

LaRouche to Chinese Daily: Humanity Depends on Eurasian Development

On Nov. 22, one day after President Bush concluded his visit to China, the government-controlled People's Daily published on its English-language website an interview with U.S. economist and statesman Lyndon LaRouche, published under eight subtopics. While LaRouche is by no means unknown to the readers of People's Daily (his economic and political comments are referred to regularly in its columns), this was perhaps the most sweeping exposé of his thinking and his activity yet to appear in a mainland Chinese publication. People's Daily has not currently translated the interview into Chinese, but others have translated excerpts.

The interview was based on a two-hour interview which LaRouche had at his home in Virginia on May 8, 2005, with People's Daily Washington, D.C. correspondent Yong Tang, who had previously interviewed him for shorter pieces on issues of economics and U.S. politics. The interview ranged over the whole gamut of LaRouche's activity, including a lengthy section, where he was able to talk about his fight with the "secret government" apparatus after his success in getting President Reagan to adopt the Strategic Defense Initiative, the political machinations that led to his subsequent incarceration on trumped up "conspiracy" charges during the Administration of George H.W. Bush, and LaRouche's creation of a growing youth movement to carry forward his ideas to the next generation. It also dealt with the role of U.S. intelligence in creating the network of Osama bin Laden during the Afghanistan War against the Soviet Union and the new "great game" being perpetrated by Cheney and Rumsfeld in Central Asia today. While it has not yet been published in Chinese, it proved to be the most popular news item of the day, ranking number one in number of "hits" on the People's Daily-Online site. The interview begins with LaRouche's observations on the unraveling of the international financial system, which was underlined by the People's Daily headline, "Global financial crisis is coming."

Q: Your most recent forecast is that the global financial situation is on the verge of collapse?

LaRouche: It's already happening. Because the whole system has been insane since 1971-72. We had the Bretton Woods system which was built by American President Roosevelt. It was a fixed-exchange-rate system with a gold denomination, a reserve system. Despite the attempt to sabotage the system, it worked. It was the basis for the recovery of the

United States and Europe in the post-war period. And they destroyed it.

Q: In the 1970s?

LaRouche: First, in 1964, America started the war in Indo-China. That was the first mistake. The United States began to move in the wrong direction economically in 1964-65. By 1967, it was obvious we had made a turning point in technology. In 1971-72, with the Nixon decision on the monetary system, we entered a new monetary system which was a failure from the beginning. Now what happened is that because of our long-term capital investment in infrastructure and other things, we had a lot of technology, a lot of economic power built into the U.S. economy.

But today, we Americans have been exhausted. Our infrastructure has not been replaced. We have not replaced our power stations. Our railroad system is dead. Our economy is dead, in whole parts. Our people don't have the skills they had 20 or 30 years ago. They've lost it. So we are disintegrating. Europe is disintegrating. We are a lost nation. We are a failure. Europe is a failure, in general. So the world economy has failed. We have a tremendous amount of financial debt that we can never pay.

Q: You mean—

LaRouche: Outstanding financial credits.

Q: You mean current account deficit?

LaRouche: More than that. The world economy is about \$50 trillion a year in debt. We have hundreds of trillions of dollars of debt. We can never pay this debt. Because of the inflation of the debt, especially since 1987, the build-up of the financial derivatives speculation is so great. First of all, physically we are breaking down. We are at a point where, to maintain our economy physically, we would have to make large-scale investments. We have to replace the infrastructure. We are losing our water systems. We're losing our power systems. We're losing our transportation systems. We're losing our health-care systems. All these physical things on which the prosperity of the economy had depended are now worn out. They're gone. And we have tremendous debts. Our rate of production is collapsing. And therefore, we are at a point where the system is going through a systemic collapse. This is the biggest collapse in modern history, it is now occurring.

And the idiots just deny it. They just deny it. If you admit you would have a problem then—

Q: It sounds too horrible.

LaRouche: It's collective insanity, mass insanity. It's cultural insanity. It's how whole empires disappear. You say, this is a powerful empire and suddenly it collapses. How could this powerful empire collapse? It didn't collapse because of external reasons, it collapsed because of internal reasons. And that's what's happening now with the United States and Europe. It's the internal characteristics of the problem which are the cause of the collapse, not something external. Human beings naturally tend to be creative. If you have a good system, they will work, they will make improvements, they will survive. *But*, if they adopt an idea which is a bad idea, they can destroy themselves, as ancient Greece did, as Rome destroyed itself. So you have a self-destructive policy. We have an insane policy. We are destroying ourselves. Europe is destroying itself.

In the interview, LaRouche was also asked about his role in the development of President Reagan's Strategic Defense Initiative (SDI), and his rationale for developing such a program. The Soviet refusal to take up Reagan's offer led to, as LaRouche warned it would, the economic collapse of the Soviet Union.

LaRouche: I was involved within a back-channel function with President Reagan. I had had this idea about how to get out of this ballistic-missile problem, to work our way out by a new policy of defense. And I thought that with the Brezhnev period, it was possible that if the United States made a certain offer, the Soviet Union might accept it. And that is, instead of having a nuclear missile barrage, we could have a system under which we would cooperate to develop systems that would be able to prevent nuclear-barrage attacks. If we cooperate, we will share the technology and use the technology for other purposes rather than military, as well. I thought the Soviet Union had an economic crisis internally, an economic crisis that was building.

Q: How did you know that?

LaRouche: Because the Soviet economy in the military was very successful, because they used science. But the Soviet economy in the civilian sector was terrible because they didn't use science. The typical case in the Soviet Union was the fact



DPA/Liu Jin

LaRouche pointed out that China—unlike Europe and the United States—is developing advanced mass transport systems, such as magnetically levitated rail. Shown here is a billboard on the maglev from Shanghai to its airport; this is the world's only commercially functioning maglev.

that you bring in a new machine tool but they wouldn't use it. They want the old machine tool. So there was this opposition to technological progress. And the Soviet bureaucracy in industry was very stupid. They were very bureaucratic.

If the Soviet Union could stimulate the economic development to break the failure of the private sector, it could have developed quite successfully based on using science for the economy in the way they were using it for the military. And if the U.S.S.R. and the U.S.A. cooperated, we could do that. We could bring nations together by cooperation about this idea, a technology-driver to improve the economy of all nations by technology, making technology available. Then we could bring about peace on the basis of the interest in common technology. So I was engaged in this. President Reagan was interested in my idea. So I became then a back-channel with the Soviet government under President Reagan. I was just a private individual, but I was working both ways. I would meet with the Soviet representatives, I would meet with the U.S. representatives, and we would talk. It was exploratory, just to see whether agreement was possible.

So in 1982 and 1983, I had this discussion with the Soviet government officials. And one day they came in and said, "Andropov says no." This was in February of 1983. I said, "You've got to change that. If they continue with the present military policy, the Soviet system will collapse for economic reasons within five years. Then, the next month, Reagan made the speech that made the offer. I told the Soviet government officials if Reagan makes the speech, and makes the offer, and you reject it, Soviet collapse is what will happen. Reagan

made the offer publicly, and the Soviets rejected it. Andropov didn't even negotiate. Soviet officials tried to talk to him. They said, "Talk with Reagan. He made an offer. Talk with him." "Nyet!" And they knew better. Okay, I won't make any more suggestions. And that was it. And so that's how it happened. The facts were clear to anyone who looked at the situation. And the Soviet collapse did happen then.

At the time of the interview, the GM crisis was just breaking, so the conversation turned to LaRouche's warnings of the serious consequences a failure of GM would have on U.S. manufacturing capabilities as a whole.

Q: According to your system, you pay much more attention to the real economy than the virtual economy. And you also said that the American auto industry will die soon. Why do you think the American auto industry is going to collapse?

LaRouche: Because the management of it is insane. We are producing too many automobiles.

Q: Producing too many?

LaRouche: Even worse than that. In order to produce too many for this industry, we have set up a credit system which is insane in the auto industry. The people who are running the auto industry are insane, absolutely incompetent and insane. They're only interested in money. The key thing is here. What you have in Europe and in the United States, in particular.

You have a section of the economy which is called the machine-tool sector. These are the people who make the machines that make the machines. You have, for example in Japan, a sector which has that kind of capability too, a machine-tool sector. Japan's economic power, apart from whatever else it did, was from the machine-tool sector, the science machine-tool sector, which they adopted under the Meiji reforms which were designed by the United States in the late 1870s. So you had Henry Carey's friend, Peshine Smith, who was sent to Japan from the United States to advise Japan, and that's how Japan's industrial revolution occurred in 1877-79. So this was realized later, when Japan developed a machine-tool industry, and they got into the auto industry and so forth. And Japan's machine-tool technology is very good. They're very advanced in this. On the outside Japan is very sick, but inside Japan, the old Japan, the industrial Japan, has a very good section in the machine-tool sector. Now the machine-tool sector is the key to developing any modern economy. The machine-tool sector is a small percentile of the total labor force. But it is the part of the labor force which actually develops the economy.

So, in the United States, we too have a small group of people who can make a completely new product within a year. Make all the tools and make the new product, design it and everything. So therefore, the small number of machine-tool people are the basis of the employment of the whole labor force in that industry. The U.S. machine-tool industry has two

sectors: One is in the military sector, which is largely the Air Force, like Boeing. These have machine-tool capabilities for the aircraft industry. They are largely now concentrated in the military sector. The civilian sector is dead in that area. The military sector is the whole sector.

If we shut down the auto industry, which is threatened now, we don't have a machine-tool sector. If we don't have a machine-tool sector, we don't have an economy. And the same thing is true with Europe.

The same is even true for a developing country, as in China. The key thing for China's long-term economic development is the machine-tool sector. The machine-tool sector is science driven. It's a science driver. The machine-tool sector turns science into machine tools and designs. Machine-tool designs make the industry, make the productivity. So without this strategic factor of the machine-tool sector, you cannot really have a self-sufficient modern economy. The auto industry is junk. It's over-built. There are too many automobiles. But the auto industry can make locomotives. They can make rail systems. They can make all kinds of things, different kinds of things which are needed very much by society.

So if you diversify the production from just automobiles or concentration on automobiles to different kinds of things, things that are needed now, you've got a healthy industry again. So my concern is to diversify it, have the government put it into reorganization. Keep the people employed, but change the assignment. Because we have to build a railroad system again for the United States. We have to build dams. We have to build power stations. We have a lot of things to do. And the machine-tool sector is the means to do it.

LaRouche's international renown has, in most recent years, been most closely connected to his proposal for establishing a New Bretton Woods system, an idea for which he is often cited in the Chinese press. In response to a question on how a New Bretton Woods would function, LaRouche elaborated on the American System of political-economy.

LaRouche: Now, in the American model, our policy is that money has no intrinsic value. Money is given value properly by government, and the government protects that currency by managing, managing prices and so forth, to prevent the currency from becoming crazy. Now, the basis for development is capital. You need long-term investment, you build a power plant, like the Three Gorges Dam, it's a long-term investment. It's going to take many years to get the value out of the Three Gorges Dam, but it's essential. So a tremendous amount of investment goes into Three Gorges. Now you have to write on 30-year, 50-year investment before you have to start replenishing it, rebuilding it. So therefore you have to have investment.

But what happens if your prices go wild, go up and down? Then you can't make long-term investments. Just the rate of borrowing costs, if borrowing costs fluctuate wildly, you can't

make long-term investment. Because long-term investment is generally 2% interest per year, maybe 3%. But if the prices fluctuate, then the interest rates go up, borrowing costs go up. If the borrowing costs go up, if the currency fluctuates in value, then international cooperation and development end. So therefore, you must have a financial system which has a fixed exchange rate over the long term. The borrowing costs among countries must be cheap. There must be guarantees to prevent the system from going wild. Then you could do it. We could get out of any mess by sufficient long-term investment in things that countries need. Long-term projects. Which means that we employ enough people so that we are producing more than we are consuming. We should make long-term investments in infrastructure. And we would survive just fine. Whenever we did that in the United States, we did well. Roosevelt rebuilt the U.S. economy. Hitler would have ruled the world if Roosevelt had not been American President. Roosevelt saved the U.S. economy. And without Roosevelt, Hitler would have been dictator of the world. So it was the right thing to do, because we had the power which enabled the victory over the Nazis during World War II.

As a matter of fact, we should go back to the American system, away from the British system. So my proposal is essentially what Franklin Roosevelt did at the end of the Second World War. At that time, the United States was the only country that had a stable currency. We used the U.S. dollar in the Bretton Woods system to set up a fixed-exchange system for the world. And under this fixed-exchange-rate system in the first 20 years after the Second World War, there was a great rebuilding of Europe and other parts of the world, with economic growth during that period. Then, starting from London, the British faction and their friends in the United States began to destroy the American system with the first Harold Wilson government in 1964-65. So we destroyed the Bretton Woods System, which Nixon did in 1971-72. And when that happened, we went crazy. And all of our economic problems came out of this change from 1964-65, the change of the monetary system from the Bretton Woods system of Roosevelt to this floating-exchange-rate system.

Tang asked LaRouche what formal role he was now playing in U.S. politics, after having run as a Presidential candidate so many times.

LaRouche: I'm just the head of my own association. But that's the way it functions. You become a recognized political figure of the institutions of government. And you're recognized as being a part of the Presidential system. So technically, I'm a part of the Presidential system. I've run officially and been qualified as a candidate. I've run as a candidate. I influence politics. I consult with people in all kinds of layers in politics. I consult with international people. I advise my government on various kinds of things, when it's willing, from time to time. So I'm a part of the system of government

of the United States, in this capacity. That's the way our system works.

Particularly with the Presidential system, in which you become a permanent part of the actual government, without you actually holding any office. But you become, by common understanding, a part of the system. And I'm a part of the system of government of the United States.

Time and again, the interview would return to the problems of China and of Asia. Yong Tang asked LaRouche's view of the tremendous influx of foreign direct investment coming into China over the last few years, spurring its present economic growth.

LaRouche: The problem is that the countries of Asia which are, in a sense, beginning to move up in a certain way, are caught in a world which is destroying itself. China, as I say, doesn't really have the independent economic development it requires. It has development which it has brought into China, which is useful. But it is not entirely China development. It's foreign development coming into China. Foreign technology coming into China. But what about the generation of technology within China by China? The country must have its own independent development.

Yes, bringing in outside development is good. Yes, you do that. You'd be foolish not to. But you must develop your own internal development—at least for the long term. And the problem is that the situation with India and China and the countries of Southeast Asia: They could not develop on their own if Europe and the United States collapse.

There was also a good deal of discussion on the question of culture in Asia. Tang asked LaRouche what he meant when he said that he was intent on saving a Western civilization that was dying? And what importance would this have for China?

LaRouche: Well, because, actually, the history of Europe contains a very important element for all humanity. It starts with Egypt, actually. Egypt, probably from about 8000 B.C., emerged as a product of a certain kind of culture which had existed as an international maritime culture, world maritime culture. Remember, you go back 20,000 years, and the northern hemisphere was dominated by big glaciations in which glaciers ran accumulations of hundreds of feet. In that period the oceans were 400 feet lower than they are today, so that the coastal areas then are 400 feet possibly below the sea level today on our coast. The development of river populations, as in China, for example, came later. River populations developed out of maritime populations which are sea-going populations, which, after the melting of the glaciers, came up the rivers and began to move up the big thick parts of the rivers, and to get settlements along the side of the rivers. So you have the river development, which is the second phase; the first were the oceans.

Now, one of the developments was the Nile. The Nile at that time was a big river because Africa, during this period of the glaciers, was wet. North Africa was very wet. It had vast, vast rains. The desert is now a new phenomenon of the recent 10,000 years, like in the Middle East. So in that period, the mouth of the Nile was one of the big entry points for the settlement of maritime culture. So the culture of Europe came out of Egypt, out of this development in Egypt of a special culture which is based on a maritime culture, based on astronomy and astrophysics. So this culture went through various kinds of crises, but it had a continuity, as we see in the pyramids, the late pyramids of over 5,000 years ago.

So this culture then created Greek culture. The Greek culture of Thales of Miletus, the culture of the Pythagoreans, the culture of Plato, all came out of this. In this concept, there came the concept of man, of science, what became modern science, it started there. The idea of the nation-state as a nation of a people as opposed to a nation of conquered peoples, came then. So the important thing in European civilization is this thread of development, which actually started out of Egypt, on the effect on Greece, on Greek culture, of this idea of the nation-state, of the nation-state of all the people.

We didn't realize such a civilization, such a state, until the 15th Century in Europe. But the idea of getting such a state was an important idea, the idea of science, the idea of this was of importance for European civilization. What has happened is, the opposition to this has always tried to destroy this, to corrupt it. We have the Roman Empire and so forth which are efforts to destroy this kind of thing. So therefore, what the world needs is a system of nation-states, it needs a system of sovereign nation-states. Asia needs that. All parts of the world need that. So therefore, what we have in European civilization is the idea of the sovereign nation-state. These ideas which are traced from Egypt into Greece are very important to humanity as a whole.

Look at China, for example, the question of how to rebuild China as a nation-state after what the British had done. It was the same thing. It was this idea. Sun Yat-sen was offshore Chinese, educated in Hawaii, became the hero of China, of China's struggle, and had these ideas. These ideas were very influential among offshore Chinese at first, and then they spread back into the mainland. It was the idea of organizing a Chinese revolution, a Chinese republic.

So it is in that sense, that these ideas, which come from this European experience, are one of the precious assets of all humanity. Therefore, the important thing is not just the nations as such. The important thing is to save these ideas for humanity. Take the case of China today. What are we going to do about the many poor people in China? The very large part of the population of China is poor. How do we realize a solution to this problem with the aid of science? These ideas are very important. It's important to get cooperation around such ideas among nations to solve this problem. Therefore, that's the importance of Europe. It's not just

Europe as an area, it's these ideas, the idea of mankind, the idea of a nation-state.

Toward the close of the interview, LaRouche underlined the importance of resolving the cultural issues posed as a prerequisite for implementing an economic development policy for Eurasia. In his concluding comments, which were somewhat abbreviated in the published on-line interview, he was quite explicit on this point.

LaRouche: All of humanity is going to depend upon the success of this. We have the long history of mankind. The problem of the challenge of Asian culture has to be yet solved. We have to solve the problem of bringing equity into Eurasian culture. That will be the future of mankind.

We have to make a change. Otherwise we're going to have wars, troubles forever. We have to change. We have to go to a new kind of conception of mankind. It's not a new one really, but it's a realization of one. And what happens in China, what happens with India—to me this conflict and difference in culture between China and India is typical of all of Asia. This difference in culture, if you can bridge this difference, practically, and bring the other nations of Asia into it, together with Europe, now we have something worldwide, we have something which is good for the future.

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