of these countries, which you agree to, as an international agreement of cooperation among these countries; and you say, "What's your rate of growth?" On that basis, you can now set a currency value, based on a two-generation calculation.

Because, why? Because the way we're going to grow, is by debt. We're going to increase the indebtedness of the world. But we're going to increase it, in a calculable way: Which means, we're going to say, over periods of 25 to 50 years, depending upon what we're talking about. We are going to create a debt, *which can be repaid* within 25 to 50 years. Therefore, we want to know where we're going to *be,* as the time for repayment of the debt comes up.

We don't want to be in position like the United States was in 1957, after I made my first forecast on this kind of thing. You don't want to be in a position, in which credit is issued on a longer term than the physical life of the product against which you're issuing credit. Therefore, you can issue credit indefinitely, for the growth of economy, as long as the *net rate of growth of the economy exceeds the amount of net growth of debt-obligation.*

So, rather than looking at it from an accounting standpoint, you're looking at it from a functional standpoint. If we can develop an economy, up to a certain level, over 25 years or 50 years, we can then *create credit to allow it to develop itself, accordingly.* If it can not grow at that rate, then you can't give it the credit—because that would be insane.

Long-Term Cycles of Development

So therefore, the *power* of the economy, the relative power of a currency, is its potential rate of growth *over the term for which you are calculating.* And the basic long-term rates—for example: A nuclear plant is a minimum of 25 years. If you're investing in a nuclear power system, your basic inside estimate is 25 years. It may actually go to 35 years useful life. You have water-management systems, which tend to be a half-century, if they're properly maintained and properly designed. You have other kinds of things, which are long-term investments, largely in infrastructure, or in heavy capital investment. Agricultural crop: a minimum of three years, for a simple crop. For the development of a land area, to be able to crop it, maybe five to ten years.

So, these long-term cycles, which are a half-generation, or a generation, or two generations, are the characteristic feature of a physical economy. And if we can determine what the physical economic power of development is, then we can set the currency rates *relative to the rate of growth which we can foresee—if we adopt a policy, which ensures that this will happen!*

So therefore, you can't come and say, "Here's the value of the currency. Get the accountants in the room and figure out what these currencies are, relative to each other." That would be insane. And that's what's being done now, with bad calculations.

What you now have to do, is say, "What is the policy of the nations—what must be the policy of the nations?" Then, the people who are the representatives in negotiations, report back to their government, and say, "This is what is proposed. If we accept this policy, this will be the power of our currency, and other governments will respect it, and will sign the agreements." So, you get an agreement as a result, *not* of accounting calculations. You throw the accountants out of the room. And you say, "What are going to be our *physical economic decisions on investment,* over the coming 25 to 50 years? Over the coming two generations?"

And we have to get people into a consensus, on an agreement: This is what they're willing to do, to *support each other's development.* And therefore, instead of having an agreement based on a Hobbesian conflict basis, you must have an agreement based on a desire of participating nations *to help each other.* The same principle of the Treaty of Westphalia. That we can do.

Menshikov: Yes. Very good.

Money Is a Question Of Physical Economy

Here are LaRouche's closing remarks to the seminar.

The most important thing is, that we're dealing with a world in which there's a conception of money, which is the popular conception of money *by* governments, and by leading institutions, which, from my knowledge, is insane, by the standard of the effect of the concept, the way it's applied. That the value of money should not be determined based on some current accounting value. That accounting should be banned as a method for determining the value of money.

The value of money should be determined by a *scientific* principle, *not* an accounting principle. And the scientific principle is: What is a physically defensible determination of the will of governments and the ability of governments to perform in creating credit, over the long term, for the development of their economies and their productivities? And therefore, we among nations, should recognize this process, *use* this process, and set *values* in terms of credit, and exchange, on the basis of those determinations, which must be *physical, scientific determinations.* Because, the crucial thing is, what is the physical life of the investment? How is it going to be maintained? And how long is it, and what's its quality? Those are the bases on which you should issue credit: on knowledge of the determination and competence of the government *to create value,* to create wealth, and to have sufficient wealth, *to repay the debt you are creating, in a timely fashion.*

This is a *physical* question, *not* an accounting question.