

the quality of economic growth, there could also be mentioned the obsolescence of our productive plant and equipment, the retirement of fixed assets without replacement, and many other elements. This state of disequilibrium in the economy gives rise to serious doubts about the optimistic forecasts, and should make one pay closer attention to events taking place

in various sectors of Russia's economy, and to the positions of the Russian political and economic leadership, the legislative branch, and the population itself. The disposition of political and economic forces in Russia may become absolutely unpredictable, especially in light of the world monetary and financial crisis, which is already quite palpable.

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Lyndon H. LaRouche, Jr.

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## The FDR Economic Recovery: Precedent and Practice

*The following is the advance text prepared for delivery at EIR's conference in Berlin on March 5.*

As we plunge into the worst global financial crisis in more than a century, only among those three national powers which were principal victors of World War II, the British monarchy, the United States, and Russia, do we find the historically defined, cultural temperament needed, to lead the introduction of a desperately needed, new world economic order for the planet as a whole. Only in two of those three, the U.S. and Russia, do we find any inclination among leading political institutions, to look back to the successful U.S. recovery policies of the 1933-1945 Roosevelt era, and to the 1945-1965 reconstruction of western Europe, as the basis for challenging the rampant follies practiced under the present IMF and World Bank systems.

Otherwise, among the NATO members of continental Europe, there has been, heretofore, a prevalent disposition to capitulate, however reluctantly, to policies situated within the post-1989 conditionalities, such as "free trade" and "globalization," which the presently incumbent Anglo-American authorities may choose to dictate to the planet as a whole.

Inside the U.S. itself, despite the efforts of my own and some other leading Democratic Party circles, to prevent such a catastrophe, there is, realistically, the increasingly awesome likelihood, that the present, Bush, administration, like the *Ozymandias* of Shelley's famous poem, might be stubbornly doomed to a self-induced, early, imperial disaster. Certainly, only madmen within the U.S.A. would wish such a catastrophe to occur, but only wishful thinking would mislead any leading circles, in any part of this planet, into believing, that a self-inflicted doom of the present U.S. administration is not a probable, catastrophic outcome at this present moment.

Meanwhile, among those inside the crisis-stricken U.S.A., and, to some degree, Russia, who see an onrushing

global financial collapse now in the making, there is an historically deep-rooted, and commendable tendency, to think about the present world financial catastrophe, in terms of the contrast between the Franklin Roosevelt legacy and the contrary U.S. economic policy-trends of the past thirty-five years. Such views are also to be found today in western continental Europe.

For those and related reasons, for the foreseeable period ahead, the 1933-1945 Franklin Roosevelt recovery in the U.S.A., and its application to post-war cooperation between the U.S. and western Europe, represents *the only workable recovery policy with any chance of being adopted as a leading legal precedent for that quality of cooperation which might provide a timely response to the presently accelerating world financial collapse.*

Therefore, if the United States were to come to recognize, that it must reverse its current policy, and must prepare to cooperate with leading nations of Eurasia, in launching a recovery based on the principles which account for the successes of 1933-1965, the combination of the U.S.A., continental Europe, and keystone nations of Asia, would represent a sufficient basis for bringing about the kinds of reforms which are now urgently needed by this planet as a whole. There is, presently, no other happy option available to this planet as a whole.

Admittedly, the recently installed U.S. Bush administration, seems absolutely determined to go in directions which are, chiefly, directly opposite to what I propose. Granted, that administration might maintain its present track in policy-making, up to what would be an extremely bitter end for the world at large. As the institutions of the U.S. will now experience more and more onrushing crises, far worse than they would presently believe possible, the present U.S. government attitudes might be changed, even suddenly. That change, if it is to occur, will either come soon, or the worst



Lyndon LaRouche speaks to the Berlin seminar.

result for the planet as a whole is to be expected as more or less inevitable.

There is no possibility, no circumstance under which the present economic-policy outlooks of the U.S. administration could succeed. The early, absolutely catastrophic failure of those policies is absolutely inevitable; the signs of such a collapse are being displayed daily. However, like a maddened bull elephant in its death-throes, a desperate U.S. government's efforts to offset its economic failures with combined domestic and global crisis-management methods, could plunge the entire planet into homicidal chaos.

When we, in the U.S.A. and Europe, contrast the lessons of the Roosevelt economic-policy legacy of the 1933-1965 interval, with the growing world financial and economic disaster wrought over the recent three decades, there is a clearly urgent need to abandon those recent policy-shaping trends, and to return to the Roosevelt alternative, instead. However, that Roosevelt precedent, by itself, while indispensable, is not sufficient.

There is probably no effective substitute for the use of the successful features of the Roosevelt legacy as a *legal and diplomatic precedent* for the international emergency action so urgently required today. However, we must also be aware of the risks we would incur if Roosevelt's achievements were degraded to a mere caricature of itself, degraded to a mere model of a statistical type. Those risks are the focus of my attention here.

### Precedent or Principle?

One of the most common blunders among professional economists today, is their attempt to explain the present crisis

by treating it as if it were a cyclical, rather than a *systemic* crisis. This is not a periodic crisis; it is a breakdown caused by the wrong-headed, popularized axiomatic assumptions built into policy-shaping of monetary authorities, leading banking institutions, and governments, over a period of more than thirty years. No systemic crisis, such as this one, can be competently described, or controlled by today's commonly taught statistical methods.

As the founder of modern astrophysics, Johannes Kepler, said of the orbit of the planet Mars, the Roosevelt economic policy worked, and was certainly better than any alternative adopted since. Yet, whenever we think of past or possible future consequences of an asteroid crashing upon the Earth, we must recognize that some apparently regular trajectories of a solar system, or of national and world economies, may conceal some awesomely deadly systemic features easily over-

looked by mere statisticians.

As Kepler did, we must look into the deeper principles which actually govern an observed past experience within our Solar System. It is not sufficient to try to imitate the successes of some observed period from the past. We must discover and apply the underlying principles which made an earlier success possible. We must also anticipate the danger of thinking simplistically about such matters. Asteroids, which apparently lie in a very reliable orbit, as do some economic-statistical models, sometimes crash on Earth, with horrible effects.

As Franklin Roosevelt explained, the methods which he applied to the aftermath of the 1929-1933 World Depression, were the methods of that *American System of political-economy* shared between Alexander Hamilton and a key Hamilton collaborator, FDR's ancestor, Isaac Roosevelt, in the opposition to one of the two leading U.S. assets of the British Foreign Office's of that time, the Bank of Manhattan's Aaron Burr. (The other was Albert Gallatin.) As Roosevelt emphasized, during his years as a university student and, later, as President, he located himself as a representative of the founders of the United States, and in opposition to what Roosevelt himself described publicly as those "American Tories" who were, in fact, typified by such predecessors as Presidents Theodore Roosevelt, Ku Klux Klan fanatic Woodrow Wilson, and Calvin Coolidge.

Roosevelt was born, raised, and walked in the American intellectual tradition of Presidents James Monroe, John Quincy Adams, and Abraham Lincoln. He, like economists Alexander Hamilton, Friedrich List, and Henry C. Carey, was a principled, and vocal opponent of the American Tory tradition. As President Abraham Lincoln defeated the virtually

treasonous American Tory legacy of the Democratic Party of 1829-1861, so Franklin Roosevelt, a publicly avowed representative of the American intellectual tradition, reversed the catastrophic effects of the economic policies of American Tory President Calvin Coolidge.

During the entire period he was President, Roosevelt dumped, and also denounced, what he condemned as the "Eighteenth-Century methods" of the British monarchy. He rejected the notion of a post-war world under the rule of the methods of Adam Smith, and, during the course of World War II, proposed to introduce the American methods of Hamilton, List, and Carey, to a post-war world suddenly liberated of the vestiges of Portuguese, Dutch, British, and French colonialism.

## The American Intellectual Tradition

In order to avoid the dangers of a simplistic imitation of the Franklin Roosevelt legacy, one must recognize it as an imperfect, but successful, remedial application of the American intellectual tradition in economic policy. By American intellectual tradition, I signify the Classical European tradition of Gottfried Leibniz's influence on the U.S. Declaration of Independence and the economic policies of Hamilton. I signify the repeatedly successful application of what Hamilton, Mathew Carey, Friedrich List, and Henry C. Carey de-

finied as the "American System of political-economy." This was the same American System which, from 1877 on, played a crucial role in Bismarck's launching of the industrialization of Germany, and the industrialization of Russia under leaders such as the great Mendeleyev.

The commonplace, potentially catastrophic blunder made by many economists and others today, runs as follows. They would say, "If the economic crisis is as bad as you say, then, perhaps, we would then consider adding some amendments to existing policies." It is precisely that kind of popularized, simplistic, statistical thinking, which has done so much to mislead the world into the present economic mess. *We must cease the absurd practice of applying the statistical theory of kinematic percussions among inanimate objects, in the attempt to explain away the willful collective behavior of living human beings.*

The behavior of economies, as measured over a generation or longer, is chiefly predetermined by the long-term investments, and related long-term policies, made by governments and private interests, over periods of not less than a generation yet to come. By long-term policies, one means the intentions of society to invest with accompanying *intention*, that those investments shall become successful ones. These *intentions* are expressed not only as financial investments, but, as long-term physical investments in the future development of the population, the land-area, the fostering of scientific discovery, and the instruments of production. Like even the mere existence of today's young adult, today's conditions are the result of *intentions* expressed by that person's parents, about a quarter-century earlier. The only sane government, and the only sane form of economy, are those with sane *intentions*, which commit the actions and resources existing in the present to the aims of the future. These are economies like the U.S. economy under Lincoln and Franklin Roosevelt, and Fifth Republic France under President Charles de Gaulle, which are sometimes called *dirigist*, because of the clarity and efficiency of their economic *intentions*.

It was, chiefly, the *intentions* set into place, as policies and policies of practice, over the recent thirty-odd years, which created the cumulative effects being experienced as the global financial collapse of today. Today's crisis is not the result of some statistical theory; it is the result of wrong-headed *intentions*, such as the *intention* to impose free trade, and the *intention* to globalize the spread of such commodities as deadly diseases of human and animal populations. Today's crises are the result of *intentions* which have been adopted by governments, financial institutions, and popular opinions, over a period of not less than the past three decades. Inside the U.S.A. itself, today's crisis is the natural outcome of the trends introduced, since the 1966-1972 changes in direction of U.S. policy-making, trends typified by the growing influence of the Mont Pelerin Society and by the *pro-racist intentions* of the U.S. President Nixon who perpetrated the terrible folly of August, 1971.

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As Kepler showed, the orbital pathway of a lawful trajectory of non-uniform curvature, is determined by what must be adduced as its *characteristic intention*. For the same reasons, the only valid assessment of a *systemic* financial-economic crisis, such as the present one, requires that we define that crisis, not as an inevitable calamity, but, instead, define those principles which require that we should *intend* to return to that trajectory which would lead to the imperiled system's survival.

*Instead of debating whether or not we today should blindly imitate the programs of Franklin Roosevelt, we should examine his intention in introducing those programs, and contrast his intentions with the intentions of the faction behind President Coolidge's creation of the depression which the impossible Coolidge bestowed upon his own immediate, and unfortunate successor, Herbert Hoover.*

Roosevelt did not propose a package of policies for responding to a depression. Roosevelt used the failure of Coolidge's economic policies, which were modelled on those of Britain, as proof that we must return to that American patriotic policy-making philosophy, whose violation had caused the crisis. He used the most recent failure of the British free-trade system, that of the 1920s, as evidence of the need to return to the superior philosophy of the American intellectual tradition and its *intentions*.

Today, we have the fact of the process of recovery of the U.S. economy from the Coolidge "free trade" philosophy's depression of 1929-33. We have the success of Roosevelt's return to the methods of the American System over the interval 1933-1945, and the application of that experience to rebuilding war-torn Western Europe during the 1945-1965 interval. Now, we have thirty-five years of the United States' slide into the present, new depression, a potentially bottomless depression, caused by the return to not only the "free trade" policies of the Coolidge period, but wildly utopian policies which are even far worse than Coolidge's.

The challenge facing us today, is to use the evidence that the ruling *intentions* of the world's leading economic policies, over the recent thirty-odd years, have been a catastrophe for mankind today. This evidence must prompt us to change the *intentions* of governments and other relevant institutions accordingly. We must now do, as Franklin Roosevelt did in response to the 1929-1933 Depression. We must clear away those policies which, as *intentions*, have brought about our ruin, and, install, instead, those *intentions of law* which correspond to proven principles of policy-making from successful earlier times.

That means, in first approximation, those *intentions* which have proven their merit during periods of modern history prior to 1965.

### **'The General Welfare Clause'**

The crucial political issue separating President Roosevelt's recovery policies from those of all of his opponents,

whether President Coolidge, his political opponents during his Presidency, or those from President Nixon to the present day, is what is called "the general welfare clause" of the Preamble of the U.S. Federal Constitution.

For as long as he was President, Roosevelt won most, if not all of his struggles to base the entire policy of the U.S.A. on that Constitutional principle. Since Republican Richard Nixon's alliance with the Ku Klux Klan and kindred types, during his 1966-1968 campaign for election as U.S. President, no President but Bill Clinton, has offered any significant defense of that principle, and he, during Summer 1996, compromised that principle, under maniacal demands from his Vice-President, Al Gore, and others among my political adversaries within the Democratic Party.

This issue of the general welfare, is the most crucial of all of the economic-policy issues which we must intend to confront if we are to succeed in rescuing the world by the presently onrushing catastrophe. The present, global economic disaster, must be traced to a persistently recurring effort, over the course of the Twentieth Century, to reverse the course of the entirety of modern European history, by going back to the imperial models of ancient Rome, to the traditions of the Venice-orchestrated anti-nation-state wars of the Thirteenth through Fifteenth Centuries, and the Venice-orchestrated religious wars of the interval 1511-1648.

Today, we call that revived, pro-oligarchical *intention* to return to medieval society, "globalization." The characteristic effect of the practice of what is called "globalization," is a rejection of any rule of law which opposes the effects of globalization, and demands a sweeping, global nullification of the principle known by the terms, *the general welfare* and *the common good*. To understand that issue, we must understand its origins and location in the history of today's globally extended modern civilization. The following historical background is a bare summary of what is essential for understanding the relevant connections.

As a reaction against the horrors of both the so-called New Dark Age of Europe's Fourteenth Century, and the continuation of the so-called Hundred Years War into the middle of the Fifteenth Century, the Fifteenth Century produced the antidote to feudalism known as the modern sovereign nation-state. This new form of society emerged first in the form of France as reformed by King Louis XI, and, following that, the great reform conducted under King Henry VII in England. These developments of the Fifteenth Century, established the beginning of modern economies, and the great improvements in demographic characteristics and conditions of life of populations which have resulted from the influence of that new, nation-state form of society.

The central feature of the revolution called the sovereign nation-state economy, was the introduction of a principle known as *the general welfare*, or *common good*. This new principle was the *intention*, that *no government has the legitimate moral authority to rule, except as it is efficiently commit-*

ted to promote the general welfare of all of the living and their posterity.

So, the law lies not in its text, but in the effective expression of its *intention*. So, by their intentions, do economies, and even entire civilizations, choose their destiny.

This principle overturned the habits of ancient Babylon, of the Roman empires, and their like, under which populations were divided between a ruling oligarchical minority and its armed and other lackeys on the one side, and, on the other side, a mass of persons degraded in practice to the status of virtual human cattle. The notorious Physiocratic dogma of Dr. François Quesnay, is typical of modern attempts to continue the degradation of the great mass of the population to the status of human cattle. Although Quesnay was a shamelessly open defender of the feudal tradition, his argument did not differ in any essential either from that of England's John Locke and Bernard Mandeville, or of the Adam Smith whose famous *Wealth of Nations* was largely a plagiarism of the work of Physiocrats such as Quesnay.

Despite the use of religious warfare and other means, in the efforts by forces of the feudal tradition, to halt and reverse the development of the sovereign nation-state, the benefits of the introduction of the nation-state had been irreversible, even during two devastating world wars of the Twentieth Century, until that presently ongoing downturn, which was set into motion during the recent thirty-odd years. The new emphasis

upon the development of infrastructure, the fostering of scientific and technological progress, the gradual freeing of the serfs, and related intentions of the nation-state institution, had resulted in a rise in life-expectancies, improvements in general demographic characteristics of households and of populations in general, and secular increase in the per-capita and per-square-kilometer productive powers of labor. The intentions expressed by the sovereign nation-state, by which one generation defines the future for one to two generations to come, spilled over into all forms of modern European society, and beyond.

However, because of the continuing legacy of the feudal tradition in modern Europe, the idea of the sovereign nation-state republic, created in Europe, was exported to find its first more fulsome expression in the creation and development of the U.S. republic in North America. It is in the development of the North American republic, from its colonial beginnings through the victory of President Abraham Lincoln, and into the last quarter of the Nineteenth Century, that the characteristic economic and related forms of intentions of the U.S. form of industrialized sovereign nation-state, were reflected, more and more in the development of Europe itself. The accelerated industrial development of Germany, Russia, and Japan, during the last quarter of the Nineteenth Century, and beyond, typify the impact of the 1861-1876 successes of the U.S. economy on the thinking and practice of nations in many parts of Eurasia.

Thus, although the development of the U.S. republic was set back severely by the French developments of 1789-1815, by the hostile actions of both the British monarchy and the Holy Alliance, President Lincoln's triumph over Lord Palmerston's Confederacy puppet sealed the character of the U.S. economy, until the downturn which was unleashed about three decades ago. During the Twentieth Century, following the 1901 assassination of President William McKinley, the American Tory faction seized control of the U.S. government and much of the economy besides. Franklin Roosevelt temporarily reversed that trend of 1901-1932, turning the U.S. back to the economic policies of the Lincoln legacy.

In all of these turns, despite the repeated reversals of many of the characteristic economic intentions of the U.S., the underlying character of those intentions survived, until the increasingly intensified efforts to uproot them, over the post-1965 period to date. It is through the understanding of the role of such *intentions*, rather than any statistical model, that the ebbs and flows of the U.S. economy are to be understood.

The crucial issue of *intention*, is the conflict between the heritage of Leibniz's notion of the general welfare principle, "life, liberty, and the pursuit of happiness," and the opposing, oligarchical notion of the ideas of the Confederacy, the ideas of the pro-slavery John Locke, "life, liberty, and property." The latter is typified today by the neo-Confederacy dogma of "shareholder value," currently enforced by the radically positivist, pro-racist majority of the U.S. Supreme Court.

The U.S. republic has been, from its beginning, a political

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battleground where the patriotic faction, committed to the principle of the general welfare, battles out the issues of economic, social, and foreign policy, with the opposing faction which Franklin Roosevelt identified as the American Tories. Since the 1966 election campaign of President Richard Nixon, it is the American Tories who have been increasingly in the saddles of U.S. political and economic power. The issue of the general welfare, to which the present administration, and the current majority of the U.S. Supreme Court are opposed, is the essential line of division between two opposing sets of axioms of U.S. foreign and domestic economic and social policy-making.

Just as the crisis of 1929-1933 brought President Franklin Roosevelt's advocacy of the general welfare to power, so the onrushing collapse of the U.S. economic policies of the past thirty-odd years, may signal another turn, back to the general welfare, like that of 1932-33. If that turn were to occur, the tendency would be for the U.S. to mobilize itself for the kind of cooperation with Eurasia which I have indicated.

That is a big "if," but it is the best option available to the world today.

## Modern Economy

The principle of the general welfare, means that it must be the constitutional quality of *intention* of government, that it can make no law, or kindred convention, which might treat the majority of its population as virtually human cattle. The government's primary goals are to defend the integrity of the nation, in the interest of all of its people and their posterity, and to develop its territory in ways which promote the improvement of the demographic characteristics of the population as a whole, and also the average physical productive powers of labor.

These obligations of government define our planet as what the celebrated Vladimir Vernadsky defined as a *noosphere*. In other words, human creativity is deployed with the *intention* to maintain, transform, and improve the biosphere for human existence, and to accomplish this by means which include the *intention* for developing the general area through appropriate, large-scale and related infrastructural improvements, such as in water-management, power production, transportation, and so on.

The realization of the objectives of a *noosphere*, also requires the *intention* of an increase in the knowledge and productive powers of the population, largely through aid of scientific and technological progress. Only in such ways, through such *intentions*, could the general welfare be served.

This obliges government to place the primary emphasis of its *intentions* on the physical side of production as such, and to relegate the financial side of economic policy-shaping to those measures needed to facilitate trade and employment in fostering physically significant benefits. A sound economic system is, therefore, primarily a physical system, *by intention*, and a financial system only by derivation.

The required *intention* is the acceptance of the physical

obligation to promote the general welfare through economic growth, obliges government to expend great efforts on behalf of its *intention* to promote the improvement of what we call basic economic infrastructure.

In practice, we find that such public works may be undertaken either solely by the efforts of government itself, or undertaken by privately owned public utilities acting according to regulations provided and maintained by government. For example, in effecting the recovery of the U.S. economy, about 40% of the growth stimulated by government action was in the area of basic economic infrastructure, and much of the remaining private sector's growth depended upon government-sponsored efforts such as the famous Tennessee Valley development. The choice of public or private ownership is of little significance, if either fulfills the intention more or less equally well. Franklin Roosevelt used both, as the example of the work of the Reconstruction Finance Corporation, illustrates that point. The matter of *intention of law* in these matters, lies in the mechanisms of regulation by which either private or public ownership of public works shall conduct their business.

In order to stimulate both public and private improvements, in must be the *intention* of society that prices must be set at levels which provide for maintenance of basic economic infrastructure and also capital improvements and high skill levels in production of goods and essential services. In other words, the general welfare requirement can not be served without *protectionist measures* of a type which can be ensured only through the authority of a sovereign nation-state's government.

The alternative to such *intentions*, is economic anarchy, and ruin. The globalizers' insistence that government not only abandon such *intentions*, but relinquish forever the authority to adopt such intentions, is the principal cause for the catastrophe in which the world is being plunged today.

For example, to rebuild the tattered and shattered world economy of today, large masses of credit must be created, and issued at low borrowing costs over periods of maturity ranging up to a quarter-century or more. With such public credit policies, and with protectionist measures of the sort which were widely employed during the 1945-1965 interval, large-scale improvements within increasing rates of productivity and technological progress, were available, even in regions as devastated as war-torn Europe.

## Physical Economy and Eurasia

The catastrophic economic and related effects of globalization, have recently increased the recognition that only through new forms of closer cooperation among the leading nations of continental Eurasia, is there any visible opportunity for the general economic prosperity of continental Eurasia as a whole. A pattern of negotiations to this effect has been developing between nations of western continental Europe and Russia, together with increasing emphasis on wider cooperation with the great population centers of Central, East,

Southeast and South Asia. In these matters, the need to provide security among all of the nations of Eurasia and the need for new forms and degrees of economic cooperation are inseparable practical concerns.

This emphasis upon Eurasia is not to the disadvantage of Africa, Australia, New Zealand, and the Americas. Quite the contrary, without a general economic recovery in continental Eurasia, there is no hope for the planet as a whole.

The national economies of Eurasia represent nations and cultures with significant differences in their characteristics. However, all share in common the need for similar benefits as measured in physical-economic terms. The most urgent elements of economic cooperation needed among this assortment as a whole, are preponderant emphasis on development of basic economic infrastructure, without which other improvements in the life of their populations were not possible, and large-scale and growing transfers of advanced productive technology from those places where fountains of such technology may be supplied, into areas in which the deficit of such technological infusions must be corrected.

The objectives of such cooperation are, generally, in the order of the required work of two generations, the coming quarter-century most urgently. This requires a system of long-term, relatively fixed parities among currencies, and upper limits on borrowing-costs and conditions, in which rates of between 1% and 2%, and simple interest, not compound, must prevail. The great bulk of the flows of physical capital will be concentrated in long-term credits, in the order of about twenty-five years. A quarter to one-half of the long-term credit and trade agreements will come under such provisions.

The experience under the original Bretton Woods agreements, during the period until about 1965, provides appropriate precedents. Study of the internal development of the U.S. economy during the difficult 1933-1945 interval, also provides relevant examples.

On the side of monetary and financial practices, this will require the forms of regulation which prevailed during the 1945-1965 interval, with initial emphasis on the more strict regulations of the 1945-1958 interval.

Additionally, special attention must be given to the lessons of the leading military and other great science-driver programs of the 1940-1965 interval, including the Kennedy manned Moon-landing program. The success of the recovery program required for Eurasia (and elsewhere) today, will depend upon the rapidity which can be achieved in science-driver modes of technological progress. When we consider the area of Eurasia as a whole, and also take into account the needs for technological progress among the dense population-areas of East, Southeast, and South Asia, the goals of recovery could not be achieved without aid of a greatly accelerated rate of technological progress. Only a science-driver strategy could ensure the acceleration of the rate of technological progress to needed levels.

This will require a twofold direction of change in the structural composition and education of the labor-force of

Europe and the United States in particular. To fulfill our part in the partnership with the technologically less developed portions of the world, we must increase greatly the ration of the total labor-force employed in producing science and technology, and, shift the quality of employment of the remainder of the labor-force upward technologically. By these shifts in priorities for education, investment, and employment, we will be able to generate accelerated rates of increase of per-capita physical productive powers of labor in what is presently termed the advanced sector, and, thus, to generate higher rates of physical productivity into employment in the less advanced sectors of the world.

This means, physical-economic targets for the immediate quarter-century ahead, and monetary and financial policies designed to match the standards defined in physical-economic terms. To this end, we must clarify our intentions. If we do, we might imagine that President Franklin Roosevelt would be pleased with our intentions.

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## Prof. Wilhelm Hankel

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Professor Hankel is the former chief economist of Germany's Kreditanstalt für Wiederaufbau (Reconstruction Credit Agency). His speech, "Remarks on an Overdue Reorganization of the World Monetary System," will be published in a forthcoming issue.

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## Jacques Cheminade

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# Europe's Task in Creating A New Bretton Woods

*Jacques Cheminade is president of the Solidarity and Progress political group, is a candidate for President of France, and is a decades-long collaborator with U.S. Democratic Presidential pre-candidate Lyndon LaRouche. The following speech was delivered to the EIR seminar in Berlin on March 5. Subheads have been added. (An interview with Cheminade appears elsewhere in this issue.)*

It should be clear, at this point of our conference, that we have reached the moment of absolute breakdown in the present world financial and monetary system. It is hopelessly bankrupt in its present form. The Bush Presidency in the United States can only, if anything, accelerate the pace toward disaster, and the Japanese government is caught in both a financial and political crisis from which it is unable to escape. The