

America's Indispensable Role in Securing the Future of Civilization

Here is Lyndon LaRouche's keynote from the morning panel of the June 28 EIR Berlin Seminar. It was moderated by Michael Liebig. Subheads have been added.

Liebig: Welcome to the second EIR Strategic Seminar this year, here in Berlin. My name is Michael Liebig from the EIR office in Wiesbaden, and I will chair the morning and afternoon session, and then Dr. Jonathan Tennenbaum will take over.

I'm very happy that we have here, this morning, distinguished representatives from science and politics out of the following countries, and I'll list them in approximate geographic order from east to west. We have representatives from science and politics from Russia, China, India, Egypt, Israel; from Hungary, from Croatia, from Slovakia, the Czech Republic, Poland, Italy, France, Germany, and the United States.

If we look back six months, to the first Strategic Seminar here, in Berlin the 12th and 13th of January, then I think we will realize the tectonic shifts, which have taken place during those six months. In January, most of the participants at that seminar came here with the firm assumption, that four more years of George W. Bush and Dick Cheney, carved in stone—that's the reality. And in the course of the seminar, it emerged that the reality in the United States is rather different, through what Mr. LaRouche was telling you then, in particular.

And we have seen, that the prognosis which he gave then, six months ago, has materialized, in the sense that the Bush-Cheney Administration, and the neo-con structures behind them, have run into an almost unbelievable strategic and economic disaster. We have seen emerging since, a sort of dual power situation between the U.S. Senate and the Bush-Cheney White House, the Senate evolving into a new political center of gravity in U.S. politics, a center of gravity catalyzed and directed by Mr. LaRouche.

So, at the same time, in Europe, we have seen also there, tectonic changes: Think about the world of Europe, the European Union, six months ago. Within these very days, here in Berlin, the modalities for early elections to the Bundestag are being worked out. We have had, on May 29, the referendum on the European Union Constitution Treaty in France, which was rejected, and with that rejection, the very Maastricht structure receiving a blow from which it will not recover.

We've seen at the same time, here in Europe, an enormous

policy vacuum, and political leadership vacuum. And, as we've seen that, from within the political class in Europe, there's this or that reasonable political initiative, but we see the recoiling from the fundamental issue: And that is, state investment programs, which will in the short term decisively reduce mass unemployment in Europe—and without resolving that issue, nothing else in Europe is going to work.

Now, we will hear more on that, on that question of policy vacuum and leadership vacuum by Helga Zepp-LaRouche and by Jacques Cheminade, in the course of this day.

Now this all is occurring within the context of something which we, very intensively, already did discuss in January, and that is, the systemic economic, financial, and monetary crisis. But that crisis, in the course of the past six months, has decisively intensified and accelerated further. And it has reached the point, where the very system, the very regime of globalization, has demonstrated—even to people who were in denial until very recently—that it is intolerable and unsustainable.

So, this seminar here, hopefully will—I'm sure it will—in the course of the discussion of today and tomorrow morning, be able to identify new flanks for a grand design; and for a new type of trans-Atlantic-Eurasian relations. And I would say, that the past six months should have taught us: Do not take anything for granted.

And with this, I want to ask Lyn to give us his lecture, this morning.

Lyndon H. LaRouche, Jr.

I shall read part of this from text, which was done essentially to simplify the tasks of translators. And otherwise, in the course of reading the text, I shall have one substantial and crucial interpolation. And then, at the close of the preliminary remarks, I shall then turn to a more scientific aspect of the matter, the proof of the argument which I make, or the essential proof.

In all of the most deadly crises in world history, the greatest threat to mankind is not what leading opinion does not know. In actuality, the highest degree of danger was always created, as at the present time, by the arrogance of those governments and leading bodies of public opinion, which had

already been, in fact, the longstanding principal cause of the suddenly threatened disaster of today. Among the small-minded variety of political and other authorities, for whom the prospects of a personal career and wealth are overriding, it is the personal gains, not the consequences of one's behavior for future generations, which are considered primary. So history often passes judgment on small-minded ambition, and on governments, which, like many today, have thought no further ahead than the next change in government.

Bear that thought in mind, as you consider the following report, on those mistakes of four decades which have produced the present, immediate threat to civilization as a whole.

An event of the most profound quality of global strategic implications, occurred within the U.S. Senate this past May 23rd. This event, for which I was merely an implied, but extremely relevant factor, prevented an attempted Bush Administration coup d'état against the U.S. Constitution. This threat, of a White House-steered overthrow of the U.S. Constitution, reflected the severity of a worldwide crisis, which had occurred in large part as a reflection of the global hedge-fund and related international banking crisis, which had been detonated by the collapse of the U.S. auto giants, General Motors and Ford.

The character and significance of this May 23rd event, has gone virtually unrecognized in most of the leading European press, and in public statements of most among its leading political figures. Yet, even during the relatively short term immediately ahead, the future of the nations of Europe and elsewhere, now depends upon the new crucial decisions which must be made inside the United States, made against the background of the May 23rd action by the U.S. Senate.

As a significant number of you here today already know, my mission in Berlin this week was planned months in advance, in knowledge of the certainty that a state of global crisis would be hitting Europe in particular, by mid-June. The purpose of that mission, already then, as now, is to make clear the most essential of those urgent issues which must be placed on the highest level of consideration, by the responsible governments and political organizations of Europe.

This clarification must include emphasis on certain presently crucial strategic facts, about the nature and role of the United States, facts which are largely not understood, even among leading governmental and other relevant circles in Continental Europe.

To reduce what is an otherwise complex subject to essentials, which could be reviewed within the allotted timeframe of several days provided, I shall now present you with a summation of four pivotal issues, whose importance can not be



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Lyndon LaRouche (left) and moderator Michael Liebig at the Berlin seminar on June 28. LaRouche said that the purpose of his mission in Europe now, "is to make clear the most essential of those urgent issues which must be placed on the highest level of consideration, by the responsible governments and political organizations of Europe."

doubted by intelligent circles, once even the barest of the relevant essential facts are presented, as I do on this occasion.

Prevent a Dollar Collapse

The most immediate danger, to world peace and stability, would be the admittedly existing potentiality, that the government of the United States would refuse to take certain sudden and sweeping emergency measures, which are now in fact, absolutely necessary actions of the immediate future, *if* we are to prevent the entire planet from being plunged into a chain-reaction form of monetary-financial and economic breakdown crisis, by a sudden collapse in the value of the dollar-denominated assets worldwide. Largely as a result of more than three decades of a combination of a floating-exchange-rate monetary-system, the past 15 years' spread of the use of financial derivatives, and the recent WTO-led plunge into a lemming-like lunacy of globalization, the world as a whole is now more ripe for a threatened chain-reaction breakdown crisis of the world's economic, as well as monetary-financial, systems.

Under these present conditions, unprecedented in all modern history, unless the U.S. itself is prepared to force a return to a fixed-exchange-rate dollar-system, like that of the 1945-1963 interval, there is no possibility that any part of this planet as a whole could escape the effects of a global breakdown crisis of the present world system. The actions which the



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The May 23 move by U.S. Senators to avert a Bush Administration coup d'état was an event of global strategic implications. Shown are two of the key Senators in this bipartisan effort, Republican John Warner of Virginia (left) and Democrat Robert Byrd of West Virginia.

United States must take: The United States must unilaterally, but with consultation with its friends abroad, act to prevent a collapse of the U.S. dollar, a sudden collapse in the magnitude of 10-30%, which is now imminent.

In view of the role of the dollar, as the world's still monetary reserve-currency, and in view of the large amounts of obligations, denominated in dollars, held by China, held by Japan, held by Europe, and others, a collapse of the U.S. dollar now, of the type which is imminently threatened, would not bring on merely a new depression, it would bring on a general breakdown-crisis of the world system. Therefore, the crucial question is, what action is the United States going to proffer, and how is the rest of the world going to respond to this proffer, of a U.S.-led return to a fixed-exchange-rate monetary-system?

This means that the only solution for this kind of problem, is to return to a fixed-exchange-rate system, and to roll over existing dollar obligations, by converting them from essentially short-term to medium-term obligations, to a system of long-term obligations. In other words, a fixed-rate system of long-term obligations—we're talking about periods of 25 to 50 years, essentially two generations. If we mix the rolling-over of these present obligations with the generation of new credits, also on a fixed exchange rate, in the amount required to expand production and trade on a world scale, over a period of 50 years, we can safely get through this period from this point on, and expect a period of general growth.

There is no other alternative at this time.

Because of the complexity and because of the insanity of destruction of national sovereignty, you no longer have buffers among states, where one state goes under and others do not necessarily go under with the same degree. Today, if the dollar goes down, *every part of this planet will go down in a chain-reaction formation.* That could not be prevented.

The *only* thing that could prevent it, is an initiative, which must come from the United States, to return to the Franklin Roosevelt standard of a fixed-exchange-rate system, and a conversion of the world's financial obligations—that is, the legitimate ones. Forget the financial derivatives, the hedge funds. These things will simply be allowed to rot and be cast away, and will not be paid. They *can not* be paid. So, they *will not* be paid; because they *can not* be paid.

But the core of the system must be saved. And the only way to do that, is if the United States says, the dollar is now, effectively as good as gold. This can not be done in the short term. It can only be done on the basis of long-term agreements, which cover treaty agreements lasting from a period of 25 to 50 years. *There is no other hope for civilization.*

I shall come back to this again, but that's the crucial point here.

The Grounds for Impeachment

Therefore, it is impossible to save this planet, if President George Bush and Vice President Cheney remain in the leadership of the United States. Fortunately, there are conditions, and indications, that that will not last long. I say this frankly, I say it without exaggeration. It must be said, and I am the most likely bloke, as they say, who will say it: *The President of the United States, George W. Bush, is clinically insane.* He is not only clinically insane, but he's clinically insane in ways which have rendered him technically impeachable. When the President of the United States, a United States whose dollar is still the denominator of the world monetary system, says not once, but repeatedly, and reasserts it defiantly against all criticism, that U.S. government bonds are merely IOUs which are intrinsically worthless, that man is clinically insane. He is irresponsible. Because, if anybody believes him, that the policy of the United States government is that its bonds are worthless, with the amount of dollar obligations outstanding around the world, as an integral part of the monetary system, the system is doomed by the fact alone.

Now, the United States Constitution provides for impeachment. The intrinsic basis for impeachment, is not conviction for some crime. That is not sufficient basis for impeachment, because the question of the Presidency of the United States is the question of an *institution*, not of a person. But, if the person who occupies that institution is clinically insane, or is otherwise *incompetent to serve*, that is sufficient grounds for a charge of impeachment and for his removal from office.

On the other hand, we have a Vice President, who is not necessarily a psychopath, but is a sociopath. The man must be removed from office. What we have now, as a result of the actions and continuing actions in the Senate, we have a bloc, being exerted by the U.S. Senate, against the dangers intrinsic in the incumbency of these two creatures, and the people who control them. And therefore, if the world is to be saved, these two creatures must be kept under control and removed from office—not four years or three years from now, but in the immediate future.

Because we must, immediately, in the near term, have a decision, by the United States proffered to its partners internationally, which essentially prevents a sudden chain-reaction collapse of the world monetary system into, not a depression, but a general breakdown-crisis, a general breakdown-crisis of the type which was discussed theoretically, as a theoretical proposition, at the end of the 19th Century, and the beginning of the 20th; which has never happened before, in modern history, but is about to happen now, under present conditions.

I continue: Unfortunately, the present U.S. Bush Administration would prevent the needed action, even with its dying breath. Fortunately, the present Bush Administration is already a ruined, lame-duck administration, a Presidency whose deep psychological problems and brutish bunglings, have already brought it into the liability of possibly early impeachment, or retirement to avoid that impeachment. For example, one story that was told to us, is, there might be a plane ride. And on the plane ride, somebody might be sitting next to Cheney. And when they got off the plane, Cheney would go someplace nearby and submit his resignation from office.

We're in that kind of area, in which either forced impeachment, impeachment proceedings, or resignations—induced resignations—are maybe a factor in history.

Four Pivotal Features

Under those conditions, much-needed options for the U.S. and for the world, are now within the range of possibility, if by no means certainty. To understand the summary points I've just listed, there are four pivotal features of the immediate situation of the world today, to be considered:

First, the implications of the little-understood fact, even among leading European governmental circles today, that a coup d'état in the U.S.A. itself, was recently averted, at least temporarily, by a crucial intervention by a majority of the U.S. Senate.

Second, the inevitability of a rather immediate, permanent collapse, of the present, post-1971 form of world monetary-financial system. This is the combined outcome of several crucial factors.

a) The 1964-72 change, begun by an attack on the stability of the monetary system, by the U.K.'s first Harold Wilson government, was from the fixed-exchange-rate to a floating-exchange-rate system.

b) A cultural paradigm-shift to a so-called post-industrial model in Europe and North America.

c) A savage and willful destruction of basic economic infrastructure, throughout the Americas, and also Europe.

d) An increasing shift of production from economically developed nations, to exploitation of cheap labor with vastly underdeveloped basic economic infrastructure, and emphasis on very cheap labor. And,

e) Reliance upon the use of a purely parasitical form of gamblers' side-bets known as financial derivatives or hedge funds, as a hyperinflationary substitute for long-term investment in useful enterprise.

Third, although the present form of world monetary-financial system, is now hopelessly, and rather immediately doomed, more doomed than the Soviet Union ever was, a physical economic form of recovery of the world economy could be launched very soon, provided the will is found, for the immediate adoption of the model of system of perfectly sovereign nation-states, projected by President Franklin Roosevelt before his death, and avoiding the present lemming-like rush into the form of global imperialism, called globalization, is soon eradicated and immediately reversed.

Finally, the implied lesson to be learned from recent developments within the U.S. Senate, is that unless the latter condition is met soon, the prospect for civilization in every part of the world, is *hopeless*, for more than a generation to come. That lesson is composed of the following, four crucial, subsumed points, which I develop now.

What Europeans Don't Understand About America

First, the crucial thing that we face in discussions in Europe, is, Europeans do not understand the United States, and therefore, when they talk about the United States, they make assumptions which are contrary to fact, and are counter-productive.

The United States is a product of Europe. It is particularly a product of the Renaissance, of the 15th-Century Renaissance, which established the modern nation-state for the first time on this planet, for the first time we know of it on this planet, and through the development of the first modern nation-states as such, in Louis XI's France, and then subsequently, in Henry VII's England. But, in the meantime, what had happened was, that the Venetian interests, which had come back through the conquest of Constantinople, through turning it over to the Ottomans, had come back as a force.



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George Washington (left) and Benjamin Franklin. What Europeans don't understand about the United States is typified by the Preamble to the Constitution, whose central feature is promotion of the general welfare. "You find the same principle expressed in other places, in European constitutions, but not as the overriding principle."

And so, since that time, since about 1453, there has been a division in the world, and particularly on Eurasia, between, on the one hand, the emergence of the modern nation-state, which is committed to the service of *all* of the people of a nation, and the return to the medieval form of society, run originally by the Venetian banking system, and today, expressed as a continuation of the Venetian banking system in the form of the Anglo-Dutch Liberal system of economy, which dominates the world today: the imperialist system, in short—the modern imperialist system.

Now, because of the rise of the Anglo-Dutch Liberal tyranny, which was accomplished chiefly through the wars of Louis XIV of France and the subsequent Seven Years' War in Europe, Continental Europe cannibalized itself to the greater glory of Britain and the Netherlands. As a result, by 1763, through the mutual internal weakening of Europe, the Anglo-Dutch India companies had managed to carve out a *de facto* empire of India, and by taking over Canada in particular, from the French.

So, at that point, in February 1763, at the Treaty of Paris, a new empire was formed: the Anglo-Dutch Liberal system. The Anglo-Dutch Liberal system was based on a system of financier control of the world economy, a continuation of the medieval system, the medieval ultramontane system, such that, in Europe today, there is no independent government of any nation. Because every government, each and every government, is a subject of a *private central banking system*.

These central banking systems are like a biological slime-mold. They are composed, on the one side, of individual banking interests, private banking interests, and on the other side, they are a continuous, functioning process.

So, what we call as the world financial system today, the international monetary system since 1971-72, is a slime-mold, called an independent central banking system, or a syndicate of independent central banking systems.

It was for precisely this reason, that the United States came into being, as a result of this treaty organization of February 1763. The foundations of the United States had been lain from Europe, by people in the Netherlands—who at that time were democratically inclined, unlike the present ones—and who formed, out of Belgium, out of the Low Countries, in part with the English, the first colony in New England: the so-called Plymouth Colony. That was followed in 1630 by the formation of the Massachusetts Bay Colony, which is actually the paradigm on which the United States was subsequently founded. And this paradigm continued to be authoritative in its own territory, till about 1688-89, when a change in the Dutch India Company's takeover of England, resulted in a condition in which the powers of Massachusetts Bay Company were reduced.

But the struggle went on. And so, in 1763, with the establishment of the British Empire, all of the leading intellectual circles of Europe began to look across the Atlantic again, toward the possibility of creating a state in the Americas,

particularly in North America, which could then be played back as a model, as the struggle for the freedom of Europe from this Anglo-Dutch pestilence, this slime-mold.

The establishment of the United States, as a republic, as a Constitutional republic, gave us the opportunity for that. The attempts in 1789 in France, in the Spring, were an attempt to form a constitutional republic, a monarchical republic, in France, would have had the same, essential principles of development as the United States.

Because of the British East India Company's power, that of Lord Shelburne, an organization called the Martinists, associated with Voltaire, including Louis the Duke of Orleans, and Jacques Necker, who were two British agents, organized the Bastille events of July 1789. And then, went on with two agents of the British East India Company, Danton and Marat, assigned from London to France, and then the Robespierre crowd, the Terror, which was also run from London.

And then, through the same instrumentality of Joseph de Maistre, you had a Jacobin terrorist, called Napoleon Bonaparte, who was converted into an Emperor, on a model designed by Joseph de Maistre. And Napoleon ruined Europe.

So, the French Revolution, through Napoleon's 1815, subjected all Europe to ruin. And since that time, despite noble efforts like that, briefly, of President de Gaulle, for example in his formation of the heavy franc, Europe has never had a true republic, in the sense that the United States is a republic.

And so, therefore, the intention, that the United States' formation as a republic should become the pioneer of a European model state, to be utilized as a model back in Europe, was never fully realized, except through people like Friedrich List, and others who kept making the attempt to do that. And I'll return to some other aspects of this thing.

But, the point is this: The modern nation-state, formed for the first time in the 15th Century in Europe, in what is called the Golden Renaissance, established the principle, which is an old principle of European civilization, called the principle of the general welfare, which is known in the ancient Greek as *agapē*, as set forth from the mouth of Socrates in *The Republic*. So, this principle of the general welfare, or common good, that the state has no right to exist, except as it serves the common good and the general welfare of all the people, was an old idea, which first came to attention in ancient Greece. It was adopted by Paul in I Corinthians 13, as a principle of Christianity, an articulated principle of Christianity.

And thus, the aspiration of European civilization, since that time, has been—since the time, actually, of Solon of Athens and so forth—has been the formation of a state committed to the common good, the general welfare of the total population, present and future alike.

The United States Constitution is formed on the basis of this principle. The highest Constitutional authority under the U.S. Constitution, lies in the Preamble, whose central feature is "promotion of the general welfare." Now, you find the same principle expressed in other places, in European constitutions,

but not as the overriding principle. You find that, for example, in the German Constitution, the German *Grundgesetz*, but it is not the controlling principle. It is not the principle which is fundamentally overriding. You find, in the United States, this principle is in jeopardy. It's opposed by the Lockean principle, which was the principle of the Confederacy. But this *is* the principle of the United States.

Now, the difference is this: The difference is, that people have the idea of economic systems based on conventional notions of money. This is a characteristic of European systems, generally. Under the U.S. system, under the U.S. Constitution, *money has no intrinsic value*. The state determines what the value of money shall be, under the Constitutional principle of the general welfare.

Scientific Basis for Our Economic Existence

How do we do this? Well, first of all, as I shall indicate here, today. First of all, in a modern economy, unlike the economies of Asia today—even the best models of Asian economies, today—in the best economies, of Europe and the United States, the best models, *50% of the total economic activity of a nation is in basic economic infrastructure*. Fifty percent of the total investment and expenditure, combined, are expressed in the maintenance and improvement of basic economic infrastructure.

Now, contrast that with the situation in Asian countries, in which you have up to 70%, or more, of the population of those countries, even in the better countries, the countries which are stronger, 70% are living in states of distress, of extreme poverty. How is this done? It's done partly through globalization.

During the 1960s, and beyond, we began moving production out of Europe, and out of the United States and similar locations, into poorer countries, in search of cheaper labor, to transfer production from high-labor-cost areas, to low-labor-cost areas. Now, the productivity of European countries—take the case of Germany, where we're standing here, post-war Germany, which was rebuilt essentially under the influence of policies, such as the Kreditanstalt für Wiederaufbau. Now, Germany was a high-technology country, with a heavy emphasis on basic economic infrastructure.

Since modern Germany was created by Bismarck in 1877, on the U.S. model, which is sometimes called the Listian model, but was instigated by the world's leading economist of that time, the United States' Henry C. Carey; and since a similar thing was done in Japan, a similar attempt was made in Russia by Alexander II, under the direction of Mendeleyev and so forth and so on; modern European economies have always tended in that direction: to recognize that the primary function of the state, is to defend the economy of the nation, and to provide, first of all, for the basic economic infrastructure, as a part of maintaining the general welfare interest of *all of the people*, in an equitable fashion.

Now, this costs money: Fifty percent of the United States'

expenditure, as a nation—that is, the physical economic expenditure—under times of prosperity, is spent on basic economic infrastructure. Much of this is done by the Federal government; it is done in part by the state governments; in some degree by municipalities; it is done sometimes under regulation, by private investors, who invest in power works, power systems and things like that, which are protected and managed by the state, but private investors can put their savings into these areas of guaranteed low speculation.

But it means that, taking the economy as a whole, *half* of the total cost of the economy, of a *healthy* economy today, is spent on basic economic infrastructure. I shall come back to this from the standpoint of Vernadsky, to explain how this thing works.

What we've done with globalization, with outsourcing and globalization, we go into countries and say, "We will export employment into your countries; we will export industry into your countries. We'll buy from your countries, on the basis that *you do not increase your expenditure on basic economic infrastructure!*" So therefore, the tendency is, to *impoverish* the people of India, to impoverish the majority of the people of China, as a condition for getting the benefit of the U.S. and European market.

Physical Economy From Vernadsky's Standpoint

And there are physical reasons for this, explained by Vernadsky.

Existence on the planet as whole, is a physical question. It's a physical scientific question. It's not a monetary question. When you want to discuss economics, get the accountants out of the room. Get rid of them! Get the financiers out of the room—get rid of them! They will only make noises that will interrupt the discussion. Go back to physical economy, and look at it from the standpoint from Vernadsky.

This planet has, according to Vernadsky, *three phases of existence*: First is, from an experimental standpoint—from the standpoint of scientific experiment, physical experiments—the first level are what we call "abiotic" processes, systems in which there is no calculated function of the role of life, in the effect we're considering, the ordinary level. Now, this does not mean, that there's a universe that exists without life. It exists from the standpoint of experimental work, that, in conducting scientific experiments, you define a phase-space, in which your proof of principle does not depend upon the assumption of the existence of a principle called life. And you restrict that kind of physical science, to those kinds of experimental methods.

Then, you come to a second area, which was explored heavily by Pasteur, Curie, and so forth, in France, which is the question of the kinds of experiments which define life, and can not be explained in any way, but accepting the idea of *a universal principle of life*. This is what Vernadsky defines as the Biosphere, and he defines it from the standpoint of



LaRouche looks at physical economy from the standpoint of the late Russian-Ukrainian scientist V.I. Vernadsky, who conceived of three phases of existence: the abiotic, the biotic, and noëtic.

experimental methods, in the study of fossils: the relationship between living processes and their fossils.

The third layer, is that you have certain phenomena of this planet, which are now manifest on a very large scale, with the development of modern science and technology. In which the fossils of the planet, the functionally important fossils of the planet, are largely products of *human intelligence*, which are not otherwise generated by living processes, but only by the creative powers of human intelligence. Hmm?

Now, this is what a society is. A society is, essentially, the action of human intelligence, among a people, upon an area which we define as the Biosphere. The Biosphere is an area which includes what we define experimentally as non-living processes and their products, and then also, living processes and their fossil products.

Now, we, as human beings, as society, we act upon a planet in which the preconditions of human life are possible, because of the development of the planet, the development of life on the planet, the development of the fossils created by life on this planet. We then act upon this. We don't act as monkeys do. Monkeys make no inventions. They may pull tricks, like some of our politicians do—but they don't actually make useful inventions.

So therefore, when we're talking about production, there are two ideas of production. And in European history, they're defined very clearly, by the principle of Aeschylus' famous tragedy *Prometheus Bound*: that Prometheus is sentenced to eternal torture, because he gave knowledge of the use of fire to mankind. This is characteristic of oligarchical society. We say, "We don't want the people to come up with ideas. We don't want them to become scientific. We don't want them to learn scientific principles." We want them to be used, as Quesnay proposed, and Turgot proposed in France, as the Physiocratic doctrine: that human beings are nothing but cattle, human cattle on estates, to be raised like cattle, for the benefit of the profits of the lord of the estate. That is the traditional manner of ancient society: It's to treat the great majority of society, *either as hunted or herded cattle*. To be used for the convenience of a small group of people, who exploit them.

Whereas, in reality, all human beings are potentially creative, if developed. And all human beings can be fruitful, if they are given the conditions of life, in which to be fruitful. And the thing we prize about the human being, is not their ability to *behave as told*, but their ability to behave in a way *contrary* to what they've been told! To make useful inventions, which change society for the better. And we organize society to promote those changes. We define people as obliged, not to obey rules as such, but to accept common tasks, common purposes, and to cooperate in common purposes. But the factor of cooperation always includes emphasis on promoting the education and development of the creative powers of the individual. And reshaping production, reshaping the conditions of life, to provide the greater opportunity for those individuals who wish to make a creative contribution to humanity as a whole.

Globalization: A Self-Inflicted Disaster

So, what did we do, with globalization? We took the United States; we took Europe; we started in Britain, first of all. (Everything bad usually starts in Britain. They're very good at inventing this sort of thing. It's their contribution to history, is to invent bad ideas.) So, we started with the process of exporting national production, into areas where we could exploit cheap labor, without paying for the infrastructure needed to support those populations. We then did this to the United States. And we found areas, where we *prohibited these countries from developing their basic economic infrastructure*, as we have done in Mexico, as we have done in South America, and as has been done on a grand scale in Africa, by aid of genocide.

We did the same thing in Asia. The tsunami crisis showed exactly what happened: People died on beaches, why? Because the U.S. policy, and the European policy, was, there should be resorts—hotels and resorts—recreational centers, but no development! Development would be enlisted to entertainment, for foreign guests who could use the bodies of the

indigenous population for sexual recreation, and similar kinds of things. So, you had congregations of people, living along beaches, where the hotels were there for people who wanted sex or swimming.

So, they were living in shacks there. When this thing hit, there was no infrastructure to protect them. They were living under unsafe conditions, which were dictated by economic policy, of institutions such as the Asia Pacific Foundation, which is an Anglo-American controlled institution. Typical!

We have not developed the infrastructure of this part of the world; which is the key part of the world, the future of the world: the greatest concentration of population—China, North Asia, India, South Asia, Southeast Asia. This is the center of growth of the world's population. What you do to this area, you are doing to the world as a whole.

We prohibit these areas, as much as possible, by various tricks and by miseducation, from developing the basic economic infrastructure. The result has been: We have taken the highest level of productivity in the world, physical productivity, which is concentrated in Europe, and in the United States. We shifted the production from the United States and Europe, into countries where cheap labor did the work instead. Cheap labor, without much infrastructure, at least for the majority of the population.

As a result of that, we earned less in the United States. The British are a perfect example of a self-inflicted disaster. We did the same thing in Europe. So therefore, we *destroyed* infrastructure! And we are *destroying infrastructure*, in the United States and Europe. As a basis of this, we are shipping production into parts of the world where there is no significant infrastructure, or not adequate infrastructure to maintain the population as a whole. The result is, *we have lowered the world's productivity per capita!* Because, it is the relationship of production to infrastructure, which determines physical productivity.

And that's what we've done.

Therefore, by globalization, by eliminating protectionism—so that if one nation wanted to make a mistake, it didn't necessarily affect the other nation directly—by eliminating that protection of national sovereignty, we've created a situation, where any disease, of an economic disease, *is a global, fatal epidemic*. So, the collapse of any significant part of the world today, is a collapse of the world as a whole.

Just think of it: What happens to countries like India and China, if their export markets collapse in the United States and Europe? And they're about to collapse, right now. The United States can not carry this debt that's developing now; it can't do that. United States' purchases will collapse. Even if it means killing people in the United States by starvation.

Health care is collapsing, health-care institutions are collapsing worldwide. Vulnerability to epidemics is greatly increasing, as a result of these things. So, what we did, is by going into what's called a "free-market economy," by going into a purely British-model economy, by using economies



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Left to right: EIR editor Jeffrey Steinberg; Dr. Clifford Kiracofe, who teaches at Virginia Military Institute; and Lyndon LaRouche. Steinberg and Kiracofe briefed the seminar on the history and current developments of the political fight in the United States.

which are based on the Venetian model, of governments which are ruled over in their economic policy by independent, so-called, central banking systems. Europe has no sovereignty today. No nation in Europe is sovereign. They are all subject to independent central banking systems. Independent central banking systems are slime-molds. They are parasites, sucking on the blood of the entire nation. Governments which attempt to fight these slime-molds are overthrown, by one means or the other—as we’re seeing in Europe today.

So therefore, the United States is crucial, in this respect: The United States is crucial, because we have an economic system which is *not* the so-called capitalist system. The United States is not a capitalist economy! The United States is a system based on what’s called the American System of political economy, which was created *in opposition* to Anglo-Dutch Liberalism!

The European models are capitalist economies: They’re based on Anglo-Dutch Liberalism. The only time that European economies were not capitalist economies, is when, as with Bismarck’s case, is when Bismarck realized, from the lessons of the American success of 1863 to 1876, recognized that Germany had to go to an industrial model. What happened? Not only did you have people like Emil Rathenau, and Siemens, and so forth, launching the great industrial development of Germany; but you had the general welfare laws in Germany, which were the so-called Bismarck reforms—which were set up to do what? To provide protection for the general population, in such ways that you could have a highly productive general population.

The same thing was attempted in Russia, by Alexander II, the Czar, who was a friend of the United States, and who was obviously eliminated by the British, at the first opportunity. Like Alexander III, the same thing. But Russia, under

the influence of Mendeleyev’s guidance, and the adoption of the policies of the American System by Graf Witte, was a successful industrial development of the population.

The same thing, Sun Yat-sen’s conceptions of a new China, were based on the same principles. Which China, since Deng Xiaoping, has been moving in that direction, trying to do that again, today, as with the development of a railroad system for the internal infrastructure of China.

The Sovereign Nation-State Is Essential

So, we have to go to a different kind of model, the model in which we, instead of having a Hobbesian rivalry among nations, we recognize that the nation-state, the sovereign nation-state, is an essential medium of self-government of a people. They manage their own affairs. They manage it, because they share a common culture. They can share ideas in that culture—they are not cattle, who take orders. They have a language, they have a culture, a cultural tradition. They think in terms of that language, that cultural tradition, developing that language, developing that cultural tradition.

But we all have a common purpose, if we are human. We are all human beings. This planet and the future of humanity is our common concern. But we know from experience, that the best way to do that, is through separate, sovereign nations, whose purpose is not to compete—except in ideas, and in practice—but whose purpose is to *benefit* one another. The same principle, of *agapē*, the same principle of the founding of the modern nation-state, is expressed in the Treaty of Westphalia: What’s the first paragraph, the first sentence of the Treaty of Westphalia? It’s the principle of *agapē*! The existence of the people and the nation, is to care primarily for the other! Improve the condition of the other. So a system of nation-states which cooperates, with the idea of mutual assistance, for the development of the other sovereign people, is the idea which is needed.

The United States represents that tradition. It is presently the only part of the planet, which has a Constitutional form of government which actively represents that tradition.

Return to the FDR Model

And what we must do, since we have responsibility, as a result of Franklin Roosevelt’s work, we have the responsibility for an orderly international financial-monetary system—for the world as a whole. We can’t force it on people, but we must offer it, and we must protect it, for their benefit. We must form associations for that purpose. Roosevelt’s intention was to use the United Nations as a vehicle for that kind of cooperation. (Truman and Churchill had a different idea; they used it to start a world war.) But that idea is valid.

We set up institutions such as the IMF, the original Bretton Woods system, and the World Bank, to fulfill these purposes.

These institutions have now been corrupted, and serve purposes directly contrary to the original intention of Franklin Roosevelt's government.

The world as a whole, if it faces reality, knows we need these reforms. We need to return to the Franklin Roosevelt perspective, or what was his perspective until the moment he died. The kind of world he intended, that we should build. Whereas Churchill and Truman and the rest of them, went in a different direction, which we're still suffering from.

And therefore, we in the United States, have a special moral responsibility, to recognize that under our system of government, banking systems and trade do not determine prices. Governments do. We determine protected levels of prices, in order to maintain levels of investment in basic economic infrastructure, and improvement in industry. We do that. It is our voluntary responsibility. We create a structure of prices. We do not allow a market to interfere with our management of our economies.

The idea of the market is a Venetian idea. It's an evil idea. We must eradicate the idea of the market, the way the Venetian defines it, from our system. And go back to a protectionist system, under which the government recognizes that 50%, at least, of the total expenditure of a government depends upon the general welfare, as associated with infrastructure. We must promote scientific and technological progress, not the insanity which has taken over since the Greenies were born.

And that's our problem.

Now we've come to the point, that for over 40 years, we have been making mistakes. The mistake is largely the result of the Churchill-Truman agreement, at the end of the last war, to go to a world war as a way of preventing Roosevelt's system from working. We have to create the same intention that existed then.

We've lived under a mistake. We have come to accept habits and ways of thinking, which are a mistake. We say, "Experience teaches us." Experience has made us fools, because we were not smart enough to outwit experience, to recognize when experience was wrong.

And therefore, in the United States, we have this responsibility. We have a Constitution which still functions. You have a Senate, which is not a parliamentary institution—and that's where Europeans are wrong: They don't understand the U.S. government. The Senate is not a parliamentary institution. It never goes out of existence. Every European parliament goes out of existence at every election. The U.S. government never goes out of existence; the Senate remains in existence. The President changes; the Federal institutions remain in existence. Elections occur—the Senate remains, without any break in continuity. One-third of the Senate is changed every two years, but the Senate as a whole is maintained. The Senate is given powers under the Constitution—we created the most powerful kind of Presidency, as an institution, the planet knows. It's the most efficient

Presidential institution on the planet.

But: In creating a powerful institution, we recognized the danger that such an institution could be used, by evil forces. Therefore, we built into our system, certain checks and balances, including special powers of the Senate. These powers of the Senate, are the power of a *minority of the Senators* to oppose the Federal government, the Executive branch, on crucial issues of government.

What the George Bush Administration attempted to do—under orders from George Pratt Shultz and people like that—was to break that power, of advice and consent, of the Senate, to take advantage of the fact that you had a majority of Republican Party members in both the House and Senate, in order to impose—by will—whatever the White House, or its masters, dictated.

If that had not been defeated, you would have nuclear wars around the world, already, today! Such as the question of North Korea. Cheney and Company, and the people behind him, were ready to start dropping nuclear weapons on mountain areas in North Korea! They zealously desired to do it! They had similar kinds of ideas. *The Senate's action took that power away from them.*

And now, what is happening, is, the power of the Presidency is diminished—of this Presidency—is diminished, as the Senators stand up on their hind legs, having proven their power as a body, as a bipartisan body, and are beginning to move, to defend pension systems against rape; they're defending the pension systems against General Motors Corporation; to defend the Social Security system; and they will defend other things now. They will call into question, more than ever before, this Iraq war. They will call into question, the war policy in general.

Because the United States is now, through the Senate, becoming the United States, once again. Like a Phoenix. It's inherent in the system, and we've now saved it.

If nothing goes wrong, if we continue our course of action, we can save the planet. If we don't do this, the planet won't exist!—at least in a decent form. Therefore, *we have no choice*, but to form certain policies. People will often oppose policies by raising objections to them. But on the battlefield, in decisive wars, you don't raise such objections. You don't raise an objection to the policy which determines the life or death of a nation.

We now have policies, not in the military domain, but in the political domain, the economic domain. *These policy changes* will determine the life or death of world civilization. We have to eliminate the environmentalist movement as a force in politics. We have to eliminate globalization. We have to eliminate the related provisions of the World Trade Organization. These things must be eliminated! Whether this is popular or not is irrelevant. We have the choice: Either we make these changes, *or we go down*. You have no choice, unless you choose to lose the war.

Thank you.