Newsweek* reports: “In Congress, there is rising concern about the future of American auto manufacturers and their decline’s effect on the economy. ‘We’ve got to do something,’ said Rep. John Dingell, D-Mich. ‘They’re somewhere between two and four years off from a real calamity.’ ”

(Continued on page 22)

cratic” figure who has been advising or pressuring that Party’s leaders against any “FDR-like” response to this crisis, is centrally involved in the shut-down/outsourcing plans for American industry, which caused the crisis itself.

Rohatyn is no Democrat, but a Synarchist financier, in

the peculiar tradition of the Lazard Frères bank which trained him, and which played a central role in the European fascist Synarchism of the 1920s-40s.

For several hundred thousand American auto workers, it is immediately necessary that the criminal damage of his “strategic planning” for Delphi be undone.

What LaRouche Did To Save Auto, Machine Tool, and U.S. Economy

Late February 2005. Lyndon LaRouche forecasts a debt blowout of the American auto sector, referring to international coverage, largely blacked out of the U.S. media that General Motors, GMAC, and Ford are going to be downgraded by bond-rating agencies. *EIR* begins indepth coverage of the GM and Ford crises.

March 10, 2005. *EIR* Strategic Alert publishes an item entitled, “GM Heading For Junk-Bond Status?” on impending U.S. auto sector collapse, citing Feb. 26 editorial in *Neue Zuercher Zeitung*, “Thunderstorm over Detroit.”

March 10, 2005. *EIR* reports on a warning from LaRouche on the significance of the General Motors crisis, “GMAC Debt Is a Big Soft Spot in Global Financial Bubble,” focussing on the sudden dramatic fall of auto sales in January-February 2005, and the imminent downgrading of GMAC parent GM’s debt to junk status.

March 23, 2005. At a LaRouche PAC town meeting in Detroit, LaRouche calls for a “reconstruction agenda” to save the nation’s industrial capacity, in the face of the threatened collapse of General Motors.

April 7, 2005. At an international webcast from Washington, D.C. calling for a “New Bretton Woods” financial/monetary system to revive national economies, LaRouche speaks at length on the General Motors crisis, and the way to reorganize the entire auto/machine-tool sector to save and expand industrial output capacity.

April 9, 2005. In a meeting with labor leaders and elected officials, LaRouche calls for saving the auto industry as a crucial aspect for U.S. economic recovery, proposing that the government intervene by placing the productive capacity of the industry in government-supervised receivership, and then fund the retooling and expansion of that capacity, to supply the components of national infrastructure projects.

April 13, 2005. LaRouche issues a Memorandum to the U.S. Senate, “Emergency Action by the U.S. Senate,” with a summary statement of the crisis and guidelines for what

Overview

January 2005. Between this month and April 2005—four months—GM lays off 15,500 production workers.

February 26, 2005. *Neue Zuercher Zeitung* labels as unpayable the huge indebtedness of Ford and GM.

Late February 2005. Lyndon LaRouche forecasts debt blowout of American auto based on downgrading of GM, Ford, GMAC by bond rating agencies.

February 26, 2005. Delphi CEO J.T. Battenberg III resigns.

March 2005. SEC investigation of accounting practices at Delphi dating from 2000 is announced, leading to resignations of key officers, directors.

March 10, 2005. *EIR* publishes analysis: “GMAC Debt Is a Big Soft Spot in Global Financial Bubble.”

April 7, 2005. At Washington, D.C. webcast, LaRouche speaks at length about GM crisis, and the way to reorganize the entire auto/machine-tool sector, saving and expanding industrial capacity.

April 9, 2005. LaRouche proposes that the government intervene in the auto crisis, by placing auto’s productive capacity in government-supervised receivership, while funding the retooling and expansion of production to supply the components of national infrastructure projects.

April 13, 2005. LaRouche issues Memorandum on “Emergency Action by the U.S. Senate,” addressing the auto crisis. The Memo is countered by various Democrats who state that there is no imminent GM crisis.

April 22, 2005. LaRouche’s “An Economic Reconstruction Policy: Recreate Our Economy!” is issued.

What Felix Rohatyn And His Associates Did

APRIL 2005 *continued*

MAY 2005

By no later than **May 1, 2005**, Rohatyn Associates LLC—specifically its principal, Felix Rohatyn—and Rothschild, Inc. (where Felix Rohatyn is a director) are hired by Delphi Corporation as its primary financial advisors. Delphi, a spinoff of General Motors whose major creditors are GM, its trade unions, and the Pension Benefit Guaranty Corporation, hires Rohatyn and Rothschild for purposes of reorganization; specifically, bankruptcy reorganization.

The letter agreement hiring Rohatyn and Rothschild states that they are being hired to provide services in connection with “formulation, analysis, and implementation of strategic alternatives” relating to Delphi inclusive of mergers and acquisitions, raising new capital, and/or bankruptcy restructuring. According to the May 1, 2005 letter agreement, in the event of a bankruptcy, the company will seek the continued appointment of Rohatyn and Rothschild as financial advisors during the bankruptcy proceeding. The central focus of the letter agreement is “a material reduction” of the company’s “legacy liabilities”—that is, labor and pension costs—whether achieved through bankruptcy, merger, acquisition, or other means.

A key inducement for entering into this agreement for Delphi, according to the letter agreement, is that senior management of Rothschild and Rohatyn, inclusive of Felix A. Rohatyn, will make themselves personally available for the services envisioned by the letter agreement. Under the agreement, Delphi pays Rothschild \$250,000 per month, \$15 million upon completion of a strategic plan inclusive of an approved bankruptcy reorganization, commissions on any new capital raised or upon any merger and acquisition, and separate opinion fees. Rothschild pays Rohatyn under a separate and undisclosed agreement. At the time of the bankruptcy filing, Delphi had paid Rothschild \$1,750,000 in fees.

[Source: Declaration and Statement of David L. Resnick, Managing Director of Rothschild, Inc. dated October 6, 2005 and filed in the U.S. Bankruptcy Court for the Southern District of New York.]

May 18, 2005. Rohatyn is interviewed by the German publication *Handelsblatt* about the role of the “financial locusts” or private equity funds. He states that both the funds and their critics have a point in what they are saying. Asked why private equity funds play such a huge financial role, he states, “The boom is based on the fact that these groups can borrow without limits at extremely low expenses. The reason for that is the monetary policy of the Federal Reserve, which is still very liberal. That’s why there are so many debt-funded takeovers. That is not a sound process. I think this boom will not last.”

(Continued on page 24)

What Happened: Developments in the GM-Delphi Shutdown Crisis

May 1, 2005. Felix Rohatyn makes his strategic proposal to Delphi, where J.T. Battenberg III is still acting as CEO and as head of the Delphi Strategy Board.

May 2, 2005. Major auto supplier Tower Automotive Corp. files bankruptcy, and asks the bankruptcy court to void its union contracts.

May 4, 2005. “Vulture capitalist” Kirk Kerkorian makes his move on GM stock, raising his holdings to 9% of the total. LaRouche warns that Kerkorian’s move shows GM’s deterioration is faster than anyone else has been admitting, and says Congress cannot delay action on auto.

May 8, 2005. GM debt is downgraded to junk by Standard and Poors; Delphi’s debt has already been rated as junk.

May 11, 2005. Major auto supplier Collins and Aikman declares bankruptcy, with other suppliers reporting lowered profits or losses, anticipating both GM and Ford would lose about \$1 billion in the second quarter.

Mid-May 2005. House Committee aides inform *EIR* that a Big Three auto management team has been on Capitol Hill about the auto crisis, but aides do not know what they were proposing.

What LaRouche Did To Save Auto, Machine Tool, and U.S. Economy

must be done, emphasizing “The Emergency Measures for the GM Case” and the need for an “Urgent Return to the American System.”

April 22, 2005. LaRouche releases “An Economic Reconstruction Policy: Recreate Our Economy!” asserting that the only solution is to act immediately to save vital productive capacities, such as GM, and then to reorganize the bankrupt global financial-monetary system.

May 10, 2005. LaRouche issues a mass leaflet, “Guts and Government,” calling for Congress and other leaders to stop vacillating on the GM crisis.

May 14, 2005. LaRouche issues a Memorandum to Congress, “Congress Faces New Turn: On the Subject of Strategic Bankruptcy,” highlighting the collapse of the airline industry, the efforts of GM/GMAC to dump autoworkers’ pensions, and the threatened collapse of GM, Ford, and others, and laying out the parameters for a strategic bankruptcy, in the interest of the general welfare.

Overview

April 29, 2005. *Newsweek* reports: “In Congress, there is rising concern about the future of American auto manufacturers and their decline’s effect on the economy.”

May 1, 2005. By no later than this date, Felix Rohatyn and Rothschild, Inc. are hired by Delphi as primary financial advisors to reorganize the company through bankruptcy.

May 2, 2005. Major auto supplier Tower Automotive Corp. files for bankruptcy, and asks the bankruptcy court to void its union contracts.

May 4, 2005. “Vulture capitalist” Kirk Kerkorian raises his GM holdings to 9%. LaRouche warns this means GM’s deterioration is faster than anyone thinks, and that Congress cannot delay action.

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Mid-May 2005. House Committee aides report that Big Three auto management team have been on Capitol Hill about the auto crisis.

May 18, 2005. Felix Rohatyn is interviewed by the German publication *Handelsblatt* about the role of the “financial locusts” or private equity funds. He states that he doesn’t believe the Federal Reserve-led private equity boom will last.

What Felix Rohatyn And His Associates Did

JUNE 2005

June 14, 2005. Delphi reaches an agreement with its lending syndicate led by JP Morgan Chase to refinance \$3 billion of its available revolving credit facilities with an amended and restated \$1.825 billion secured revolving credit facility and a new \$1 billion six-year-term loan.

June 2005. Delphi completes a financial restatement which reduces retained earnings as of December 31, 2001 by \$265 million, reduces 2002 net income by \$24 million, and improves 2003 net loss by \$46 million. As of this date the Company is under investigation by the Securities and Exchange Commission (SEC), and there is a Justice Department investigation of Delphi financial transactions following its spin-off from General Motors in 1999 and its initial public stock offering. Delphi is also the defendant in numerous private suits as a result of the restatement of earnings.

June 16, 2005. Rohatyn publishes “A Trust Fund for America” in the *Wall Street Journal*. He argues that America’s economic infrastructure and R&D have collapsed and that, while a Federal capital budget could correct this problem, it is not worth the attempt. Instead, the government should establish a trust fund and issue 50-year Treasury bonds, thereby indenturing the government to private banking interests—as opposed to LaRouche’s proposal for direct government issuance of credit to infrastructure projects.

JULY 2005

July 12, 2005. Delphi hires its present bankruptcy counsel, Skadden, Arps & Flom. Skadden is hired to attempt to get consensual agreements from the unions and GM regarding Delphi’s restructuring plan and, if the unions and GM refuse Delphi’s terms, to achieve the same result through bankruptcy.

[Source: Declaration and Statement of Robert S. Miller, CEO of Delphi, dated October 8, 2005 and filed in the U.S. Bankruptcy Court for the Southern District of New York.]

AUGUST 2005

August 2005. By this time, Delphi, through Skadden, Arps, has hired present restructuring and financial advisors FTI Consulting, which has extensive experience in automobile bankruptcy proceedings and reorganizations.

[Source: Declaration and Statement of Robert S. Miller.]

SEPTEMBER 2005

September 2005. No later than this time, Delphi secures bankruptcy debtor-in-possession financing from a group of lenders led by JP Morgan Chase Bank, N.A., and Citicorp USA, Inc. Under the terms of the agreement with the banks, all of Delphi’s U.S. operations are pledged as

(Continued on page 26)

What Happened: Developments in the GM-Delphi Shutdown Crisis

July 2005. Wilbur Ross’s WL Ross & Co. buys up a significant chunk of shares of Collins and Aikman, becoming almost a majority owner. Ross’s hedge funds have taken over, stripped down, and sold off Bethlehem Steel and LTV Steel, and Ross is conducting similar “plays” in textiles and coal, as well as auto. Ross has been part of Rothschild, Inc.’s bankruptcy division for 25 years.

July 1, 2005. Robert “Steve” Miller is brought in as CEO of Delphi to replace Battenberg. Miller has been “retired” for a year, following his collaboration with Wilbur Ross in creating and selling off International Steel Group to Mittal Steel—an operation in which over 100,000 retired steelworkers have lost their pensions and healthcare benefits, and several U.S. steel plants have been closed down.

August 26, 2005. GM (along with Ford) announces significant production cuts for the third consecutive quarter.

September 13, 2005. Steve Miller announces his first demands on unions to give up 50-65% of wages, healthcare benefits and accept layoffs and plant closings (unspecified), or Delphi will be “forced into bankruptcy.”

September 15, 2005. Wilbur Ross announces his interest

What LaRouche Did To Save Auto, Machine Tool, and U.S. Economy

Overview

June 16, 2005. At an international webcast from Washington, D.C., LaRouche stresses that “the automobile industry is a strategically crucial part of the U.S. economy,” and outlines how to save the people employed, and all the industrial capacity associated with it—“the core of the machine-tool capacity of the United States.”

June 21, 2005. Answering questions e-mailed to June 16 webcast from Senate sources, LaRouche emphasizes that “If GM and Ford go down, the United States loses a vital part of our machine-tool capability, in which case we’re no longer a serious nation, economically”—and urges immediate action so that “we maintain this labor force *in production*. . . .”

June 2005. Delphi completes a financial restatement. In addition to the SEC investigation, the Justice Department is investigating accounting frauds.

June 14, 2005. Delphi reaches an agreement with its lending syndicate, led by JP Morgan Chase, to refinance \$3 billion and for a new loan of \$1 billion.

June 16, 2005. Rohatyn publishes “A Trust Fund for America” in the *Wall Street Journal*. Proposes small infrastructure fund funded through 50-year Treasury bonds—indenturing the government to the banks.

June 16, 2005. LaRouche addresses auto-sector crisis at LaRouche PAC webcast in Washington, D.C. Lays out plan to save the critical machine-tool capacity of the U.S. and massively rebuild infrastructure.

July 2005. WL Ross & Co. buys shares of Collins and Aikman, becoming almost a majority owner.

July 1, 2005. Corporate predator Robert “Steve” Miller becomes CEO of Delphi.

July 12, 2005. Delphi hires present bankruptcy counsel, Skadden, Arps & Flom.

August 26, 2005. GM (along with Ford) announces significant production cuts for the third consecutive quarter.

September 16, 2005. At an international LaRouche PAC webcast from Washington, D.C., “Revolutionary Transformation After Hurricane Katrina,” LaRouche again stresses the urgency of Federal emergency measures for the auto/machine-tool sector; “we need a movement,” to dispel the demoralization and fear, and get the job done.

September 2005. No later than this month, Delphi secures bankruptcy debtor-in-possession financing from a group of lenders led by JP Morgan Chase Bank, N.A. and Citicorp USA, Inc., pledging its U.S. assets as payment.

September 13, 2005. Steve Miller demands: Unions must give up 50-65% of wages, healthcare benefits, and accept

What Felix Rohatyn And His Associates Did

SEPTEMBER 2005 *continued*

collateral against a \$2 billion lending facility. In addition to this loan, Delphi has \$500 million cash in hand to continue functioning during bankruptcy and winding down its U.S. operations, as outlined below.

[Source: Declaration and Statement of Robert S. Miller.]

OCTOBER 2005

October 2, 2005. The plan for destruction of Delphi's U.S. manufacturing capabilities in place, and its bankruptcy filing less than six days away, Rohatyn withdraws as a financial advisor to Delphi. According to the bankruptcy filing, the parties have agreed that Rohatyn is to withdraw when a bankruptcy filing takes place, although the May 1, 2005 engagement letter states the opposite. It is claimed that Rohatyn concentrated, during the advisory process, on evaluation of proposals from private equity firms for an out-of-court investment in Delphi. It is said that Rohatyn led "due diligence" efforts for several private equity firms profiling Delphi and its operations.

[Source: Declaration and Statement of David L. Resnick.]

October 8, 2005. Delphi files for bankruptcy protection. Its declared goal for reorganization is a shutdown of U.S. operations as it continues major operations outside the U.S. in foreign countries. According to the Declaration of Robert S. Miller, "[Delphi] believes that a substantial segment of Delphi's U.S. business operations must be divested, consolidated, or wound-down through the Chapter 11 process. . . . In the meantime, the Company will preserve and continue the strategic growth of its non-U.S. operations and maintain its prominence as the world's premier auto supplier." In addition, if the unions and GM do not acquiesce in tearing up existing contracts and pension obligations, Delphi's goal is to abrogate the contracts and obligations through the bankruptcy process. One of the first motions filed by Delphi in the bankruptcy court, however, is a motion to continue its derivatives trading, through which it "hedges" \$1.5 billion in foreign currency fluctuation exposure.

[Source: Declaration of David S. Miller and Motion to Enter Into, Continue Performance Under, and Provide Credit Support Under Derivatives Contracts, dated October 8, 2005.]

October 28, 2005. Order is entered by the bankruptcy court allowing the sale of Delphi's U.S. manufacturing plants and capacity to pay for the bank loans arranged by Delphi and its financial advisors for purposes of bankruptcy and restructuring. Under the strategic plan adopted by Delphi, the U.S. manufacturing plants of Delphi, a strategic asset for the economy of the United States, have been declared to be "*de minimis*" assets to be sold at auction.

What Happened: Developments in the GM-Delphi Shutdown Crisis

in buying control of Delphi, should it go into bankruptcy, and merging Delphi with Collins & Aikman.

October 3, 2005. *EIR* article warns of a Delphi bankruptcy before the Oct. 17 change in the bankruptcy law, and LaRouche's "Have you no sense of shame?" statement denounces the Steve Miller Delphi management for the Key Employees Compensation Plan, to give \$400 million in bonuses to executives while destroying wages and jobs.

October 8, 2005. Delphi declares bankruptcy.

October 14, 2005. Senator Hillary Clinton's letter calls on President Bush to hold an auto summit, with Members of Congress and representatives of auto management and unions.

October 22-23, 2005. The credit derivatives markets descend into turmoil because of sudden deterioration of the debt of GM and Delphi, and the increased threat of bankruptcy of GM, according to the *Financial Times* and other financial wires.

October 24, 2005. Michigan Governor Jennifer Granholm releases a letter to Michigan's Congressional delegation, on "my sense of urgency about the need for Federal involvement with the serious problems confronting [the auto] industry." At Granholm's press conference the same day, she calls on Michigan's Senators and Congressmen to sign Sen. Hillary Clinton's letter asking Bush to call a national auto summit. "Now that we've seen the largest bankruptcy in Michigan history and the 13th-largest in the United States, it is time for us to act. A crisis is upon us and the Federal government needs to step up and do its share,"

October 20, 2005. Bankruptcy Judge Robert Drain issues an order, entered on Oct. 28, 2005, permitting Delphi to contract for third-party public auction sales of its "*de minimis* assets," defined as its plants and machinery no longer required for its operations. Part (10) of this order states, "The DIP [debtor-in-possession] lenders [the JP Morgan Chase/Citigroup combination] hold valid, duly perfected security interests in, and liens upon the *de minimis* Assets. Subject to the final approval of the DIP agreement, any and all proceeds obtained by the Debtors from any sales of such *de minimis* Assets will be applied as required by the DIP agreement."

October 21, 2005. Delphi's Steve Miller extends his demands for massive cuts from Delphi's workforce, to the International Union of Electrical Workers (IUE) in the "Packard Division" electrical plants of Delphi. Packard has been Delphi's only profitable division in 2004, to that point, in 2005. From the industrial standpoint, Miller

(Continued on page 28)

What LaRouche Did To Save Auto, Machine Tool, and U.S. Economy

Overview

October 12, 2005. LaRouche, speaking at an international webcast based in Washington, D.C., calls for putting the auto industry under Federal protection, in response to a question from the Senate Manufacturing Caucus, asking about the recent bankruptcy filing of Delphi.

layoffs and plant closings (unspecified), or Delphi will be “forced into bankruptcy.”

September 15, 2005. Wilbur Ross announces his interest in buying control of Delphi, should it go into bankruptcy.

September 16, 2005. LaRouche calls for Federal emergency measures to save the U.S. auto and machine-tool sector in the wake of Hurricane Katrina and in light of the task of rebuilding the Gulf Coast.

October 2, 2005. The plan for destruction of Delphi’s U.S. manufacturing capabilities in place, and its bankruptcy filing less than six days away, Felix Rohatyn withdraws as a financial advisor to Delphi.

October 3, 2005. *EIR* warns of Delphi bankruptcy. LaRouche issues “Have you no sense of shame?” statement denouncing Delphi’s \$400-million executive bonus plan.

October 8, 2005. Delphi declares bankruptcy, with its declared reorganization goal being to shut down U.S. operations, continue in foreign countries with minimal U.S. presence.

October 12, 2005. LaRouche, at LaRouche PAC webcast, calls for putting the auto industry under Federal protection, in response to the Delphi bankruptcy.

October 14, 2005. Senator Hillary Clinton calls on President Bush to hold an auto summit.

October 21, 2005. Delphi’s Steve Miller extends his demands for massive cuts from Delphi’s workforce, to the International Union of Electrical Workers (IUE) in the “Packard Division” electrical plants of Delphi.

October 22-23, 2005. Financial press reports that the credit derivatives markets are in turmoil because of the sudden deterioration of the debt of GM and Delphi, and the increased threat of GM bankruptcy.

October 24, 2005. Michigan Governor Jennifer Granholm releases letter to Michigan’s Congressional delegation, on “my sense of urgency about the need for Federal involvement with the serious problems confronting [the auto] industry.”

October 28, 2005. Bankruptcy court orders sale of certain Delphi U.S. properties to pay bank loans for bankruptcy.

What Felix Rohatyn And His Associates Did

OCTOBER 2005 *continued*

NOVEMBER-DECEMBER 2005

December 2005. Washington sources report that Congresswoman Nancy Pelosi, who has previously given a speech at Harvard University urging a new economic Apollo project for a resurgence of the U.S. economy, is being pressured by Rohatyn to adopt his plan for private bonds to finance infrastructure projects.

December 13, 2005. Felix Rohatyn and Warren Rudman publish "It's Time to Rebuild America" in the *Washington Post*, calling for private banker control of public infrastructure financing and development.

What Happened: Developments in the GM-Delphi Shutdown Crisis

proposes to close or sell six out of 10 IUE-organized Delphi plants, and cut that part of its workforce from 8,500 to 3,000 (half of these work in the Mahoning Valley, the rest in Dayton, Ohio; Irvine, California, and New Jersey).

November 5, 2005. *EIR* runs an interview with investigative journalist Mark Reutter, called "The Delphi Case and the Misuse of U.S. Bankruptcy Law." The interview reveals that Delphi has \$1.6 billion cash on hand and Debtor in Possession (DIP) financing of \$2 billion from banks headed by JP Morgan Chase; and that the DIP banks in related cases have called the shots in bankruptcy reorganization, based on plans they drew up in advance of the bankruptcy declaration.

November 2-4, 2005. Delphi CEO Steve Miller holds a series of meetings with Congressional members of the industrial caucus, telling them he wishes to maintain as much of Delphi's current production and employment as possible, and asking help with "legacy costs."

November 10, 2005. The actual Delphi plan, "Northstar," is exposed in articles in *New Federalist* newspaper and *EIR*, after an initial report in a study by the Anderson Economic Group in Detroit. "Option 3" of the internal Delphi reorganization plan assumes that 26,931 workers, 77% of Delphi's then-current North American workforce, will be fired, and 20 plants shut down.

November 11, 2005. GM debt falls to 69 cents on the dollar, and a debt rating of B+, now four levels into the junk basement.

November 17, 2005. UAW union leaders meet with representatives of the six other unions representing Delphi workers, to discuss what is now Steve Miller's full threat—to eliminate 26,000 or 35,000 production workers, close a majority of Delphi plants, and reduce wages to \$10-12/hour (later ameliorated in bankruptcy court to \$16/hour).

JANUARY-FEBRUARY 2006

January-March 2006. Delphi three times postpones its final deadlines for asking bankruptcy judge Robert Drain to tear up its union contracts, the last postponement taking place on March 9.

(Continued on page 30)

November 16, 2005. A UAW member asks LaRouche, at a Washington, D.C. webcast, if enough is being done “against Steve Miller and the whole situation with the Delphi bankruptcy, as well as the plight of the Big Three as a whole,” to which LaRouche responds, “*No! This is a political fight!* Any threat to the General Welfare is a political issue,” which demands the full power of the Federal government.

November 23-24, 2005. LaRouche writes a public letter—“Reorganizing the U.S. Auto Industry”—and a followup document, “Auto and World Economic Revival,” to Ford Motor Company chairman and CEO Bill Ford, following a Nov. 22 speech by Ford the Washington, D.C. National Press Club.

December 13, 2005. LaRouche writes a major article for *EIR*, “How Not To Build A Recovery: A Tale Of Two Bozos,” in response to the publication of an article by Felix Rohatyn and Warren Rudman in the Dec. 13 issue of the *Washington Post*.

December 19, 2005. LaRouche prepares a major policy paper, “How To Capitalize a Recovery,” for circulation in Washington, D.C. and in pamphlet form. It includes maps of the shutdown of auto industry capacity from 1970 to 2005; and projected shutdowns through 2008.

January 6, 2006. *EIR* features a study commissioned by LaRouche, “Deindustrialization Creates ‘Death Zones’ in Baltimore,” on the harm and disease patterns in deindustrialized cities characteristic of the Midwest auto belt.

January 11, 2006. At a Washington, D.C. LaRouche PAC webcast, LaRouche speaks on converting the auto industry to other uses, “like building railroad systems, repairing our river transportation systems, building power systems.”

February 23, 2006. At an international LaRouche PAC webcast in Washington, D.C., LaRouche reviews the fact

November 2-4, 2005. Delphi CEO Miller holds a series of meetings with Congressional members of the industrial caucus, claiming he wishes to maintain as much of Delphi’s current production and employment as possible, and asks for help in cutting “legacy costs.”

November 10, 2005. The actual Delphi reorganization plan, “Northstar,” is exposed in articles in *New Federalist* and *EIR*. “Option 3” of the internal Delphi reorganization plan assumes that 26,931 workers, 77% of Delphi’s then-current North American workforce, will be fired, and 20 plants shut down.

November 11, 2005. GM debt falls to 69 cents on the dollar, and a debt rating of B+, now four levels into the junk basement.

November 17, 2005. UAW leaders meet with representatives of the six other unions representing Delphi workers, to discuss Steve Miller’s plan to eliminate 26,000 or 35,000 jobs, close a majority of Delphi plants, and reduce wages to \$10-12/hour.

November 23, 2005. LaRouche issues an open letter to Bill Ford, titled “Reorganizing U.S. Auto industry.”

December 2005. Washington sources report that Congresswoman Nancy Pelosi, who has given a speech at Harvard University urging a new economic Apollo project, is being pressured to adopt Rohatyn’s plan for private infrastructure financing.

December 13, 2005. Felix Rohatyn and Warren Rudman publish “It’s Time to Rebuild America” in the *Washington Post*.

December 13, 2005. LaRouche issues “How Not To Build a Recovery: A Tale Of Two Bozos,” in response to the Rohatyn-Rudman piece.

December 19, 2005. LaRouche issues a major policy paper, “How To Capitalize a Recovery,” for circulation in Washington, D.C. and in mass pamphlet form. A five-page appendix shows shutdowns of auto industry capacity from 1970 to 2005; and projected shutdowns through 2008.

January 11, 2006. At a Washington, D.C. webcast LaRouche speaks at length about retooling the automobile and aerospace sectors to meet critical infrastructure needs, while bringing the level of U.S. productive employment above breakeven.

January-March 2006. Delphi three times postpones its final deadlines for asking bankruptcy judge Robert Drain to tear up its union contracts, the last postponement taking place on March 9.

February 23, 2006. LaRouche confers in Washington with

What Felix Rohatyn And His Associates Did

FEBRUARY 2006 *continued*

MARCH 2006

March 27, 2006. Rohatyn and Rudman appear at the Center for Strategic and International Studies in Washington, D.C. to promote their private financier infrastructure project. Confronted by LaRouche organizers, Rohatyn declares, “We are not going to do what FDR did. Government and financing have come a long way since Roosevelt; we have state or local financing; we have union pension funds; we have the securities markets, the bond markets. We’re far away from the methods of the RFC.”

APRIL 2006

MAY 2006

JUNE 2006

What Happened: Developments in the GM-Delphi Shutdown Crisis

March 24, 2006. Delphi moves in bankruptcy court for the union contracts to be set aside, making clear at the same time that its management plans to close down at least 21 of Delphi’s 29 major production facilities in the United States.

April 2006. In early April, or earlier, public Internet auctions of Delphi machine tools and entire closed plants are underway, involving electrical systems production equipment from plants in Rochester, N.Y.; Indianapolis, Ind.; and Athens, Ala.

April 13, 2006. *Business Week* publishes an article on Delphi, “Go Bankrupt, Then Go Overseas,” which succinctly describes Delphi management’s entire strategy as “globalization by bankruptcy,” and names other auto suppliers, including Tower Automotive, which are following Delphi’s example—and others which will follow it if the bankruptcy court complies with Delphi’s demands.

May 9, 2006. Delphi and GM announce a first “retirement buyouts agreement” with the UAW, which has since removed 30,000 workers from the auto industry by early retirement. GM, which has been providing the billions of dollars for these buyouts, has been selling off assets, including the pending sale of 51% of its financial arm, General Motors Acceptance Corporation.

May 23, 2006. Delphi’s Irvine, Calif. electrical systems plant as a whole is auctioned off.

June 5, 2006. Delphi announces it wants to buy out more workers by early retirement (10,000 Delphi workers out of 33,000 have already quit this way). Delphi indicates as many as another 8-10,000 production workers might be shed in this way. It is “negotiating” with GM and the UAW in an attempt to get agreement on this before the UAW convention starts June 11.

What LaRouche Did To Save Auto, Machine Tool, and U.S. Economy

Overview

that “whole sections of the country that used to be prosperous” are now dying. Privately, he confers with labor, state legislative, and community leaders on forcing Federal action on the auto sector crisis.

labor, state legislators, and community leaders about the auto-sector crisis.

March 1, 2006. LaRouche PAC issues a press release, “Senate Must Stop Flim-Flamming and Save the Auto Sector.”

March 5, 2006. LaRouche speaks to youth at weekend cadre schools in Toledo, Ohio, and in Canada, on their role in creating conditions to force Federal emergency action on the economy.

March 31, 2006. LaRouche issues a statement, “If Congress Doesn’t Act To Stop the Destruction of the Auto Industry, They Don’t Give a Damn About the U.S.”

March 24, 2006. Delphi moves in bankruptcy court for the union contracts to be set aside, making clear at the same time that it plans to close down at least 21 of Delphi’s 29 major production facilities in the United States.

March 27, 2006. Rohatyn and Rudman appear at the Center for Strategic and International Studies in Washington, D.C. promote their private financier infrastructure project. Confronted by LaRouche organizers, Rohatyn declares, “We are not going to do what FDR did. Government and financing have come a long way since Roosevelt; we have state or local financing; we have union pension funds; we have the securities markets, the bond markets. We’re far away from the methods of the RFC.”

April 14, 2006. A mass-circulation DVD is released by LaRouche PAC—an hour-long documentary titled, “Retooling the Auto Industry to Rebuild the Nation.” Within six weeks, 10,000 copies are in circulation.

April 27, 2006. LaRouche speaks at an international webcast from Washington, D.C., on “The Greatest Economic Crisis in Modern History,” and meets with Midwest and other auto, industrial, state legislative and community leaders.

Early April 2006. By this time, or even earlier, public Internet auctions of Delphi machine tools and entire closed plants are underway.

April 13, 2006. *Business Week* publishes “Go Bankrupt, Then Go Overseas,” describing Delphi’s strategy as “globalization by bankruptcy.”

April 14, 2006. LaRouche PAC releases DVD, “Retooling the Auto Industry to Rebuild the Nation.”

May 2, 2006. LaRouche writes an action document: “For Economists, Legislators, and Labor—Emergency Legislation, Now!”—subsequently issued in pamphlet form as “The U.S. Economic Recovery Act of 2006.”

May 2, 2006. LaRouche PAC issues emergency legislative package to retool the auto industry.

May 9, 2006. Delphi and GM announce a first “retirement buyouts agreement” with the UAW, which has since removed 30,000 workers from the auto industry.

June 5-9, 2006. A Week of Action in Washington, D.C. focusses on the need for emergency Federal intervention for the auto sector and economy; it includes signed advertisements in Capitol Hill dailies, organizing led by the LaRouche Youth Movement, a fly-in by labor and state leaders to lobby Congress for immediate action, and a June 9 LaRouche PAC webcast.

June 5, 2006. Delphi announces its intention to buy out more workers by early retirement.

Congress Must Launch Emergency Economic Action Now!

In March of 2005, Lyndon LaRouche warned that General Motors was facing imminent collapse. He called for Congress to intervene with an emergency reconstruction policy designed to save the industry as a whole, as a crucial component of a drive for overall economic recovery. He proposed that the Federal government intervene by placing the productive capacity of the industry into government-supervised receivership, and then fund the retooling and expansion of that capacity to supply the components of desperately needed national infrastructure projects. He stressed that any liquidation of the present structure of the physical productive capacities of the auto industry, especially its machine-tool sector, would do irreparable damage to our physical economy and mean not only the end of the U.S. as a leading physical economic power, but would also result in related kinds of chain-reaction damage to the world economy as a whole.

The world financial system is already in a state of mixed hyperinflationary and deflationary collapse, which necessitates instituting an FDR-style recovery program to save civilization.

The Congress's failure to act then has brought us to the point that today, 65 major auto sector plants, with over 75 million square feet of machine-tool capacity are being shut down this year and next. These shutdowns will cost 75,000 skilled industrial jobs directly, and 300,000 more through immediate radiating effects on smaller supply plants and

machine tool shops. What is about to be shut represents the capacity to build over 2.5 million cars and light trucks a year. But, more importantly, in terms of urgent national economic investment, it represents a unique industrial capability to build an urgently needed new national infrastructure of transportation, power, and more.

LaRouche has authored a statement of principle called *The U.S. Economic Recovery Act of 2006*. It calls on Congress to intervene to save our auto capacity *now*; to retool the 50% or more unutilized capacity of the auto industry for production of new national infrastructure, particularly high-speed rail corridors and new electricity grids centered on nuclear power. It gives us the opportunity to save ourselves; to turn our nation, and the world, onto a course of prosperity, and away from the current descent into a New Dark Age. Already, state legislatures in Alabama, Vermont, and Rhode Island have weighed in with memorials to Congress demanding that Congress enact this retooling legislation. They have been joined by city and county councils across the nation's industrial heartland.

We urge members of Congress, regardless of party affiliation or geographic origin, to enact the urgently needed emergency Federal legislation specified in the *U.S. Economic Recovery Act of 2006* to prevent the threatened immediate collapse and shutdown of the physical productive capacity of the U.S. auto sector and to put our nation on the road to becoming, once again, the greatest productive economy in the world.

For a list of the scores of endorsers, representing elected officials, labor leaders, and trade-union officials from across the United States, see the Lyndon LaRouche PAC website, www.larouchepac.com

Affiliation for identification purposes only.

1. NAME _____ ADDRESS _____

AFFILIATION _____

2. NAME _____ ADDRESS _____

AFFILIATION _____

3. NAME _____ ADDRESS _____

AFFILIATION _____

4. NAME _____ ADDRESS _____

AFFILIATION _____

**Sign and circulate this Call to Congress, and mail signed Calls back to Lyndon LaRouche PAC:
Lyndon LaRouche PAC, P.O. Box 6157, Leesburg, VA 20178**

