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LaRouche  
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# LaRouche: Not One Penny To Bail Out The Swindlers!

*Lyndon LaRouche was interviewed on Sept. 20, 2008, by LaRouche PAC's Western States Coordinator Harley Schlanger on how to handle the current financial crash. Here is an edited transcript.*

**Lyndon LaRouche:** To understand this process, take the following considerations. The clean-up is now in the hands of Hank Paulson, the Secretary of the Treasury, along with Ben Bernanke, otherwise known as "Helicopter Ben." These fellows—especially the Secretary of the Treasury—represent, by background, at least for the last 30-odd years, investment bankers. What has collapsed in the past several weeks, is almost the entirety of what is called the investment banking community. This is very ominous, because if you look back in history, go back to the 14th Century, which is the last time that something like this happened in modern trans-Atlantic experience, that was the collapse of the Lombard banking system during the middle of the century. The leading banker who did this, was the House of Bardi, and Bardi was one of the leading banks of the Lombard banking system of that century. The failure to deal with that crisis then, by bankruptcy reorganization, resulted in the collapse of Europe, all of Europe, into what was called a New Dark Age, in which half the parishes of Europe disappeared within a generation, along with one-third of the total population.

Now, what has collapsed in Washington today, most conspicuously, is investment bankers who have repeated, essentially, the same practice that the Lombard bankers of the 14th Century practiced. And we are on the edge of a global, financial, economic collapse, comparable to what happened in Europe in the so-called new Dark Age of the 14th Century.

It gets more nasty: What has happened is, you have a President who is not known for his brains—that's the kindest thing I can say about the guy. But, who has assigned Hank Paulson and other people in that community—the investment banking community, the equivalent of the Lombard bankers of the 14th Century today—and put them *in charge* of rescuing *their* banking system, not ours. In the meantime, just to make things nasty, we, in recent years, repealed the Glass-Steagall Act. That Act said, we separate banking from fantasy—and fantasy is investment banking, especially these days. So, now, the banks are being taken over and gobbled up, under this President and under Paulson, by dying or dead investment banking institutions which are collapsing. So, we are on the edge of a Dark Age, if we don't change the policy. The President has put Paulson and company, in the position to *save* the remnant of the investment banking community. The worst possible thing you could do. You put the foxes in charge of the chicken coop.

**Harley Schlanger:** The Fed and the Treasury have been pumping close to half a trillion dollars over the last two-week period; we saw the government takeover of Fannie Mae and Freddie Mac; the bankruptcy of Lehman; Bank of America swallowing Merrill Lynch; the

so-called bridge loan to AIG, but you've said this bailout, and no amount of money, will solve this problem. Why is that?

**Lyndon LaRouche:** Because there is no wealth there; there's no value there. This is purely financial speculation. This is gambling; it's a gambling house. Where's your protection? Where's your protection of wealth? Where do you have people employed in making things? What happened to the auto industry? What happened to all kinds of other industry? What's happening to agriculture? What kinds of employment are there? It's make-work. It's exactly the way in which we came to the point of the collapse of the House of Bardi; exactly this method.

What happened is, the King of England had successively gone into debt to the House of Bardi, in order to finance wars—like the Iraq War the United States has dragged itself into for some time over this period. Then he refinanced, and refinanced, and refinanced. And one day, he could no longer pay his debt, because they wanted the whole land, the sheep, the whole kingdom of England as a foreclosure. In the meantime, the House of Bardi had been doing the same thing all over France, and every part of the Lombard banking system of that period, had been doing the same thing, just like today, as in Europe today, as in the United States today; exactly the same procedure. So, what we've done is, we've put the fox in charge of the chicken coop.

Let's look at the other side of the thing. You have two Presidential candidates, running loose. One, Obama, has absolutely no comprehension of anything to do with economics; none. Less than none. McCain is not very sharp on economics, and doesn't claim to be. But McCain at least, as we've seen in the past week, took some decent counseling, and adopted a statement of policy contrary to what Obama said, which is, unlike what Obama said, *sane*. And the President, who is an idiot, is the chief backer of these things. If we do *not stop* this crazy President from continuing this lunatic policy; and if we do not get the foxes out of the chicken coop, and go back into normal bankruptcy reorganization and bankruptcy procedure; if we do not approach Russia, China, India, and other countries to come to an emergency agreement on international currency and financial stabilization, this planet is going into a Dark Age.

## The American People Will Revolt!

**Schlanger:** Paulson and President Bush have both said there is no alternative to this bailout, other than a collapse. How do we stop this? What recourse do the American people have?

**Lyndon LaRouche:** You just point out that when the time comes, and the accounting comes, and this President is out of office, and the country is totally bankrupt, and some people claim they own things—at that point, the American people are going to revolt, along with other nations. And they're going to take these guys,

who did this to them, and say, “These were all a bunch of criminals, and everything they have is now forfeit, because it was all thievery.” As a matter of fact, most of what’s been done in shutting down industries, looting industries, and so forth, in our country, so far, has been pure thievery. This is actually in a moral sense, criminal, and most probably a court looking at this in retrospect, will agree that much of what has been the hullabaloo about the great financial system we have, has been nothing other than pure criminal thievery.

**Schlanger:** Do you expect opposition from the Congress?

**Lyndon LaRouche:** There’ll be opposition not so much from the Congress. The Congress is going away; it’s leaving town as a going-away present to the American people, in order to escape from its responsibilities for this situation. What has to be done is a number of measures which I’ve prescribed; but, otherwise, we have to take action based on the principle of law we used to have: Glass-Steagall. What we have to do now, is immediately go in and take all the banks that are real banks, chartered banks, state banks, and Federal banks, on which the communities are dependent, and introduce what I proposed last year as the Homeowners and Bank Protection Act. We can not have mass foreclosures against our citizens. We can not have banks that are essential to the community being closed down. So, we have to separate the part of banking which is true banking, from this funny-money banking which has been gobbling up the real banks.

So, we will go into all these major banks that are in trouble: We simply have to say, we have a procedure on this, we have an emergency. All the parts of those banks which represent a takeover by interests representing these Lombard banking-type swindles—that part gets frozen. The other part of the bank, which is real deposits, real things, gets protected. We then have to get a new act to go through to sort these out. We’ll take the banks as such, the real banks, the chartered banks, save them, put them under Federal bankruptcy protection and continued operation; take the phony part, the residue of the investment banking system, which as a whole is virtually wiped out; it is wiped out, it’s worthless. But freeze it, and sort this out at bankruptcy proceedings, not by some arbitrary simple proceeding, but put it to one side in a special category until we can get around to cleaning the mess up.

But we must, right now, stop the foreclosures; we must save the households; we must save the communities; we must keep legitimate banks, even if they’re bankrupt, with their doors open and functioning. We have to protect the *real assets* of the citizens, the deposits and so forth, we do *not* have to protect a nickel’s worth of the investment banking claims.

**Schlanger:** Yesterday, there was a statement from Russian President Medvedev, who said the Russians are prepared to help in this crisis. You immediately issued a call for President Bush to contact him to begin that discussion. What should happen between the United States and Russia right now?

**Lyndon LaRouche:** Well, if the President had any brains, and I’m not sure he does have any, but he may have some people who can pressure him into doing it, to get him to say, we’re going to negotiate with Russia directly now, immediately, as an emergency discussion, in order to get four nations—the United States, Russia,

China, and India, which are the largest nations on this planet in terms of power and so forth—to take the leadership in a provisional action, bringing other nations then in, to set up a freeze on the relative values of currencies and so forth, and to take actions which amount to international bankruptcy reorganization protection for the entire international system. That can be done, if the United States, Russia, China, and India agree, I can assure you, Japan will agree, Korea will agree, and so forth, and many other nations. And Europe will have to agree; maybe the British won’t, but Europe will have to agree.

So, under that condition, we can negotiate our way through this mess. But if we just sit there, and let Hank Paulson continue to do his funny little number, and wait for the smoke to clear, we’re not going to have a United States, and we may not have an election. One has to realize that the tempo of this development is such, there’s no guarantee we’re getting into November as an intact nation; you can have a total financial breakdown of this system in which we are unable to conduct a Presidential election. That’s the kind of reality we’re facing now.

## Recall Congress to Washington

**Schlanger:** Besides what you and the LaRouche Youth Movement are doing, where do you think the leadership can emerge that will take on this fight in the United States?

**Lyndon LaRouche:** Well, you have bankers, who are serious bankers. As I said, you have, from the Republican side, you have the policy that McCain put forth as his policy—I don’t think he drafted it, but he did adopt it. That policy is sensible. That’s a beginning; that’s a reference point; we can start around that. We can get some members of Congress and others to begin to form a coalition. Maybe we’ll get some Democrats out of insanity, and agree to cooperate with that. Then we’ll have an emergency recall of the Congress back to Washington, and get into action, and do things in the direction which I’ve indicated. And key people in the Congress understand what this is—they’re just cowardly. Felix Rohatyn and George Soros, a couple of thieves, have too much power over the Democratic Party, and also the Republican Party, but the Democratic Party in particular. If we get the Democratic Party out from under the control of these thieves, then perhaps the Democratic Party, at least many of them, will come back to their senses. We have also some Republicans who are being sensible, perhaps together we can then begin to sort something out.

**Schlanger:** What would you say to the American people, right now, that they have to do if they wish to save their future, and their children’s and their grandchildren’s future?

**Lyndon LaRouche:** The problem they have is, they have no real leadership, national leadership. You have to create that national leadership. I’m part of that, and there are other people who will willingly band with me in creating a kind of caucus of influence to help steer this process. There are a lot of people out there who have confidence. They are not people who will necessarily step forward and act like a President and so forth, but they’re confident. We can create among people like that, we can create a consensus, and with much advantage in terms of being recognized internationally. Under those conditions, we can fight our way out of this mess.

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