

LaRouche Talks With Chinese: It's Time for Solutions

The following is excerpted from an interview given by Lyndon LaRouche to a Chinese news outlet on Aug. 16, 2007.

Q: First of all, we are very interested in the current affairs, especially the subprime market. You are saying that it will be a crisis for the collapse of the financial system. . . .

LaRouche: The world financial-monetary system in its present form is disintegrating. There will never be a recovery of *this system, never*. But the problem is, how do we save the world from the collapse of this system? It means you have to take actions in a crisis, to save the world, not the system.

So, what is the alternate system?

The alternate system is a Great Power system, which immediately changes world policy. That is, you have many countries which would like to change things, but they do not have the power to do so. So you need a group of powerful countries, which work together, which bring the other countries together for a common interest action.

Q: Who are the group of powerful countries?

LaRouche: The United States, Russia, China, India. . . .

Q: Not including Britain, Japan, and—? . . .

LaRouche: No, they're not really powerful countries. Britain is powerful, but it's an empire, it's not a country. And as a country, it's a piece of junk. As an empire, it's powerful. That includes Australia, New Zealand, etc., etc. Includes the world monetary-financial system. The same system as the East India Company. The same thing with a new name, a new form.

So therefore, if we say that the present world monetary system is bankrupt, the money system, then we can say, if the governments agree, four leading governments, and other governments agree, we can say, immediately we freeze world cur-

rencies, at current levels. And we reorganize the world financial system.

Q: You think there is the possibility for the Big Four to reach agreement on a monetary system?

LaRouche: There is. Look, in the United States you have a potential for that, which is real. Not in the present Administration, but it could be done, even with the present Administration, because in a crisis, we can dump Cheney, and bring Bush under control.

Q: Cheney and Bush will be out in 2008; they will be gone.

LaRouche: No, too late. Because the crisis will come before 2008. The crisis is coming now.

What we have so far, is Putin and his government have shown several kinds of indication of their willingness to accept such a proposal. China is in a situation where China will have to make a decision of this type anyway, because the present financial disorder is now becoming a threat to China.

Q: Some say China and Japan are not threatened by the present crisis—but many say that the implications will go to China, will go to Japan.

LaRouche: Well, the point is, you have a state of warfare against China by Britain and by the forces in the United States which are partners of Britain. Japan is different. Japan has an existential interest, and it has an imperial interest—two different things. Some Japanese want to live, as Japanese. Others want to be an imperial power, allied with Britain, to feel like a Great Power, and to express Japan's anger against what it did not get—Ishihara in Tokyo.

Q: Would you tell us how dangerous are the results, the consequences, of this current crisis?

LaRouche: This can be existential for the planet as a whole. For example, look inside China. China has a certain development, and a certain part of it's good, but there are many problems left over, which still have to be solved. This requires 50 years to solve, really.

Q: Maybe more than that.

LaRouche: Sure, but you get stability. You have to arrange the world—50 years means two generations. That is, people who are now in the United States in their 20s, young adults, 50 years from now they will be retiring. This is the new generation. And if this generation in Europe and the United States and elsewhere agrees, they are going to shape the future for two generations. So therefore, if we can leave the world, 50 years from now, going in a good direction, we have done our job. So, therefore, we need agreement; what we need is development.

Now, this means an end to this financial system, first of all. It means freezing currencies and making currencies not instruments of the market, but of governments. In other words, actually, the *credit* of governments.

For example, China needs every kind of development imaginable. Europe and the United States are broken-down economies; they produce almost nothing now. But we have a labor force which could be revived to produce. All right. What will they produce? They will produce infrastructure for their own countries, and they will produce products for Asia, because the great challenge of this coming 50 years, is the development of Asia, and the development of Africa. These are the two great regional problems. This also involves raw materials.

If we're going to develop the population of Asia, for example, we need the development of raw materials, which exist in North Asia, principally. This is an area which is inhabited by Russians who know the area. The Russian mission should be to develop this area, as by rail systems and so forth, for the purpose of doing what Russians know how to do: develop the extraction of raw materials, and process them.

The biggest market for raw materials is going to become increasingly Asia itself. Because you have 1.4 billion in China, you have 1.1 billion in India, and so forth. Therefore, to improve the condition of life for the poor population, is going to require a great investment in a flow of new raw materials, and new technologies. The mission of Europe and the United States, in particular, must be development of these technologies, and supply of the basis for these technologies.

For example, we should be producing in the world today five nuclear fission plants per week.

Q: For which country?

LaRouche: Every country—that is, the total.

Q: What about nonproliferation?

LaRouche: That's not really a problem, as you know. If you

have sane governments, nuclear warfare, thermonuclear warfare, is absolute insanity. Putting stations in space to bomb the Earth is insanity! This can happen, but it can happen only under a very strange kind of government. It could happen, if we lose. We can get terrible kinds of governments, which would do anything to humanity. Mass murderers, everything. Racism and so forth, all this stuff.

Like the conflict with Islam, which is totally artificial. Islam has problems, internal problems. But you don't want to make it an enemy! You want to learn how to deal with it, how to work with it, how to cooperate, and let it grow up, into a happier state.

Q: Yes. You are saying about the raw materials and technology, the raw materials of North Asia and Africa. And the Western countries should actually transfer technology to the developing countries.

LaRouche: For example, take the case of China. You get an agreement with Europe and Russia, you make 50-year agreements, 1-2% interest, simple interest, no big stuff, in which they make treaty agreements, on the basis of a list of projects and programs, which have 50-year duration. With a fixed exchange rate, where the currencies do not fluctuate per day, because they're not monetary currencies any more, they're credit systems. The currency is created by the credit of the government, the state, and the state makes agreements with other states to fix a currency, and then forces the prices to fit within those currencies, not make the currencies fit those prices.

Then you can have long-term agreements at very low interest rates.

Q: You mean, this plan is based on agreements of governments. Do you really think it's realistic?

LaRouche: It is, because we're in Hell right now. And a thing like this can only be done, when leading nations and leaders of the world know we're in Hell. Then they will do things that they would otherwise not do.

Neighbors who don't like each other cooperate in warfare, for a common defense....

Q: The only way out is the agreements among the Big Four, as you said, Russia, India, China, and the States?

LaRouche: Yes. That will succeed. When you're at a point of crisis, and the boat is sinking, you have to get off the boat. At this point you actually have channels, including back channels, between Putin and some people in the United States, which have developed since the Spring of this year. The basis is long-term. Since Putin became President of Russia, he's had a consistent approach to the United States, and the circles around Putin have consistently referred to Franklin Roosevelt.

What Russia has said, and many people in Europe also agree, especially in Italy—the Italian parliamentarians, for

example—agree with me that the Roosevelt model of recovery is what we must use. That this means the American System, not the British System. This means that currency is no longer controlled by central banks. The currency is controlled by treaty agreements among governments, particularly leading governments. And therefore, if you take the four countries I refer to, you freeze their currencies, with their weight of trade on the world market, you have control of the world currency system.

Now these countries say: We're not going to pay a lot of this stuff, because it was purely speculation, it is not proper; therefore, nobody owes anything. Now we're going to agree on a fixed exchange rate. We're going to provide currency by the governments, under treaty agreements, to make things happen that must happen. We will not bother about things that shouldn't happen. So you no longer have a central banking system to govern, because today, throughout the world, governments are controlled by the central banking systems. This is called free trade.

Q: It's called free trade, but it's not free.

LaRouche: No, it's imperialism! Really, it's the same kind of imperialism which you had, in one sense, under the Venetians in the Middle Ages in Europe. The same kind of imperialism which the Anglo-Dutch liberals have established in the world since the 18th Century. It's the idea of a power, which is like a slime-mold, a collection of financial sharks, which form a syndicate, and control a government....

So, therefore, what you're looking at is masses of private financial interests grouped together as a power, a pack of wolves, a pack of predators, and they seize upon and control governments, and become more powerful than governments. And they use *debt* as a way of controlling government.

The American System says this is not allowed. That is, our constitutional system. It's broken, ... but this is the exchange system which Franklin Roosevelt used. You say the *government* is the owner of its currency. The values of currency are matters of treaty agreements among sovereign governments, not central banks. And the question of monetary agreements, is the question of long-term other agreements: trade agreements, investment agreements, which are tied in by government agreement, by treaty.

Japan will have a certain role. Their role will be to try to sell on the Asian market. That's their interest, their true interest: to produce products which they can produce, which are useful for the market. They will have to create, not the carry



EIRNS/Stuart Lewis

Historically and still today, the objective interest of the United States has always been to have good relations with China, LaRouche states. Here, then-Presidents Jiang Zemin and Bill Clinton, during Jiang's visit to Washington on Oct. 29 1997.

trade, but long-term credit of Japan, industrial credit, which they will supply to countries which are their customers. These countries will pay them back in the future. The terms of repayment will be contracted between governments. Governments should now print currencies which *they* issue, and *their* currencies, not a central bank currency, and therefore the sovereign government of the nation, through treaty agreements, creates a new kind of monetary system which is precisely what Franklin Roosevelt intended to create, if he had not died at the end of the war. That was the original Bretton Woods intention....

Q: You have very, very—honestly—far-sighted ideas. But many politicians here [in the United States] are afraid of “the rise of China,” the “stronger Russia,” and a much stronger India. They are afraid!

LaRouche: When I was a young man, you had propaganda in the United States—it was published in all kinds of magazines and so forth—about “the yellow peril.” And this garbage was all over the place. But it's typically that. And the issue was that you had people who were supporting Britain, who wanted the destruction of China, and therefore, it was against China. And you know of the condition of China in the 1930s! The condition of China in the 1930s was not a threat to much of anyone!

Q: No.

LaRouche: But more of internal problems, terrible internal problems, and the Japanese invasion.

So, what was the “yellow peril” argument? It was the mobilization by the British, for the support of Japan in wars against China. You had people believing this—in my youth. But where’d it come from? Because the United States’ policy has been, always, since especially John Quincy Adams was Secretary of State, that the United States, as a continental nation, had a destiny to open up trade agreements, and good relations with nations across the Pacific. The United States’ interest was always the defense of China, because we knew we were fighting against the British Empire, and the development of China and its security was essential to us, to defend the world from the takeover of everything by the British Empire. And this was the time when Lord Palmerston was running these wars, against China, and against us, at the same time! The Confederacy, the Civil War.

So, you take cases like MacArthur: the same thing. MacArthur represented the American tradition, the trans-Pacific generation. You had the question of Billy Mitchell, the guy who was court martialed, what was it about? Well, the British had planned a war, together with the Japanese, against Pearl Harbor!...

So, that has always been our interest. And the *objective interest* of the United States today, as a nation, is still that. Our objective is to have Pacific security and development. Because we recognize that China is a great trading partner. And also the people of Asia depend upon what happens with China. So therefore, it’s very important to have good relations with China, in order to have good relations in the Pacific with Asian countries; in order to block out the imperial interests of the British Empire. And the British Empire has been our enemy, ever since February of 1763! And it is, today, still.

So, the point is, these are our interests, they are objective interests, they’re long-term interests. But often in the short term, foolish people get ideas which are contrary to their best interests, in many countries. And foolish people are little people who don’t think in big terms, they think in little terms. They think in terms of gossip, scandal, and things like that. “My money, today.” “My sex life.” That’s what they think about! They don’t think about the future of humanity.

And therefore, they don’t have a very good sense of what the meaning of human life is. Because, we all die, and the meaning of life is what we are while we’re alive. What are we doing for all humanity, when we are gone? And that’s simply the problem.

And you can—I’ve seen it often before among our people in the United States. We have a deeply built-in, great potential, for being concerned about humanity in the future. We have more of this than you get in Europe, because in Europe you have more oligarchical tendencies; we don’t have that.

We have, also, in our young population of 18 to 35, a different temperament than you have in the older, Baby-Boomer population. This generation is becoming more mature, it’s becoming older, it’s becoming wiser: The future of the United

States belongs to the generation which is now 18 to 35 years of age. And therefore, they are my primary constituency, which I concentrate on. And I think we should all think like that, because we *all* have that same problem in every country.

We have a new generation coming up, in that age-group, and what we do to develop them, to run the world in the future for the next hundred years, *that’s* what’s important. And that’s our real interest. We have all these problems, yes—but they’re stupid problems by crazy people, and you have to fight against them. But I can understand this thing, because there is actually an evil kind of interest behind all these problems. And that evil interest is what we call the British Empire, which is *not* the British flag. It’s the same thing as the Dutch East India Company of 1763, same kind of thing. It’s the old Venetian process, it’s the Roman Empire, it’s the Byzantine Empire. And it’s been around for a long time.

Q: It’s very surprising to hear you talking about the magnitude of the current crisis, and the credit crunch. Because, in fact, if you read stories from the media, we get a sense that the problem is not so serious. They say, “It’s only a credit crunch, but it can be controlled. And now it’s confined to the financial sector, because the stock market is still strong, which is the envy of the U.S. economy.” But when you talk about it, it seems that the whole system will collapse....

LaRouche: It’s like a man with venereal disease proposing marriage. This kind of propaganda.

Because the system *is* collapsing.

Q: What is the exact impact or repercussions? I mean, when you say, “it’s collapsed,” what does that mean?

LaRouche: It means that presently, the present financial system is in the form of the worst bubble humanity has ever known. See, this money is not a value, it’s a bubble. Psychologically, it’s considered a value. And as long as people believe it’s a value, it has a certain impact. But it *has* no value.

For example, let’s take the case of this, right in this county, Loudoun County: This is actually Target #1, for the world collapse of the system. What was built up here was a mortgage bubble. Remember, you had a crash in the U.S. economy in October 1987, which was very much like the crash of 1929. It happened. It happened in October, I forecast it and it happened *exactly* as I forecast it was going to happen. Volcker was then the head of the Federal Reserve System; Greenspan was already coming in.

And Greenspan came in with a sort of printing-press idea of printing money, fake money, and allowing things that should never have been allowed. He used several things: The looting of the former Soviet Union, that’s what saved the U.S. system, and the looting was *tremendous*, the looting in Eastern Europe, and the looting of the world under those conditions. Then they used what they called the

Y2K bubble, computer systems. The argument was that the present computer systems were going to explode, when the year 2000 came, because of the two-digit number business. So they invested a great amount of money, poured money into developing the computer industry. In April-May of 2000, that bubble collapsed, the Y2K bubble, because the government had stopped printing money for it. In the meantime, you had the use of mortgage-based securities, by Greenspan, which was another bubble. They used, also, bubbles which were based on the launching of the war in Iraq, which is a big bubble.

Then you had the launching of hedge funds. Now, this is worse than a John Law bubble. So, what are called “assets” today, in the banking system, are absolutely worthless. There’s not a single bank, in Europe or the United States, any major bank, which is viable. Deutsche Bank, for example: Deutsche Bank is gone. Practically every bank—UBS, the biggest bank in Switzerland, is in serious trouble! The major banks in France. So, you’re now at the point that the *banking system*, is disintegrating.

And so, you’ve got a situation, in which there is *no way* you can manage this system, as long as you accept the financial claims, which are outstanding in financial markets: *There’s no possible way this system can survive*. It’s finished.

So, what happens is, they lie. The press lies! The stupid politicians lie. They say [dumbo voice] “Oh! Oh! This is not coming down!” Every week, they say, “This is the end, this is just temporary. Next week it’ll be all right.” Then the following week, they say, again, “Oh, it’s going be all right.” The following week, the same thing. So, forget the press, they all lie.

Look at the inside—you should get what I get on the inside! From the inside, among bankers, among people I know, among political circles, this thing is gone! Why do you think Bob Rubin isn’t saying anything? He knows the truth, but he doesn’t dare say it. And other people who are serious on the same thing, they’re going to hide. *I’m* the one who speaks. And they’re very happy that I speak, because I can speak, and it doesn’t affect them.

This system, I’ve known it, I know it well: It’s finished. It’s over.

And my view is, we have to deal with this politically. Because we have an opening, as I said, we have an opening with Putin: If the United States says to Putin, we want to cooperate on a four-power arrangement of the type I’ve indicated, *I know that Putin will accept that*. For example, Kissinger’s already involved with discussions with Russia, since the Spring, on this. Clinton himself is personally involved with Putin, on this kind of discussion. There are a lot of discussions going on, between people in the United States and Russia on this kind of question. That China has an interest in this: obvious. India, objectively, has an interest....

So, if we have this kind of agreement, when these governments are terrified enough—but my view is, you don’t wait

until the terror comes to make the arrangement. You make the negotiations of what you’re going to do, as a contingency plan for when the thing hits, and then you act accordingly. Because you make the crisis give you the *authority* to act. You plan what you’re going to do, think it out beforehand, think out your strategy before the war starts. And then, when the war breaks out, you know what to do—because you’re prepared, you’re organized. And we have to think strategically and say, “All right, here’s the possibility. What date is this going to happen? We don’t know. It’s coming on fast, we don’t know when it’s going to happen. Let’s be prepared. Let’s have our people discuss this. Let’s work out plans. Let’s understand each other, especially among these four nations, those who are willing to do this discussion. And let us be prepared to walk in, on the day when they’re on the floor crying, and say, ‘Okay—here it is.’”

And that’s the way this kind of thing has been done in history in the past, and that’s the way it has to be done now. We have to be prepared: Leading, thinking people in these countries, and other countries as well, have to be prepared. They have to understand what we’re talking about. You have to explain it to them, so they can clear their heads, to say, they’re not confused. They know what you’re proposing, and why. They say, “I don’t think so now. I don’t think it’s happened.” But nonetheless, you get them to understand it.

Because, when they, “Uh-oh! You were right!” Then they were prepared, they were prepared intellectually to make the right decision. The danger is that a crisis comes, and *then* they start thinking about it. Then you lose. You’ve got to think about the crisis *before* it actually hits, in order to prepare the right people to react in the right way.

Q: Just now you were talking about China. You say, China is threatened by the current subprime crisis.

LaRouche: They want to destroy China! Look, you’ve gotten the obvious thing that happened, operations against China in a preliminary phase, in the actual operations, will come from a certain right wing of Japan. Because Japan is situated to do that: the Ishihara factor, of the Mayor of Tokyo. The thing where they played with the islands, the Spratlys off China. They’re playing it against China. They’re a right-wing faction—

Q: Yes.

LaRouche: And you have another faction in Japan, which has a different view of the thing, which realizes that cooperation with China, and with Russia, is essential to them. Because they have technology they can export, and they have a great market to export it to. They want to do that! They want to change it, because the yen is coming down. The yen carry trade has blown up!

The blowing up of the yen carry trade means a crisis, so therefore they can go in two directions: One direction says, “If we go with the British, we attack China.” The other one says,



Tokyo Mayor Shintaro Ishihara (shown on the right in an election campaign poster) is an outspoken China-basher. His right-wing group represents the only real capability in the region to make trouble inside China now.

“No, we cooperate with China. We cooperate with other countries.”

So therefore, in that case, our concern in Japan, is to help the faction that wants to cooperate, and to weaken the part of the faction that doesn’t.

Q: Okay. The United States now is trying very hard to press China to appreciate its currency. I read a research report, I think you may have noticed it, from the Federal Reserve. It said, “The appreciation of the Chinese yuan will play a minor role in the trade relations. . . .”

LaRouche: It has nothing to do with the yuan. They’ve always been trying to do that, because the intention is obviously not the trade relationship with China, it’s the *internal* situation in China that’s the target. They want to create an *internal* crisis in China. It’s not the trade relations they’re concerned about! And poor [Sen. Charles] Schumer doesn’t know what he’s talking about. He’s a nice guy, he’s a lawyer, but he does not understand these things.

So the point is, this is a deliberate targetting of the internal

political system of China, because if China loses face, by being forced to upgrade the yuan, that’s no benefit to the United States. There’s no economic benefit to trade relations, and it’s a threat to the U.S. economy! You would think they would protest against that. They wouldn’t want the yuan touched. Because it is the fixed value of the yuan, which is the greatest advantage for the United States, for trade relations. So why should they want to raise it?

Only because some of the people in the Congress are idiots! They’re coming under pressure, and they don’t want to resist the pressure. They don’t want to think about it. But the target is, as you and I should know, the internal stability of China. That’s what they’re after. And they know what the effect of this kind of condition would mean. Because you have problems and tensions in China, as in every country at this time. You want to start something? Set fire to the place. How do you set fire? You create a crisis. How do you create a crisis?

Think about what the internal effect on various currents in China would be of this thing being done, China conceding. It would open the door for all kinds of problems. You don’t want that. None of us want that.

So, therefore, this is a fake. There’s no legitimacy. It’s a British game, a diplomatic game. It’s like a war game. It’s like a provocation. It should be called that. I would recommend the Chinese government, agencies, just simply say, “Well, we’re having this pressure from Charles Schumer and others, who’s a very nice man. . . .”

Q: And [Sen. Max] Baucus—

LaRouche: Yes, and the whole crowd. There are Republicans, it’s bipartisan. But I would say simply, publicly: “Well, this pressure’s crazy, because obviously, if anyone understands economics, which apparently many people in the Senate don’t, they would understand that the raising of the yuan in this way, would be a disaster for the U.S. economy, which has an intrinsic dependency upon China’s supply to the U.S.”

So, this has to be seen as the attempt of some people who are being misguided in the United States, to cause internal problems in China.

And I would add, my thinking is, that means I’m watching the right wing in Japan, because the only facility you have in the region, that anyone has, to make trouble in China, right now, with the present world financial situation, is Ishihara and company, the right-wing crowd in Japan, who had this crazy thing with the islands. Remember the islands problem. The two islands, the same crowd.

And that’s what it is. . . . If I were in charge of this problem, I would immediately have publications appearing in various parts of the world, which were telling various parts of the world what the reality of this thing is, and thus create an embarrassment for those in London and the United States who are creating this problem.

And the best way to kick them, is to kick them in their political organs. . . .