



National Democratic Policy Committee

Lyndon H. LaRouche, Jr.
Chairman
Advisory Council
Warren Hamerman
Chairman
Barbara Boyd
Treasurer

Post Office Box 26 • Midtown Station, 233 W. 38th Street • New York, New York 10018 • (212) 927-4444

President Reagan Is Being Lied To

by Lyndon H. LaRouche, Jr.

WEST GERMANY, Aug. 18 (NSIPS)—The nationwide television address which President Ronald Reagan delivered yesterday was an old 1931 Herbert Hoover address repeated. Clearly, the President could not have delivered such an incompetent assessment of the U.S.A. domestic and international economic situation, unless the President had been lied to, massively and repeatedly, by the majority of his advisers.

Aided by the administration's misguided policy toward the Republic of Mexico, the entirety of the U.S. financial system is now on the verge of blowing out. Some European financial authorities are insisting the blow-out will erupt as early as next month, immediately after the scheduled International Monetary Fund meeting. We are sliding into a financial collapse far worse than that of September 1931, and the boys around the White House are assuring the President that an economic upturn has begun!

"Whom the gods would destroy, they first make mad."

First, there was no "bottoming-out" of the depression. The report to which the President referred was not only false, but deliberately fraudulent. **There was, in point of fact, a continued nine percent annual rate of decline of the U.S. economy.** The fakers cooking up falsified government statistics used two misleading figures to manufacture a reported increase in the Gross National Product (GNP).

They counted as an increase in output of goods and services, a massive increase in interest-payments. Interest-payments are a deduction from national incomes as a whole, not an increase. Even a junior accountant knows that interest-payments are an expense, not income.

The wildest part of the faked statistics was the government statisticians' counting a decrease in sales as an increase in "inventory." Inventories of unsold goods did increase, but since when did a retail merchant or manufacturer consider such a sharp drop in sales a sign of prosperity?

The President was totally misinformed by those who told him that the drop in interest-rates and in rates of price-inflation are a sign of improved health of the U.S. economy. Interest-rates and price-inflation have been pressed downward solely by the deepening of the economic depression.

Price-inflation is being pushed downward by what is so far, during 1982 to the present time, a nine percent annual rate of collapse of production and sales. Even a minor financial collapse of a few key U.S. commercial banks during September-October will increase the annual rate of economic depression to at least 13 percent per year.

Interest-rates are pushed down in an effort to save the collapsing real-estate bubbles now threatening to go pop in New York City, Houston, and other centers. Internationally, borrowing is beginning to stagnate, with zero-lending for new North-South world-trade, and a general contracting of lending in all markets internationally.

Unless President Reagan changes his outlook (and his economic and political advisers) immediately, he is going to find himself walking into the November 1982 elections saying something to the effect, like President Hoover in November 1932, "My economic policies were sound, and would have succeeded, if the Great Depression hadn't prevented them from proving their success."

Personally, given the authority to do so, I could still stop this new world-wide financial collapse.

Back during 1975-1976, I warned in detail exactly what would occur unless we reformed the international monetary institutions. I warned that a new, gold-reserve-based international monetary system must be established, to replace the Bretton Woods system. I warned that we must reorganize Third World debts, to clear the way for an investment-boom in the developing sector. I warned that the use of the Eurodollar bubble, to refinance pyramided debts through the synthetic bookkeeping-money of a reserve-free, offshore banking system, would lead toward the greatest financial collapse in modern history.

Now, the external debts of most Third World nations are about to go into default. Under present levels of world trade, almost no developing nation can pay even its current interest-payment obligations coming due. "The whole shebang" of the nearly two-trillions-dollar Eurodollar bubble is about to go "kerplop."

The blame lies with official idiots, called governments and

banking institutions, which accepted Secretary of State Henry A. Kissinger's policy-demands at the 1975 Rambouillet conference on monetary policy.

If you still prefer Kissinger's (and crazy old Milton Friedman's) lunatic policies to mine, then, ladies and gentlemen, prepare yourselves to enjoy the greatest financial collapse in modern history. You, ladies and gentlemen, have brought this misery entirely upon yourselves. Since this was of your choice, the only decent thing for you to do, is to prepare to enjoy it.

I am, by disposition, an optimist, but I am also a very scared realist. I witnessed President Reagan's tragic address last night. I watched the Philadelphia Democratic Party mini-convention gloating that a September-October 1982 world depression will be good for the Democratic Party in the November elections. I see the Congress voting like panicked

sheep, out of fear of FBI "Abscam-type" blackmail-operations. I see citizens "placing their confidence" in such "respectable authorities." Although I am an optimist by disposition, I tell you now, that I fear that our nation, our people, has lost the level of common sense needed to survive.

If you wish to lead our nation out of this mess, back my leadership now. If you prefer not to support my leadership, then, ladies and gentlemen, enjoy the financial collapse about to come down, crushingly, upon all your misguided, popular delusions. It is your democratic right to choose your preference among these two alternatives.

I will do what is required of me, to attempt to save our nation. Will you? Do you still have the combination of simple guts and simple common sense, to join me in turning this disaster around, at what is now almost the last chance for you to come to your senses at last?

NDPC 4-Point Program For Economic Recovery

1 The President of the United States must act to restore the nation to a gold-reserve basis, pricing the gold-reserves of the United States at a fair-market price of approximately \$500 an ounce for sale and purchase of monetary gold.

2 The Congress must "federalize" the Federal Reserve System, to transform the Fed in effect to become the "Third Bank of the United States." This Act must restore comprehensive regulation, on a gold-reserve basis, to the nation's banking. The power to regulate and create negotiable credit in excess of savings must be restricted to the sovereign federal government of the United States.

3 In compensation for collapsing the power of the private financial system to generate fictitious-money credit, the federal government, through action of the Congress, must issue gold-denominated U.S. Treasury currency-notes, to be loaned at not less than 2 percent or more than 4 percent prime discount-rates through the Federal Reserve System. These funds shall be loaned as participation in individual loan-agreements between private banks and borrowers.

This loan-participation should be restricted to those categories of investment which maintain and increase high-technology forms of production of tangible goods or which develop the essential economic infrastructure.

4 The federal government must sponsor a limited number of large-scale projects of development of basic economic infrastructure best suited to mobilize investment in goods-producing capacity of agriculture and industry by private entrepreneurs using lendable federal gold-reserve currency-notes in aid of such investment in productive employment.

Baltimore (301) 235-2119 • Chicago (312) 782-2663 • Houston (713) 266-5445
Los Angeles (213) 383-2912 • New York (212) 625-5964 • Philadelphia (215) 561-5576
San Francisco (415) 661-7663 • Washington, D.C. (202) 223-8300