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A Four-Power Agreement To Save the World from Hell
Bush Calls Out the Army To Enforce the Bailout
Franklin Said: 'A Republic, If You Can Keep It'—We Didn't

**LaRouche Presents Program
For World Economic Recovery**



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EIR

From the Assistant Managing Editor

As we go to press this week, Americans are waking up to the fact that they, their families, and their nation, have been betrayed. Although the first week in October began with the victorious vote in the House of Representatives against Hank Paulson's trillion-dollar bailout, it ended with the ignominious capitulation of both the House and Senate to the London and Wall Street predators. The abject lack of courage on the part of those who are elected to be our leaders was further underscored, but in a different way, during Lyndon LaRouche's historic webcast on Oct. 1 (see *Feature*): Following LaRouche's powerful opening presentation, questions began pouring in from Members of Congress, which were characterized by a quality of fear, expressed by the repeated refrain: "Isn't there some way we can make this bailout work?" LaRouche was brutally frank: "If you go with a bailout, you're going to destroy the United States in short order, through hyperinflation." He warned them: The rage in the population is going to explode against those who are responsible for the disaster that's coming. And there is a danger that the Bush Administration, and the Anglo-Dutch Liberal empire behind it, is preparing to call out the troops against those Americans who refuse to roll over for this swindle (see *National*).

What's the alternative? LaRouche laid it out in his webcast: Restore the principle of the sovereign nation-state, as enshrined in the Peace of Westphalia: "the benefit of the other": "Because if you care for the benefit of the other people, you're going to be cared for yourself. You're going to create the kind of society in which you'll be cared for. You create justice for others, you create a climate of justice for yourself; you create a climate of progress, you create a climate of progress for yourself."

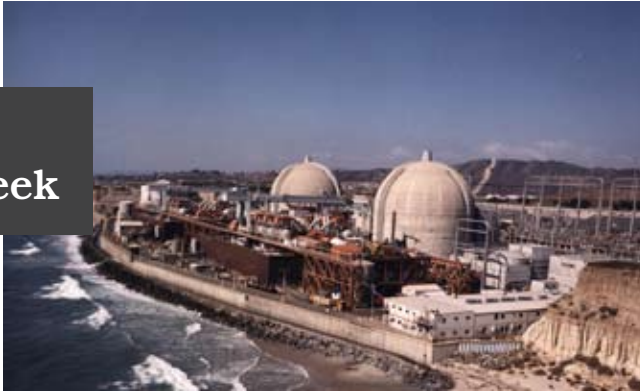
Even if the U.S. Congress isn't ready to jump into the lifeboats that LaRouche is offering, nations around the world are moving, both openly, and behind the scenes, toward adoption of LaRouche's recovery program: a New Bretton Woods monetary system. See *Economics* for the breakthrough developments in Europe, especially, Italy; and *International* for the Russian views on the need for a new world financial architecture.

And, from our archives, don't miss, "It's Time for New Pecora Hearings," on the FDR-era investigation of the causes of the 1929 Crash.



Cover This Week

*The San Onofre
nuclear power
plant in
California.*



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4 LaRouche Presents Program for World Economic Recovery

Speaking from Washington, D.C., in an Oct. 1 webcast, Lyndon LaRouche said that the world is entering into a period of danger comparable only to the collapse into the 14th-Century New Dark Age in Europe. He pointed out that on July 25, 2007, he had said that we were at the beginning of this collapse and disintegration of the entire international monetary-financial system, and had advanced proposals for dealing with the crisis, but these plans were not implemented. The attempted bailout of the already dead monetary system, which is now being forced on the country, will lead to hyperinflation. While there are no remedies for Wall Street, he stated, there are remedies for the nation, if we go back to what he proposed a year ago. He further warned that the White House has troops in position, ready to crush any opposition to the hyperinflationary bailout of Wall Street.

National

40 Bush Calls Out the Army To Enforce the Bailout

During his Oct. 1 webcast, Lyndon LaRouche said that there is a clear indication that “a desperate Bush Administration, and what it’s tied to internationally,” is prepared to turn the U.S. military against the American people, to force through the Paulson plan and future bailout plans.

Economics

42 Franklin Said: ‘A Republic, if You Can Keep It’; We Didn’t

The bailout bill passed by Congress will give billions of dollars—and eventually trillions of dollars—to the same global financial networks which have destroyed the industrial and productive capacity of the U.S. economy.

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48 It’s Time for New Pecora Hearings

Lyndon LaRouche heartily endorsed House Resolution 1452, “Establishing the Select Committee on Financial Bailouts.” LaRouche dubbed the committee a new “Pecora Commission,” after that mandated in March 1932, to investigate the causes of the 1929 financial crash.

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Lyndon LaRouche addressed a group of foreign diplomats on Oct. 2, and emphasized the special importance of developing U.S.-Russian cooperation for the establishment of a new international credit system, modeled on Franklin D. Roosevelt’s original 1944 Bretton Woods System of fixed exchange rates.

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Professor Aluko of Nigeria is a retired economics professor who taught at several universities, and subsequently became chairman of the Nigerian Economic Intelligence Committee (1994-99), which advised the government.

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LAROUCHE WEBCAST

LaRouche Presents Program For World Economic Recovery

Lyndon LaRouche delivered this address to an audience in Washington, D.C., Oct. 1, 2008; it was simultaneously carried on the Internet at www.larouchepac.com, the website of the LaRouche Political Action Committee (LPAC). LaRouche's opening remarks were followed by two hours of discussion, moderated by LPAC national spokeswoman, Debra Freeman.

Debra Freeman: Good afternoon, ladies and gentlemen. My name is Debra Freeman, and on behalf of LaRouche PAC, I'd like to welcome all of you to today's event.

Certainly there no moment more dramatic for our nation, and in fact for the world, than this one. And it is indeed fitting, that after the stunning defeat of the bailout package, if you will, by the House of Representatives, just a couple of days ago, that we would be hosting this event today. It is my understanding that we have the largest audience gathered around the world that we have ever had. That doesn't surprise me. But I don't want to keep them waiting. So, without further ado, please join me in welcoming the statesman and economist, Lyndon LaRouche.

Lyndon LaRouche: Thank you. We have come into times like those you have never, in your lifetimes, experienced before. As a matter of fact, there's nothing in all modern European history, globally extended, to compare with what is happening, globally, and in the United States as well, right now. There's been

nothing like the crisis that faces us today, since a comparable crisis in Europe during the medieval period, called the New Dark Ages: We are on the verge of a complete collapse of the entire planet into a New Dark Age.

On the 25th of July last year, I announced that we were on the edge of the beginning of a breakdown crisis in the U.S. economy. At that point, I indicated the measures that would have to be taken, to deal with this crisis which is going to hit us, measures which if they had been taken, between the 25th of August and recently, we would not be in the crisis we're in today. We're in a crisis today, because people like Senator Dodd and "Bailout Barney," in the House of Representatives, prevented the actions which I had specified, which would have *prevented the kind of crisis which the nation and its people are suffering today!* So, if you don't like what's happening, blame "Bailout Barney" and Chris Dodd. Chris Dodd's a stooge for Felix Rohatyn, one of the worst right-wingers in our country today.

Now, I also indicated a proposal for certain other actions, in addition to the warning, which should be taken by the United States, to avert and begin the correction of this problem. The first was known as the Homeowners and Bank Protection Act of 2007, which I specified at that time. It was actually set into motion as a formal proposition in early September of that same year. This had much support at the state level, and counties, throughout the United States. It was voted up by county



EIRNS/Stuart Lewis

On the Verge of Global Hyperinflation

The other side of this proposition, apart from other measures which I've indicated earlier, but will repeat again here today, the essential irony of this situation, is that this is no longer the kind of crisis which the lying government which we have, and the stupid President we have, have been talking about. This is not a mortgage crisis! This is a collapse, a disintegration of the entire international monetary-financial system! Something that has never happened in European experience before! And for which there's no one competent in the White House, right now. We are on the verge of a *global hyperinflation* like that which

Lyndon H. LaRouche, Jr. commented on his own indispensable role: "I put my life on the line here," he said. "They're out to kill people like me. And I say, 'Kill me. I defy you!' And if I defy you, if someone like me has the guts to stand up to these guys, maybe others will. If I don't have the guts to stand up, no one will."

organizations and state organizations. But it was never formally adopted, because of the blocking from interests controlling people like Dodd and "Bailout Barney."

So we're in a crisis, because Bailout Barney and Dodd, and people like them, acted to *prevent* this action from occurring, which would have *saved our banks* which are now in trouble, and which would have saved the homeowners, who are threatened with continuing and accelerating evictions today.

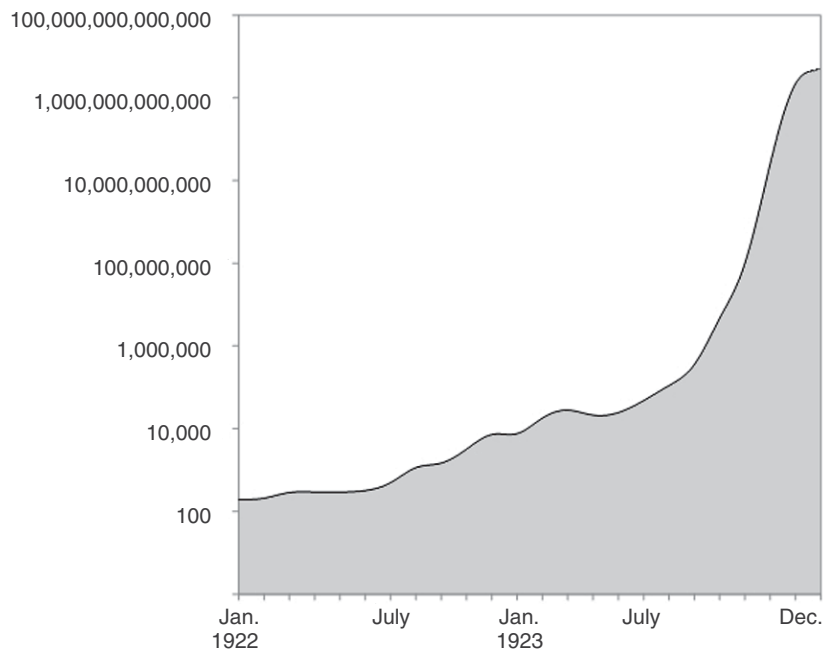
This is one of the reasons, why the House of Representatives displayed such *hatred* against the Congress as a whole, in the recent vote on Monday, against the bailout.

Now, the bailout bill might be voted up. The danger is, that a desperate Bush Administration, and what it's tied to internationally, might try to make a military suppression of resistance to their policy now. They might try to use military force, to force through the kind of legislation, the bailout, which is being attempted now.

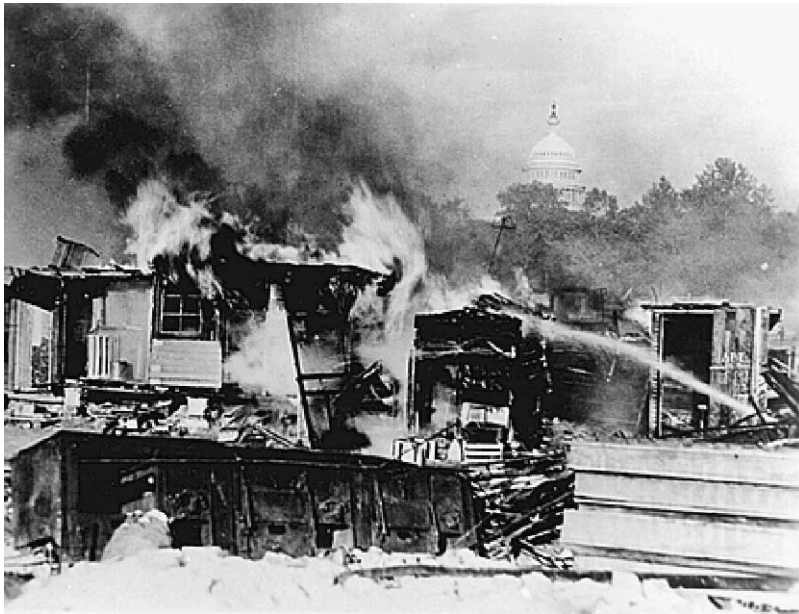
hit in October 1923 in Weimar Germany [Figure 1]. When you start talking about \$700 billion, then a trillion, then \$2 trillion, then \$3 trillion, then \$7 trillion for

FIGURE 1

Dollar Exchange Rate of the Paper Reichsmark in Berlin



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National Archives

On July 28, 1932, President Herbert Hoover sent troops into the streets of Washington to evict the “Bonus Army” of impoverished veterans. Here, a veterans’ encampment which was set afire by the soldiers, with the U.S. Capitol in the background. LaRouche reported that in the White House today, “there are people who would actually use U.S. troops to shoot down people who want to oppose this bill!”

this bailout, which is the direction we’re going in, you’re talking about a Weimar-style blowout of the *entire international financial-monetary system!*

And the problem now, is that the bailout method itself, is the *driving force of hyperinflation, global hyperinflation.*

And what you have, is, you have a sense like the French Revolution, in which the Marquis de Lafayette had the correct position, politically, with the Tennis Court Oath and similar kinds of things. But he lacked one thing: He lacked the guts to take on his own king. The king had been totally corrupted by a number of measures—and he was not too bright; you’ve got to let him off a little bit—he was kind of stupid. He was good at fixing clocks and making clocks, but he was not very good at politics. And his wife, Marie Antoinette, who was the sister of the Emperor of Austria, was framed up by a British operation called the Queen’s Necklace Affair. She was humiliated publicly, and the Emperor of Austria, who had been a friendly fellow, a progressive fellow, relative to the rest of his relatives prior to that point, went berserk.

So, what happened, is, that the French king, who was a bit of a jerk, brought in foreign—not French—

troops, to occupy the area around Paris, to *suppress* the French people. And this led to what became, inevitably, the French Revolution, the bloody French Revolution. Because of this kind of mistake.

We are on the verge of things like that, today. You have a situation, in which—as you saw with the House of Representatives’ vote against this bill, despite all the pressure on the Representatives—and the pressure was not just from the Representatives, it was from *people who are represented!* It’s the people out there, who hate this. And there’s an instinct in this Administration, to use military force against the people of the United States, to suppress the opposition to this bill.

That is reality, right now! Not something “coming down”: That is already the reality.

If this bill were to be pushed through, with or without the aid of military force against the American people by American troops—which are now being stationed for this kind of operation—the United States

will disappear, in very short order. And civilization would crash, globally.

The world would go into a Dark Age, like that of a similar situation in Europe’s 14th Century, during which, within a period of a generation, the number of parishes in Europe collapsed by one-half. The level of population of all Europe collapsed by one-third. And mass insanity dominated the population of Europe at that time. That was the end of the authority of the feudal imperial system which had ruled Europe from about 1000 A.D., up until that point.

We are on the verge of a situation, in which, if the bill is pushed through, the chain-reaction effects of the bill, will ensure that the population of this planet drops from about 6.5 billion people to less than 2—and that in a fairly short period of time. Entire languages will disappear, entire countries will disappear as entities, and we will go through a Dark Age *worse* than Europe experienced in the 14th Century.

Now, there are some people in the Congress and elsewhere who say, “Ohhh, ohh! We’re frightened! We’re frightened! You can’t do this! Don’t you know what you’re doing? You can’t do this, we can’t vote against this bill!” Why? “They’ll kill us!”

If American troops, ordered by the President, turn on the American people to suppress the opposition to this bill, the United States will cease to exist! This is worse than treason! Any such action, from any part of government, is worse than treason! And anyone who accepts such an order, is a traitor to the United States.

So that's the situation we face.

There Are Remedies

Now, what're the remedies? What're the alternatives? There are some excellent alternatives, but *there are no alternatives for Wall Street*. Wall Street has earned its death. It is a dead, stinking fish, lying in the streets of Lower Manhattan. The investment banking system *is dead!* And it should have been *killed*, before it rotted into death! [laughter]

So this is our particular problem.

Now, if we want to save the country, and save civilization, and avoid a Dark Age, there are some very elementary remedies, some of which I've already stated earlier, a year ago. One, as I said, we must keep the homeowners in their houses. No evictions. We can make other arrangements to manage the downsizing of the debt. Because most of the mortgage debt is fraudulent. That is, the agencies which generated this level of indebtedness, this level of a housing crisis, committed fraud—*fraud against the nation*. Therefore, they are not entitled to the full price of the mortgage in any case. But what the full price should be, we don't know. But, we'll find out. We will put this housing situation under bankruptcy protection, by the Federal government, with the cooperation of state government and local government. People will stay in their homes, if they wish to, if they are actually the mortgage holder. Because we must also keep the banks functioning.

Now, we have a problem here: In 1999, Clinton was in deep trouble, because of the frame-up against him, by Republicans and others who were trying to stop his attempt to make a change in the financial architecture. Remember, at the time, back in 1998, there was a great collapse of a speculative bubble, which was created about the Yeltsin candidacy for reelection in Russia: the GKO cases. So, at that point, the system was collapsing. I warned the government at that time, that the col-



National Archives

A foreclosed farm is put on the auction block in Iowa, ca. 1933. LaRouche's Homeowners and Bank Protection Act (HBPA) would prevent such actions. "No evictions!"

lapse was on; it was inevitable. And the President at that time—this was in August—agreed with me, that this was the problem. He moved, with the Secretary of the Treasury of that time, to initiate what became the intent to launch a change in the architecture of our financial-monetary system, to eliminate this factor of corruption, and to create remedies for it.

However, at that time, there was a frame-up, organized by forces which were opposed to this reform, which moved toward the impeachment of President Clinton. So, President Clinton, during the following year, was living most of his time, under the dictatorship of Al Gore! Who was acting as a man in occupation of the White House. And the ability of the President, Clinton, to deal with these kinds of problems, which were building up in the year 1999, was limited.

Under these conditions, and a confused and corrupted Congress—and it was confused and corrupted—the repeal of Glass-Steagall occurred. If Glass-Steagall had not been repealed, we would not be in the kind of crisis we're in today. We should restore Glass-Steagall immediately. That's one of the things the Congress should do. But that's not enough. There are new problems, in addition to those addressed by Glass-Steagall, which have been created by this process; so therefore,



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Italian parliament



UN/Rick Bajomas

If the United States joins Russia, China, and India to convene a New Bretton Woods (NBW) conference, other nations will join. Shown here are Italian Finance Minister Giulio Tremonti, long a supporter of the NBW; Italian Senator Oskar Peterlini, who has just introduced a resolution into the Senate endorsing LaRouche's NBW; and French President Nicolas Sarkozy, who wants to convene the G-8 to discuss a new financial system.

we have to have a larger piece of legislation, and I'll get to that.

I also proposed a protection for our banking system, in terms of currency: I proposed that we have a basic, minimum 4% interest rate, as the lending rate for our banking system. Except in cases of government projects which are in the national interest, government projects certified by the Congress, which would have a lower rate of borrowing. That would have protected us against some of the worst things that went on in this period.

The Big Four Powers

Now, the third thing, which is the big one, which is of crucial importance right now, is, I proposed that the United States approach Russia, China, and India, as the big four powers on this planet; not to establish a dictatorship by these four powers, but to take a group of four nations, which aggregately are so powerful, the world has to listen to them, and obey some of the suggestions they make. They would immediately be supported in these kinds of measures, by Japan, by Korea, by some nations in Europe—some forces in Italy, some forces in France, like President Sarkozy in France, right now. There's a movement in Italy, also, organized by the Finance Minister of Italy, which is moving in the same direction. The Italian motion is directly done in *my name*: That is, the idea of a New Bretton Woods, my policy, is specified by a motion, a bill presented in the Italian Senate, now, for a New Bretton Woods system.

Now, that is the solution, the key to the solution to

this situation, internationally. We have a world system: The entire system is bankrupt! The entire world monetary-financial system is already in a Weimar-style hyperinflationary takeoff! We are weeks or so away from a crisis beyond belief! And all the troops that Bush might wish to deploy to the streets to try to get that bill through, will not save the United States from destruction by the effects of his doing that!

Therefore, we need the cooperation of Russia, China, and India, as a "Big Four," around which other nations can gather, and simply get rid of the opposition to doing this! It's in the interest of the people of the world, so why not mobilize the major part of the world's population, in these and other nations combined, and let's say, the people of the world, through their respective national governments agree: This is going to be stopped!

What would we do? We would take a leaf out of the book of President Franklin Roosevelt, who's much smarter than these jerks that we now have in government, today. He had some better supporters then, too.

We would then say, we're going to set up—as what the language is, in Russia, in Italy, from the President of France, and from others—a *new Bretton Woods system*! And they mean, a *new Franklin Roosevelt Bretton Woods system*. Nothing different. The difference between that, and what Truman did, is notable. What Roosevelt did, is, Roosevelt followed the Constitution.

FDR's Post-War Intention

Now let me explain what the problem was then, because it's relevant to understand the problem today. Roosevelt's intention, during the war, was to engage in a reluctant alliance with the British, in order to crush the Nazis, and some other pestilences running loose. But Roosevelt's intention was also, at the end of the war, to eliminate colonialism and everything like it from the planet. Now we had had, as some of you are old enough to remember (or very few of you I guess; you'd have to be my generation to remember that), we



FDR Library

President Roosevelt, assisted by his close advisor Harry Hopkins (above), took unemployed people from the streets of America and created the greatest economic machine the world had ever known. Right: Workers for the Tennessee Valley Authority construct the Douglas Dam in North Carolina, 1942.



FDR Library

had launched, as a recovery measure, from the Depression created by Coolidge and Hoover and people like that, which we used as our mobilization, with the role of Harry Hopkins and others, to mobilize the United States economically, to prepare for our obligation to deal with this menace of Hitler and so forth in Europe, and in the world in general. We created, from the poor people of our streets, through Harry Hopkins and other Roosevelt programs, we created the greatest economic machine, physical-economic productive economic machine, the world had ever known, in our United States. Yes, we had allies that we depended upon. *But!* It was the margin of the United States' mobilization by Roosevelt, which enabled us to defeat Hitler, and similar problems! Roosevelt's intention was to get at the root of these global problems, by eliminating the power of *British imperialism!* And that was the big fight between Roosevelt and Churchill all during the war.

So Roosevelt's intention, as he said, clearly, was, at the end of the war, as he said to "Wi-i-n-ston!"—"At the end of the war, Winston, no more British crap! People are going to be *free*. There are going to be no more colonies." We're going to use the mighty military war machine, the productive machine of the United States, to free people, to enable them to develop, to gain

their freedom, to eliminate colonies from this planet, and to allow nations to develop to the full dignity of mankind.

Now, we didn't do that at the end of the war, because Truman was a Churchill-lover. He was a bum, too. He was only stuck in, because he was a right-winger, and Roosevelt was under pressure in 1944, from the right wing, which was resurgent at point. And they put this character, Truman, in place. And Truman kissed the butt of Winston Churchill—there's no bones about it. He may have kissed some other things, too, but the butt was noted.

So what Truman did—under the Truman Administration, we didn't follow Roosevelt's post-war policy. Roosevelt's post-war policy was to convert the military productive machine, which we had generated to win the war, to convert it into a production machine for the benefit of the world, for capital goods and other things for the world. What the Truman Administration did, was say, "No, we like the British." The Truman Administration endorsed the recolonization of Indo-China! The

Japanese soldiers were imprisoned in Indo-China; they had been freed by a revolution which was supported by the United States, by OSS people and so forth, from the United States. Under British orders, the Japanese troops were taken out of the camps, given their weapons again, and told to occupy Indo-China. Out of that, came the Indo-China war, which we spent some time on during the 1960s-1970s. We did the same thing with the Dutch in Indonesia. We did a modified version of the same thing in India. We did the same thing in Africa.

We worked with the British and Dutch to recolonize the planet, to restore the British Empire, which is what the Anglo-Dutch system is. And what we did in the United States, instead of converting our war machine into production for the world, and its development, we shut large parts of it down! We took the war *debt* we had inherited from the war, but we shut down the means of getting rid of that debt, by converting military potential into industrial and related potential.

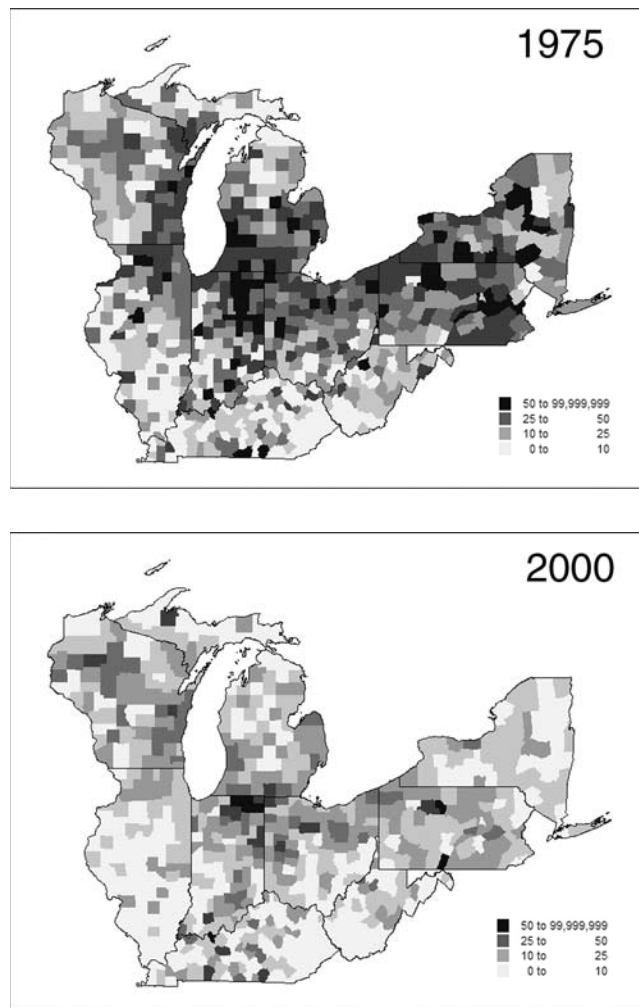
And thus, we, the United States, were on the way down: We've gone down in successive stages. We went down, in the first stage, under Truman. We went down after the killing of Kennedy. Johnson was terrified; he thought these three guys were going to shoot him next, in the back of the neck, or something like that, and he said so. Johnson was not a bad President; he was a terrified President.

We Will Rebuild the World Economy

Then you had the Baby-Boomer factor, in 1968. And that destroyed the United States and let Nixon be elected. And we had that right-wing turn, and we've never recovered from it since. Since 1967-68, as measured in *physical* productive output, not money, but *physical productive output*, the United States has been declining in economic power, physically, per capita, per square kilometer, *over every year, under every Presidency*; from 1968 to the present time, there has never been prosperity in the United States [Figures 2 and 3]: There has been prosperity for *some*, in terms of money, like the thieves who are backing this thing about the bailout. But there was not improvement in our infrastructure; we have lost industries; we lost *our* automobile industry—we have a Japanese industry, which is functioning quite nicely inside the United States. We don't have a *U.S.* auto industry—and we will never have one, never in the normal sense of an auto industry. The Japanese are doing a good job, and similar people are making all the autos we need.

FIGURE 2

Decline In Manufacturing Workers As a Percentage of Workforce, by County, Upper Midwest, 1975-2000



Source: Bureau of Labor Statistics

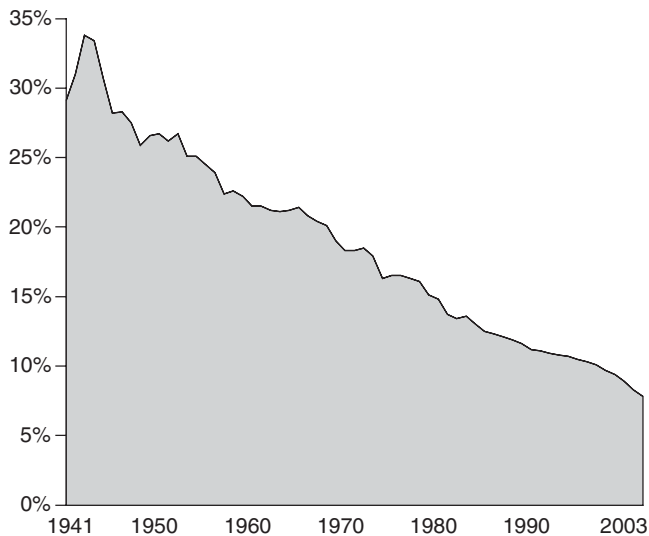


But we *do* need something else: We need a mobilization of the productive power of the United States, which is largely machine-tool design and related things, to build our infrastructure, to build systems, to build a railroad system to replace this crazy highway system; to fix our river systems which are about to collapse; to restore our agriculture; to rebuild manufacturing and similar activities in the United States, instead of make-work. To rebuild our nation, *in the American tradition*, not the

FIGURE 3

U.S. Manufacturing Production Workers As a Percentage of Total Labor Force

(Percent)



Sources: U.S. Department of Labor, Bureau of Labor Statistics; U.S. National Center for Health Statistics; U.S. National Center for Education Statistics; U.S. Department of Commerce; *EIR*.

British slavery tradition which we're operating under now.

Now, we're faced with a period, in which under the present system, the U.S. dollar is right now *essentially worthless*. It has not become worthless, but it's becoming worthless, and there's nothing underneath there to stop it from falling. As a matter of fact, the Secretary of the Treasury is causing the dollar to fall at an ever-accelerating rate! We are in hyperinflation—now! Like Weimar in the Autumn of 1923: The world is in a hyperinflationary spiral, and it's going to blow out.

Now, what do we do? What do we do with the Four Power agreement? Russia is ready to agree to this—now! Forces in Italy and France have declared themselves *for* it. What they mean by that is still up for some discussion, but it's there. China will support that, but not unless the United States comes in on it, because China is concerned about the price of the dollar; because China depends largely upon its trade with United States. India would join it. If Russia joins it, these countries would join it.

If this Big Four, joined quickly by other nations, comes to an agreement, we will put the entire world into bankruptcy reorganization. We will create an inten-

tion to form what we would call a "New Bretton Woods system." We will use the power of international government—that is, not an international agency, but the power of government pulled together as an international force—we will use that force *to regulate a fixed-currency system* throughout the planet. We will put the lid on hyperinflation. We will keep the banks of countries open—the real banks, not the fake ones. We will build the economy, by measures of economy-building: large-scale, needed infrastructure projects, using high technology, using engineering design. This will be a rebuilding of the world economy.

We will create new credit, not the fake credit you've been getting lately, but new credit, at low interest rates, long term, just as we did under Roosevelt: to launch the employment, in each of the countries, under a fixed-exchange-rate system which allows us to rapidly build back the productive power of nations. Yes, we're going to take time to clean this mess up that we have today. It'll probably take two generations, before we fully eliminate the results of the corruption which has been dumped upon us in the past 40 years.

A New Mission for Mankind

But you have to understand something else: In real terms, in physical economic terms, every policy directive of the United States over the past 40 years has been a *miserable failure*, a mistake. The U.S. economy, as measured in *physical* productive powers and output, per capita and per square kilometer, including essential basic infrastructure, has been collapsing consistently *over 40 years*. Since the budgetary year of 1967-68, there has been *no net growth per capita, of real growth* in the U.S. economy.

What this tells you is, that every government of the United States, every session of Congress, in the main, the opinion of newspapers, the leading newspapers and other publications, the opinion of most mass media, has been stupid! Because we have consistently made the decisions, one after the other, which have made the conditions of life worse with each generation. The per-capita physical output of the United States today, is less than it was in any preceding period going back to 1967-68. The influence of the Baby-Boomers, the influence of especially the environmentalists, so-called, has been a key factor in this. We have been destroying ourselves. A similar process has gone on in Western Europe; a similar process has gone on elsewhere.

Now, we have a global situation, in which there has



Russian Presidential Press and Information Office

If the United States can push through the changes that are necessary, LaRouche said, "I can guarantee you . . . Russia will fully cooperate; China will cooperate; India will cooperate." Shown here, a July 17, 2006 meeting in St. Petersburg of Chinese President Hu Jintao, Russian President Vladimir Putin, and Indian Prime Minister Manmohan Singh.

been an implicit shift of power, a shift of power from Europe and the Americas, toward Asia. The future of the planet lies in the development of Russia, China, India, and other Asian countries. These are areas of large populations in which 60-70%, or more, are extremely poor, poorly developed. This represents a social crisis, a planetary social crisis, with all kinds of side-effects possible. *But!* If we're going to have a successful planet, we have to concentrate on large-scale infrastructure projects and similar things, which will, over two generations, raise the productive powers of labor of populations from all around the world. This means that the major investment, in the planet, in the period now, will come, first, in Asia; second, the second-largest component will be black Africa, especially black Africa; the third component will be development in Central and South America.

The United States and Western Europe must be mobilized as a driver, an economic driver, as well as a political driver, to bring about the success of development of the whole planet, by what we do in support of the development in South and Central America, in Africa, and in Asia. We need a new mission for mankind.

We don't have any enemies in the world, who are any worse, any more our enemies than President George Bush is. It is the people who are controlling us—and the

British, the Anglo-Dutch Liberals, these characters are inducing us to destroy ourselves. We don't *have* real enemies in Asia, as nations! We don't *have* real enemies in South America. We don't *have* real enemies in Africa—not if we think like Franklin Roosevelt! If we think like Roosevelt, we don't have enemies there. These are our friends—and *our government is our enemy!*

So, essentially, if the American people are able to stand up to this, as many of the people of the lower income brackets, as represented in the Congress, in the House of Representatives—are able to push through the changes that are necessary, I can guarantee you, absolutely, if that change is made, Russia will fully cooperate; China will cooperate; India will cooperate. Then Japan will cooperate, Korea will cooperate, other nations will cooperate! The nations of Africa will greet this as—they're being *mass-murdered* now under British policy!—they will rejoice, at our coming back into the picture in this way.

The world will be on the side of the United States.

What the United States Is

Now, the other thing we have to appreciate, is what our United States is.

In modern history, there was an evolution, coming out of a long period of religious warfare, from 1492 to 1648, from the same time as Columbus's first exploration across the Atlantic, until the Peace of Westphalia in 1648.

Now, during this period, the forces that were trying to crush the nation-state institution, were not able to crush the nation-state, because the improvements in productive powers of labor, and the increase in intellect and freedom, among the rising citizenry in the cities which were emerging in this period, were such that, as Machiavelli describes this process, the city could defeat the forces of the opposition. And so, you had an adaptation, by the enemies of humanity, called the movement of Paolo Sarpi. Paolo Sarpi was a slick character, a Venetian, who, among other things, moved the operations of his part of Venice, away from the Mediterranean base, into Northern Europe, centered in parts of Germany, in the Netherlands, and in England.

This is a process which began with the Venetian restructuring of the marriage policies of Henry VIII,



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The British surrender to Gen. George Washington's Continental Army at Yorktown, painting by John Trumbull. The United States broke with England, LaRouche said, "because England had become an empire, and was trying to loot us, here, in what became the United States."

which was done from Venice: They sent him a marriage counselor, and he got rid of the wives; he sort of cut off their careers, at the head. He said, "You don't need a head any more, if you don't please me." So, in any case, there was a process in which the power of development or the power of civilization shifted from the Mediterranean to Northern Europe. And the two areas were the Netherlands and England.

So now, there was a split, and the split occurred in 1763, in February of 1763, with the Treaty of Paris, the Peace of Paris, in which *we*, in the United States, or what became the United States, broke with England, because England had become an empire, and was trying to loot us. Because of this cultural factor, the dominant characteristic of global civilization has been *English-language domination and control of global civilization, from that time to the present day*. Especially from 1763 to the present. *Thus*, the division between two English-speaking peoples, those of *us*, in the United States, today, and those who represented the British oligarchy or the Anglo-Dutch oligarchy—the bankers, the thieves—became the leading force on the planet—not

necessarily the entirely controlling force, but the leading force. And thus, the role of the United States is built into the history of Europe! It's built into the history of civilization, like an organic quality: That *we* in the United States have adopted, and been given the destiny, of creating the leadership, to assist the rest of the world *in becoming free*, of the British, Anglo-Dutch Liberal Empire, and its practices.

That was Roosevelt's intention, his explicit intention. That was the intention of every great President we had, every great patriot this country had. We were considered a threat to Britain, to the British Empire, for this reason. Thus, it's built into the cultural relationships within the planet, that when the United States takes the moral role, as it did under Roosevelt, and says, "We are concerned with finding ways of cooperation with other nation-states on this planet, *to form a society of perfectly sovereign nation-states*, which enter into forms of cooperation in their common interest. We'll not try to dictate the internal characteristics of the government of these other nations, we simply cooperate with them *as national personalities*. And we as a national personality

cooperate with these other nations, as their national personalities. And come to common goals and common ends, the common aims of mankind.”

Now, if we take that policy—not, “Who’s the enemy? Who’re we gonna beat?” We’ve got one enemy to beat: the Anglo-Dutch Liberals. The other enemies are simply fools who don’t know any better, but we’re supposed to know better. We must become again, we must re-create in this country, a new political movement, based on the legacy of Franklin Roosevelt, based on the legacies which many Republicans bear, a new political movement, which adopts the idea of the United States as a unique, universal personality, which has a role to play, on this planet, for the benefit of humanity as a whole, and therefore, for itself: It’s the principle of Westphalia, the Peace of Westphalia, “the benefit of the other”! It’s the principle of the modern nation-state, the benefit of the other people, because if you care for the benefit of the other people, you’re going to be cared for yourself. You’re going to create the kind of society in which you’ll be cared for. You create justice for others, you create a climate of justice for yourself; you create a climate of progress, you create a climate of progress for yourself.

An Agreement To Come to an Agreement

You know, the experience that I had since I was overseas during World War II, in Asia, is to see the evil of the conditions of life and culture under which people live, largely because of the factor of imperialism—of British imperialism in particular, also Dutch imperialism, and so forth. And these people, then, when I was in India, for example, in the Spring of 1945-46, that was the aspiration: The Indians looked to us, and coolies on the street would come up to me, in American uniform, and say, “Is the United States going to send us agricultural machinery? Is it going to send us textile machinery, so we can be no longer be coolies at eight annas a day, but we can have our own life?” That was the image of the United States in the eyes of the world, as long as Roosevelt was President, and that continued for some time. Roosevelt represented the *best* tradition of the United States: Not trying to find out “who’s the enemy to beat?” An enemy is somebody who’s coming out to kill you; well, you fight them off. But you’re not looking for a system of relations among states, based on adversarial considerations! Your system, while it may deal with adversarial problems, must, in the long run, rely upon *non-adversarial* issues, like that of the Peace of Westphalia.

Under those conditions, given how *terrible* the situation is, right now, with our monetary-financial system, if we—the United States—if we can force, in this United States, to take this piece of crap, this President, and force this Presidency to move, to make an agreement—that is, to make an agreement to make an agreement: It doesn’t require a full-fledged worked-out agreement. It requires a process of getting to an agreement; an agreement to *come to an agreement*, among Russia, the United States, China, India, and other countries, which now, probably include Italy and France, and some others. Under those conditions, *we*, as a combination of powers, *can dictate* what the fixed-exchange rate of the monetary system will be! We can dictate and regulate against inflation. We can create credit, large-scale creation of new technologies, and new kinds of infrastructure. We can do these things!

But we have to agree to agree.

Then, *apply the power, represented by that agreement*, among these powers and others who join them, *to crush that force which is imposing this hyperinflation upon the entire world*, and is now threatening to use even U.S. troops to try to suppress anybody who opposes a bailout—which would, in itself, destroy the United States. These guys behind the Secretary of the Treasury don’t care about the United States! They care about their class, their Wall Street class, their investment banking class: *They care more about Goldman Sachs than they do about the United States!* And they want revenge against the United States for allowing Goldman Sachs to go bankrupt; or, it is bankrupt, aptly.

So that’s the issue.

Real Economics

Now, the positive side has another aspect: There is a certain idiocy about economics, not only among our economists. Generally, if you want to become an idiot in economics, you have to study economics and become professional at it! You can not be a successful idiot without becoming professional!

And, there are good economists, in the sense that they do things which are useful, they know things which are important. But when it comes to the basic questions of international systems, we don’t have economists—who are called “economists”—who know what the hell the score is. They just don’t know it. They may be well-meaning people, they’re often intelligent people. They know something. They are useful, at something. But they don’t understand the basics of economics. Because



How do leaps in labor productivity occur? Not at the point of production, but through creative discoveries that change the environment in which the work takes place. Here, Thomas Edison (left) with engineer Charles Steinmetz, in 1922.

they believe what they're taught in universities, and that's the first step down to absolute destruction of your intellect, these days.

The point is very simple: The idiot says, particularly the free-trader—I don't know who he's trading in, but he's a free-trader—says, “well, everything starts from the point of production.” Well, that's nonsense. Economy does not start—not successful economy—from the point of production.

For example, let's take a case in about 1910-1912, in the area of New York City, in general, because Thomas Edison was in that area: And there was a development in improvement in electrical motors, the small electrical motors which could be attached to individual machines. And there was a *leap* in productivity in the greater New York area, through the Edison method of introducing these individual machines, of these new types, to attach them to machines, rather than belt-driven systems, or similar kinds of systems. It was a leap in productivity. There was no significant increase, as such, to account for this increase in productivity, at the point of production otherwise. But it was the effect of changing the *environment* of production.

This is only an expression of something else which happens in economics: It is fundamental discoveries of physical principle, which are the source of the increase of productive powers of labor. And the adoption of a discovered principle, and the perfection of the imple-

mentation of the application of that principle, is something which is not localized to “some thing”—yes, the individual mind may have made this discovery; or groups of individual minds may have made the discovery. But it's the application of these discoveries to whole areas of the society's production, or its living.

Like a good mass transit system, instead of driving on the highway, and losing, what?, \$7 in tolls, in going from West Virginia to here in the Washington area? And then spending three and a half hours, or so forth, commuting each way? On a high traffic area? Which means, what? A loss of *personal family life*! Take six hours out of each person's life, or five hours a day—for

this! What have you done to family life? What have you done, in a system, where it takes two adult members of a household to supply the income to raise *any* kind of family in a halfway decent way? You are destroying the family! You are creating all the kinds of problems you wish to have in the family! You're probably creating the problems in the community: Because, you are saying, the time that people have to spend, wasting, going through this kind of nonsense, is not important—that's only personal life. It doesn't affect the economy. We're only concerned with how much work they do.

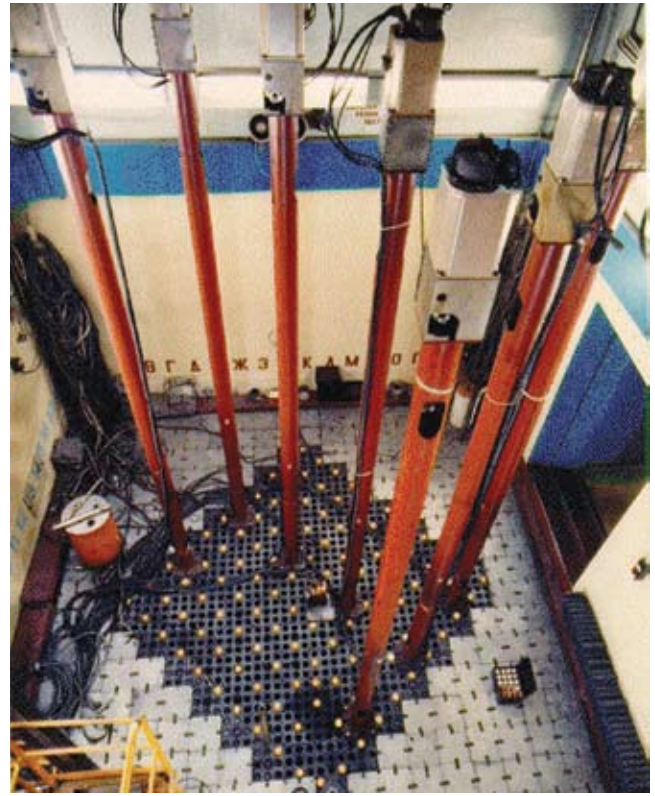
So, they travel, they work eight hours a day, and three or four hours of those days, or five, are spent in commuting! With fares and so forth. And when both members of the family are stuck in a situation like that, what kind of family life do you have? What kind of intellectual and emotional life do you have with your children? What's the school education like?

So that the biggest factors in productivity are not necessarily point-of-production measures, like this sort of thing. The biggest thing, are discoveries of universal principles, and changes in the organization of society which can take a person with the same level of productivity, and make them more productive, by changing the circumstances under which they work, including the technology which is supplied to them.

So, the way in which we must operate, is directly opposite to what's done under greenie influence.



Sandia National Lab



Kurchatov Institute

Low-energy-flux-density energy sources, LaRouche said, are not a substitute for high-temperature resources. Left, a wind farm off the coast of Denmark; right, the study of the physics of a pebble-bed type core for a high-temperature gas-cooled nuclear reactor, at Moscow's Kurchatov Institute.

The Question of Power

Take another case, the question of power: What is the nature of progress in power? Well, power is not measured in calories. You can measure heat, and you can measure it in calories all you want to, but that does not measure power. Power is measured in *energy-flux density*. This is a basic principle of nuclear physics: To get to a certain state, you must have a corresponding level of energy-flux density, or you can not enter that state. Therefore, to make certain kinds of production, you have to go to a higher energy-flux density. So, having low-temperature energy sources is *not* a substitute for high-temperature resources. Education which orients people to physical science, and to Classical culture, produces a more productive mind, from the same person, or the same population, as one who doesn't have that kind of education. A person who goes to rock concerts, is less intelligent than a person who doesn't. It's true: They got rocks in their head, it's hard to hear anything!

So therefore, what we fail to realize, is, it's not infra-

structure in the broad sense of the term, it's a certain kind of infrastructure: It's efficient mass transit systems, it's the way we organize cities, as opposed to these super-cities, or super-areas, in which people have to go, five hours of commuting a day, to and from work, which destroys them. It's the better organization of society, a better transportation system, more available high-temperature facilities: Take the case of fuel. What *idiocy* it is, to haul petroleum from Saudi Arabia, to the United States to run our cars! They're nuts! With a high-temperature gas-cooled reactor, of the Jülich type, the pebble-bed type of reactor, we can rather easily generate synthetic fuels from water! The synthetic fuels are essentially, hydrogen-based fuels. Now, if we have large-scale reactors of that type, in various areas of the country, one of the byproducts of this system of reactors in that part of the country, is to produce hydrogen-based fuels! Now, you've changed the whole structure of your fuel economy from an oil, or petroleum economy, and now you've shifted around so you now have hydrogen-based fuel applications, you have domestic systems of

heating, all these kinds of things. Suddenly, everything is cheaper and better!

And so, what is *not* understood, what is not respected, is the fact that productivity is *not* how hard you work at the point of production, or how much skill you have at the point of production; those things can be significant, especially skill. But the important thing is the total environment: Transportation systems, power systems, all these things that define the environment.

This is a simple issue, which, on the one side, separated Leibniz from Descartes. Economics is taught, in most parts of the world today, based on a Cartesian conception. Whereas science, real science, is taught on the basis of a Leibnizian conception which is called “dynamics.” And the important thing, is how you control the dynamics.

Maglev: A Gift to Africa

Now, what we can do, therefore, internationally, is, by applying the highest technology, the highest degree of technology we have or can develop, and applying that on the broadest possible scale, through infrastructure, as well as education—through that, we create the environment, in which we can take people, for example, the Chinese—over 70% are very poor, very poor productivity; or India, the 70% very poor productivity; we can take, and by creating a different kind of environment of technology and systems, we can increase the productive powers of that labor, even before they’re able to develop higher degrees of skill and knowledge otherwise.

And that’s our job. *We*, in nations which have this kind of science-driven culture among us, and related culture, *must* mobilize ourselves, away from this whole green environmentalist nonsense—it’s all a lie! It’s all a fraud!—and get back to real science, and have science-driver programs, which *we* in countries which have a higher degree of development can do, and use our brains and our ability, to supply this kind of technology, technological improvement, to the poorest parts of the world.

For example, Africa: Africa, black Africa, has the largest agricultural region of the world. But they don’t get much to eat! Why? Because the bugs and everything else kills off their food. They don’t have all the protection system they need; they don’t have a distribution system that protects them, so what do we do? We move in, we say, “Well, we’re going to put an international railway, magnetic levitation system, so we’re going to drive an international rail system, or maglev

system, into Africa!” As a gift! From the other nations of the world, we’re going to give them—as a gift!—a railway or maglev system, which is the basic system which means, that in these countries, they have the basic means to transport goods from one place to the other [Figures 4 and 5].

That, and also power systems, and so forth, delivered to them, *will enable them to do the rest*. And that’s the point.

The way you develop a people, is not by coming in and telling them how to do everything. You give them the things which will enable them to do something for themselves. And you help them do it.

The Remedy: Love of Mankind

In short, to conclude this presentation, before we get to the questioning and discussion: Any good solution, for a problem of the magnitude we face today—we’re facing a New Dark Age, for all humanity, not somewhere down the line: We’re facing it before Christmastime. Your neighbor may be hanging from your Christmas tree. You find that kind of situation.

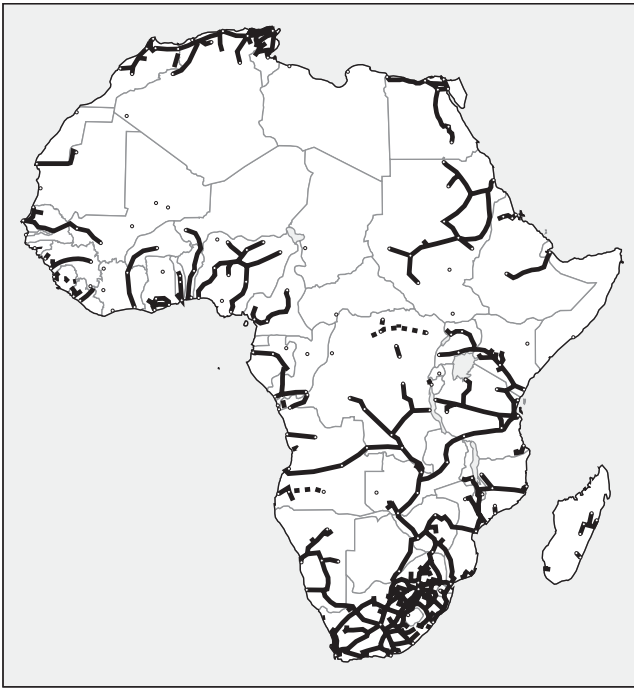
In this kind of situation, there’s only one remedy, and that remedy is love of mankind. And you’re saying, “How can we fix this problem?” Not how to make somebody rich, how to give them what they want. But: How we can help them to achieve the betterment of their selves, and create a betterment of relations among states. And then, invoke the fact that we’re doing that, to induce nations to come to agreements, firm agreements, which change the character of relations on this planet, in the way that we should see that we need, when we look at the PLHINO option in Mexico; when we look at other projects in South America that are there; when we look at the great needs of Africa, which are mass-starvation areas of the world; we look at the vast parts of populations of Asia, 70% are living a *miserable* existence, with no future: brutalized.

We have the power to change that, if we mobilize. We can make the commitment to *that change*, as a policy to bring nations together on that basis.

Russia is ready to do that if the United States will accept it. That we’ve determined; that’s clear. Italy is determined to move in that direction with the New Bretton Woods. Sarkozy of France is determined to lead, from France, in the same objective. China will cooperate, if they’re sure the United States will cooperate. India will cooperate. Other nations will cooperate.

We all need this! The alternative of not getting it is

FIGURE 4

Rail Lines in Africa

Africa's current meager railroad grid was built mostly by the colonial powers, to transport raw materials to the ports. You can't cross the continent, either north-south or east-west! The projects in Figure 5 were proposed by the Fusion Energy Foundation in 1990, but never implemented. LaRouche called in his webcast for the rest of the world to give Africa, as a gift, a railway or maglev system.

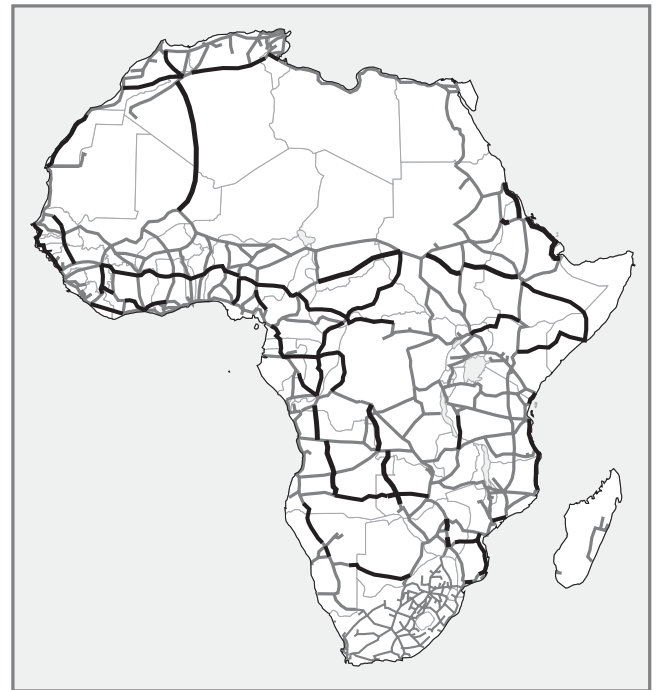
Hell! So you can't complain about the prices. We need it.

And we have to have a shift from this *hate* attitude: Who to hate, who to kill, who to make a war against! They shouldn't have fired Musharraf—the United States did it as a favor to the Saudis, to fire him, and look at the chaos we're getting in Pakistan, now, as a result of that. We have to have a policy, not of conflict, but of love: It has to be concrete. And on that basis, you can bring nations together—they will trust each other on that basis! If you don't do that, they won't trust you, and you can't do a damned thing. And that's your problem.

So, it's on the table. What I've proposed, last year, last July, on the 25th, *is the only damned good idea on this planet for dealing with this problem*, to date. Now either you've got the guts to accept that, or you're going to go to Hell. I'm not going to send you there, you're going to send yourself.

And therefore, we need to end this bill, destroy it!

FIGURE 5

Projected African Railway Network (Main Lines)

Put the whole thing into bankruptcy reorganization, under which what we need to have functioning, will function. The essential part of banks, as defined by earlier legislation—we'll protect those parts of the bank, whether they're bankrupt or not, *because the communities need them!* They need their savings protected! They need them! We'll protect them! The government will protect them. We'll deal with the other people's claims later on, when we get around to it.

What? Why should we have to pay off a gambler who lost?! What is this, a gamblers' dictatorship? Why should we have a fool, like this Secretary of the Treasury? With his background? With his record? It's almost as bad as Alan Greenspan. Why should we listen to these fools? Why should we put these thieves and fools in power? Can't we trust ourselves, if we have good intentions?

I trust the American people, I trust those people out there who are enraged. I don't trust them to do the right thing, but I trust their rage: They are justly enraged! This government, this country has betrayed them! The Congress has betrayed them.

Now, specifically this: The problem lies largely in the

Senate, as you may see today on the vote. Because this thing's going to go back and forth. And the danger is, that somebody in the White House is going to think about calling the troops out to suppress the population, if they don't like the vote they think they're going to get from the second vote in the House of Representatives. And people have to understand that. You've got *fascism* in this country, right now. And the center of fascism is right in the White House. And don't kid yourself about it.

Now, the White House occupant is an idiot—an immoral, vicious idiot. But, nonetheless, the power has been in his hands, and fools will let him have it and let him use it. Or, Paulson and his crowd will enforce it. You can have dictatorship here.

Remember: The grandfather of the present President of the United States was the guy who wrote the order to bail Adolf Hitler out, when his party was bankrupt, near the end of 1932. This crowd were Nazis! The grandfather of the present President of the United States was a Nazi. His father, of the present President, was in the direction; he's kind of silly—a silly kind of Nazi, but vicious. That power's there. And only if the American people make it clear, that they will not tolerate that—and I tell you, there are many people in the Senate who are gutless on this question. They want to survive. They're too much concerned with their survival to be concerned with the survival of the nation or humanity in general. And they have to learn, that sometimes, when you try to preserve your life, you lose it, exactly that way.

Dialogue with LaRouche

The Bailout Will Destroy the U.S.A.

Freeman: Before I get to the questions, I'd like to welcome some of the audiences that are gathered around the world today: We have audiences in Africa; we have a significant gathering in Barcelona; there is a very large audience gathered in the Mexican Congress, and they are joined by Quincy O'Neal, who is the vice-chairman of the Afro-American Caucus of the California State Democratic Party. He is currently visiting Mexico, along with other members of the LaRouche Youth Movement. We also know that the webcast is being broadcast live in at least five universities in Colombia's capital, Bogotá, and there are an unknown number in other cities. I can only judge, really, by the

volume of questions that are coming in. And certainly, I want to welcome all those who are listening.

Lyn, the first question comes from someone whom I think you will recognize. And he says, "Mr. LaRouche, as I'm sure you know, people like former Treasury Secretary Robert Rubin, Larry Summers, and others among us, have been engaged in international discussions for a new financial architecture, precisely along the lines of what you have proposed. And while there is obviously far more of an appetite for this now, than ever before, at the same time, they all insist that this bailout must come first, in order to give leaders time to act. Clearly you disagree with this, but I still would appreciate your comments."

LaRouche: If you go with a bailout, you're going to destroy the United States in short order, through hyperinflation. The bailout is intrinsically hyperinflationary! The only reason that anybody, in their right mind, would even think of supporting this bill, is because *they're scared*. And we need a Gideon's Army, to pull through the reform. And, some of you Biblical scholars, you know what I'm talking about.

You have to take all the people who are cowards, who will not step up to the plate, as they say, on this issue, and say, "Okay: Dear Coward, we're taking over. We're leading."

Now, the danger here, of course, is that, you're going to have a French Revolution problem, as I said, inside the United States. You now have—and some of these idiots, and even my friendly friends out there, who say, "Please! Please, be cautious! Let this bill go through, so they won't shoot us!" That's what they're saying! They're saying, that behind the Bush Administration, there are people who would actually use U.S. troops to shoot down people who want to oppose this bill! That's there, right now! *That is reality!* And that's what some of these questions are reflecting.

There are people in high places, including some very high-ranking people in terms of their background, who *agree totally* with what I say about this stuff! But they won't fight! Because they say, "We'll be shot! We don't want to go into a death camp." Well, if we go into a death camp because we do this, *the world will never forgive those who do it! And the world will never forgive those who capitulate to this!*

Anybody who's smart, is not going to take on the American people in that fashion. You're not going to shove a dictatorship down the throat of the American people! They'll kill you. They'll kill you. And they can.



EIRNS/Fabiola E. Ramírez Germán

LaRouche Youth Movement organizers host the showing of LaRouche's webcast at the Mexican Congress. Left to right: Ingrid Torres, Quincy O'Neal, and Carlos Cota Moreno. Hundreds attended similar gatherings, especially of youth, in several other Ibero-American countries.

Learn the lesson of Vietnam, and a few other locations: They will kill you, and they can, if you make them angry enough. And you are about to make them very angry.

The reason you're getting such a peculiar behavior in the House of Representatives' background, is because the people out there, who are *behind* the people who voted against this bill, those people out there are ready to kill! Not because they're killers, but because they see the destruction of everything that life means to them, is threatened! They've seen a lot of it: Step by step, they've put up with it, they've accepted it, they've crawled for it! They say, "We have to get along! We have to get along!" The time has come when they know that *everything* is being taken away from them, and that was too much!

You're going to find the *rage* against the White House, and against the Senate, in particular, is going to escalate in ways, during the coming days, of this week and next week—in ways beyond anything most of you believe! I can see it right there: It's there. It's coming.

The mood in the American people, having gone through fake wars: They've had their children sent out into fake wars, like Iraq—it *was a fake war!* There was no need to go there. No need to get into that war. Then they got into it, and they made a mess of it, even what they started. No need.

Look at the suffering of people who went in service;

they come back from that war, not only with death, but injuries, but they can't get help! They're condemned to horrible conditions! And in every neighborhood in the United States, there's someone in that category: It radiates.

Don't you see, the hatred you're building up against Washington, in the people of the United States? *And this bill, is one bill too many!*

You're headed for something like a French Revolution, and you're going to bring it on your own heads! If you're dumb enough, *not* to fight this bill, and not to oppose it! There is *no excuse* for supporting this bill! *None!* There is *no moral excuse* for supporting this bill. [ovation]

Real Politics: The 'Burned-Tail Principle'

Freeman: The next question, again, from someone whom Lyn will recognize: "Mr. LaRouche, I know firsthand that you're quite right, that the Russians do favor talks that would include the United States, among others, to begin to craft a new financial architecture. But the fact is, that this current administration is in *no way* inclined to do so, and has rejected the proposal when it was put to them, both by the Russians, and also by people inside the United States.

"My question to you is this: Even with some institutional support here in America, I'm not sure I understand

how this could work without the agreement of the U.S. Presidency. I think that you have some idea how, in fact, it could, and I'd like you to go through that for us."

LaRouche: Well, because, my dear questioner—whom I like very much, admire very much for what he does, and so forth—doesn't think quite as I do. Because, you know, there are many people in this country, who communicate with me—but the same people don't talk to me. They communicate through intermediaries. And someone who's afraid to talk to me, has got a weakness, a political weakness, for dealing with a crisis of this sort.

I can assure you, I know about the opposition in France, the resistance. But I also know about the other side. And I know that the principle in politics, as my questioner knows—real politics is based on the "burned-tail principle."

So what you have to look at—don't look at what somebody says they'll "go for." Who's going to burn their tail, and how hot is it going to get? That's the way politics works. It happened in a sense in Italy, because what's proposed in the Italian Parliament, and within a growing circle in Italy, is precisely—by name—my Bretton Woods proposal. Russia will go for it.

Now! The other side of the thing, is the tail-burning problem, which is not just popular opinion: If anybody goes with this bill, there's not going to be a United States! If Europe goes, there's not going to be Europe!

If you vote for this bill, you're not going to have a United States much longer! The hyperinflation that's going to hit you is going to destroy it! So, if you believe in the United States, you're against the bill! Because the worst option is to lose the United States, and lose civilization. Therefore, there is no threat, there is no problem so great, if you're a commander in war, or a commander in a situation like war—as I'm speaking now—you *do what you must do!* For the present and future of humanity, you don't make excuses for not doing it! You may try to do it better; you try to do it smarter; you try not to be stupid, and make stupid mistakes, *but you do it!*

We must not let this line be crossed. If this line is crossed, if the bill is put into effect, the United States will cease to exist as a result of that decision. I am not prepared to make that decision. Nor am I prepared to make excuses for anybody who will make that decision.

If you believe in the United States, you're going to get rid of the bill. If you're not going to get rid of the bill, you're not a real patriot; you're a sunshine patriot.



Former World Bank economist Joseph Stiglitz told a Democratic Senator that although the Paulson plan would not work, the Senate should support it anyway.

Passing the Moral Point of No Return

Freeman: The next question is from a member of the United States Senate, a Democratic member of the Senate, who has to decide how he's going to vote this evening. And he says, "Mr. LaRouche, in trying to decide how I would vote tonight, I asked my friend [the prominent economist] Joe Stiglitz what he recommended. His response was odd. He said to me that there were a variety of reasons, why the Paulson plan would not, and could not work, including the fact that over the last 48 hours, the \$700 billion price tag attached to it, is probably closer to \$1.3 trillion, and is growing. Nevertheless, Dr. Stiglitz recommended that I should vote yes. He said that it was essentially a very expensive way to buy the time needed for us to reorganize and re-regulate.

"Clearly, you disagree, but I'm really at a loss as to how to proceed. If, in fact, this measure passes, is it true that we pass a point of no return?"

LaRouche: Well, first of all, you've passed, *morally*, the point of no return. When you could defeat the enemy and you say not to defeat them, because you'd rather do it more comfortably, then you have given in to the enemy—and the enemy takes charge. And you've lost the power to resist. You're at a point of no return. You win the battle now, or you lose it. You have no choice.

Again, Summer patriot, sunshine patriot, trying to say, "Isn't there some way . . . ?" Well! That's why I'm a leader, and that's why some of these guys aren't leaders! They may be elected to high office, but they're not leaders. Because when the nation is in danger, a leader is someone who leads the nation to safety, and is willing to do what is necessary to defend the nation from the

consequences of not doing it.

I'm a leader! Other people are quasi-leaders. They're useful people, but they need a tougher leader than they are, to handle the situation. And they need to listen to someone who's tougher than they are, to deal with this kind of situation.

This is a situation of command! It's like command in warfare, in general warfare. Have you got the *guts* to do it? Or are you going to make excuses? This is what Lincoln's problem was, Lincoln's generals' problem was. That's why he was shipping whiskey to Grant, to find a general that could fight!

So that's the brave answer. This is a question of leadership! *I am showing leadership!* Are you willing to do so? I need more people who will show leadership. I need commanders—not apologists, not wimps. “Uh-uh! Isn't there a safer way to do this?”

No! There's not a safer way to do it! You're taking on the enemies of humanity! What do you think it is? A pussy-cat fight?

This is a time you get serious: This is a time you put your *life on the line for the sake of your nation, and civilization.*

A Culture of Sophists

Freeman: This is another question from a Democratic member of the Senate: “Mr. LaRouche, when FDR moved to address the banking crisis in the 1930s, he made no bones about the fact, that building our way out of the Great Depression would carry with it hardship, and that it would be hard on the population. Right now, I am inclined to vote against the bailout. But I also don't want to lie to my constituents, and tell them that I have a painless solution, especially if we do not.

“My question to you, is what, in your assessment, is the pain threshold of your proposal?”

LaRouche: The pain threshold of my proposal is, if you don't support it, you're dead! It's that simple. That's a question of leadership. I mean, you could take a lot of people, and say, “Okay, this guy may be a good corporal, but we don't want to make a commanding general out of him! Because he's going to lose the war!” Roosevelt never lost the war.

There are two things involved here: You don't get into foolish fights if you don't have to. But you don't use the rule of not getting into foolish fights, not to fight when you *have* to. The time comes when you decide you're going to fight! You don't start fights: The enemy started the fight. We're trying to defend the United

States against the enemy, which happens to include the United States President. He's not the enemy in the sense of a foreign foe; he's the enemy in terms of his idiocy, itself an enemy of the United States. His father's foolishness, and his own idiocy. Maybe his father helped create the idiocy.

I'm concerned that there are people in this country, including many people who are poor people—the poor people who are burning the tails of the members of the House of Representatives—they're fighting. They're not rich. They're poor! They don't have much—and that's being taken away from them. Even food.

Then you have people in our institutions, some of them, former military leaders, other positions, or associations which they had in the past, which they cling to, still, as their tradition which they fight for. We have people in this country, who will fight and defend this nation. But we don't have a concentration of that kind of leadership, in our political class.

Look, I deal with politicians, and the politicians know this; they'll even admit it to me—in a private discussion: They are sophists! This culture is sophist! The more you associate with people in the so-called higher social ranks in society, the worse the sophistry is. Look at the guy on Wall Street. Is that schnook human? Does he have human values? Is his life organized around human values? Is he doing something for society? He's having a frantic fit, a sexual fit on the floor of the exchange—over whether he's going to get an orgasm that day or not! A financial orgasm, in this case. Is this guy going to fight for the country? Is he willing to give up something for the nation, for future generations? No! “I want my money! I want my money! *I need it!*”

Who needs that amount of money that these golden parachutes represent? *Who needs that kind of money?! What for?!* Are you going to give it to the poor? You're going to build something? A factory? That you're against?

The problem is, we do have people in this country who have guts, but we are a government based on the will of the people, the consent of the people. And therefore, we depend largely upon the consent of the people. And often, this becomes the consent of the poor people. Not only because they're the most numerous, but because they have the most to lose and the least to gain. And therefore, poorer people tend to be more courageous than people with more money.

This is a prime principle of Christian doctrine, by

the way: Through the narrow gate; the camel through the eye of the needle. And it's the poor, who have nothing to gain or lose, except life and the purpose of life itself. And who think, not of themselves as much, but of their children.

Baby Boomers Have Lost a Sense of Immortality

Let me just interpolate something which is very significant here, which I mentioned recently, repeatedly. One of the characteristics of the Baby-Boomer generation, is that, you think back, to my experience, for example, which is fairly relevant these days, since there's a shortage of people my age (we'd be much better off if we had more people my age, but unfortunately, they went away, and didn't stay with me, and so forth).

But: We used to have a sense of value which is based on several generations. We think of the immigrant families who came in, the poor immigrants who came in from Europe into the United States, for example. They would come in, and they would end up, you know, in the immigration process proceedings, and often their skills were limited. Even if they had skills, they had trouble getting their professional skills qualified inside the United States for use. So they would work—and I know people in this room, who are grandchildren of just exactly these types of people—and they would work, and they would almost slave, to make a life which is better for their children's generation. And they would look forward, with great joy, toward what their grandchildren might become. And you would often have people come off the boat, as, really hand labor, and their grandchildren were physicians, scientists, and so forth, in this country. That was the nature of the country.

And what has happened now, is we have lost that sense. Especially in the white-collar, Baby-Boomer-influenced generation. People think about themselves as a self-contained entity. They don't think of their life as having a purpose, which reaches beyond their demise. They don't realize that the meaning of their life, lies *not* in what they experience, as such, directly, but *what comes out of it!* What they can be confident *will* come out of it! And people who think that way—and ordinary poor people tend to think that way—will *fight* for the life of their grandchildren! Whereas the Baby-Boomer *will not!*

And I have a lot of dealing with children of Baby-Boomers, as you may know. And I know what their existential complaint is: Their parents' generation does

not have a commitment to the future generations. They say, "Oh, we had a child! Ohhh! How nice! A little toy to play with!" Then the toy—"I don't like that toy any more!" "Throw it away." "I'll get a new wife." "I'll get a new husband." "I'll get a new nothing." "I gotta change my life! I don't like that toy any more!"

There's no purpose in life! And what we've bred is generations which lack a purpose in life. And a purpose in life extends beyond your own life: It extends to respect for what came before you. You try to think back, as far back, and generally, you can think back to your grandparents' generation; but some of us, like me, we think much longer. You think back to more ancient parts of your family, and the experience of people of that generation. And you think about what was the commitment that they made, on which you prosper, or on which your society today prospers. And you understand that. And you look at your life in that way, as if you were going to die, and you look at what's coming out of your life, for your children, your grandchildren, and those generations coming ahead: Are you building for the future?

The father used to take the child by the hand, or the grandfather, and take them to a great work which was accomplished by mankind, and say, "I built that. I was part of building that: And that's for you!" That's the American.

But we have many people among the Baby-Boomer generation, who've lost that sense of identity. They've lost the sense of immortality: And their religious beliefs show it.

The Opposition to an FDR-Solution

Freeman: Lyn, I should mention that among the dozens and dozens of messages that are coming in, as we speak, virtually every one begins the same way, by declaring how proud people are that you're an American, and thanking you for what you're doing. . . .

Okay, so the next question has been submitted by 17 freshmen members of the House of Representatives, and they say, "Mr. LaRouche, most of us were elected on the basis of ending the war in Iraq. Few of us pretended to be experts in global finance. We've been up here for a while, and clearly we've not succeeded in ending the war, which was something that we did know about, and now we're being asked to act on a far more complex problem that few of us truly understand. Taking direction from you, we've studied the period from 1932 on, and we've examined FDR's approach to ending the Depression. And while we concede that the



EIRNS/Stuart Lewis

George Soros, a British agent and moneybags for the Democratic Party, is proud to have worked with the Nazis as a teenager in Hungary, sending other Jews to the extermination camps. Shown are Hungarian Jews on their way to Auschwitz, May 1944.



system today is far more complex than it was then, it does nevertheless seem that the overall approach that he took would work. In fact, while it wouldn't necessarily be easy to do, it seems simple enough in approach, if that makes any sense. So then, with all of that said, and with your proposals on the table, with the insistence that we really have reached the end of the rope, why is there so much opposition to an FDR solution?"

LaRouche: Let's take two characters of influence who are not the story as a whole, but who typify the story, exemplify what the problem is. Now you have two pigs, one called Felix Rohatyn—and this man is a fascist pig, I mean, he *really* is! There's no exaggeration at all. That's the kindest thing you could say about him; otherwise the pigs might object.

Then you have George Soros. Look at George Soros's character. Look at what he *admits* his character to be. Look what his father described his character to be. George Soros, as a teenager, worked for the Nazis in the process which was called the Extermination. Five hundred thousand people of Jewish designation were butchered by the Nazis. They were collected either from Hungary, or collected there from Romania and other states. They were then shipped in packets.

There's a book written by a famous author Ben Hecht, called *Perfidy*, that Hitler and the Hitler admin-

istration had made a proffer to the Allies that if they would deliver so many trucks, that so many Jews would not be executed. So for this purpose, the Nazis collected Jews from Romania and so forth, as well as in Hungary itself—and often these were questionable Jews because they had not thought of themselves as being Jewish; they had Jewish ancestry, from mixed marriages and so forth. So anything that had the possible label of a Jewish ancestor would be picked up from this area, and "processed."

Now, what happened was that George Soros's father, who told the story of how this happened, got his son put under the protection of someone in the family to hide his Jewish identity, and the son ran errands in the Extermination process. So every time that Hitler didn't get these trucks, as Ben Hecht describes the story, then more Jews were put on the trains and shipped up to the extermination camps. And he [Soros] was the one who delivered the notices, among his other duties.

That's not the worst of it, because under those kinds of conditions, people do all kinds of things, particularly weak and frightened people. But the point is, to the most recent record, he's *proud of it!* Not that he's proud that he got these Jews killed—he doesn't say *that*—but he's *proud of what he did!* He's proud of his experience. He calls this experience character-building!

Now, if we look at his character, at what he does, as a *drug-pusher*, what is George Soros? George Soros is a British agent. He's an agent of the British Foreign Office, a subsidiary division, Commonwealth division. He became best known when, in the formation of what became known as the Maastricht Agreement, that pig Margaret Thatcher and her lover, in a sense, political lover, George H.W. Bush, sold out Europe by breaking up the European Rate Commission, in which they sank the British pound artificially, for a period of time, in order to break the Rate Commission, and thus they were able to introduce the Maastricht conditions and enforce them, which was the destruction of Europe.

Soros is evil. We know him from South Asia operations. He was liked by Al Gore, which tells you he's evil. Anything that Al Gore likes has to be bad. Al Gore had a fit. Disgusting, undiplomatic. Al Gore's a real degenerate. Anyway.

So, he's a big drug pusher. He operates out of the Caribbean, largely, but he still does operations—he was the controller of Gorbachov at some point. He's still an influence on Gorbachov. He ran the operation in Georgia, for example, operations all over the world. He's a drug runner. He's involved big in drug-running, operating out of the Caribbean. And this guy, with his ill-gotten filthy gains, controls the Democratic Party. He's not an American! He's a Brit. He's a British Foreign Office asset. He controls the Democratic Party. He's a pig.

Rohatyn is a similar type. Different pedigree, but similar behavior. Rohatyn is famous for what he did in Chile with Pinochet, which was a genocide operation, run partly by Nazis who were brought into South America in the Southern Cone for a genocide operation. And that's what he was tied up into, and he knew it. Of course, George Shultz was his boss, which explains some of the things which are going on now. George Shultz is a killer. And these are the kinds of people who do evil. But *that's* what the problem is.

And how is this done? Well, they control our press. If you look at the records of the Democratic and Republican Presidential campaigns, in this campaign, how much was controlled by Soros? Nancy Pelosi, the Speaker of the House, is controlled by Rohatyn. The Republican Party, Soros. The majority of the Presidential campaigns and related campaigns in this year have been controlled by British money, or institutions of British money. We're controlled by the British Empire. What was the reason that the Prime Minister of Britain

came here to visit? To get some of that bailout money! Over \$300 billion of that bailout money for the British, to bail out the British. We are suckers for the British! We have all these agents who don't represent the United States, who are actually our enemies, who are doing this to us. And we sit back, and say "Oh, very respectable!" Disgusting, isn't it? How can we degrade ourselves, to submit ourselves to *this*?

Promise Them Anything, But...

Freeman: This is a question from a Democratic member of the House of Representatives who voted no on the bailout package. "Mr. LaRouche, some of us who voted no on the bailout package, are now being told that everything we demand can and will be taken up, but that it can not be done until we pass the Paulson plan and stabilize the banks. Do this, we are being told, and all other things—Hillary Clinton's mortgage proposal, an HFC, a Pecora Commission, full re-regulation—all are possible. Now, I wasn't born yesterday, but it does seem that they're willing to deal on these matters. However, if I understand correctly, you're saying that if we do this, we will unleash unstoppable inflation.

"However, what some people are telling us is that that hyperinflation has already been unleashed. I'm not really sure what's really going to happen over the next couple of days, but really what I'm asking you—because I think that we may not be able to stop this bailout package from going through, even though I still intend to vote no. My question to you, though, is, if we can't stop it, then what do we do next?"

LaRouche: Pray!

I think our job is to stop it. I don't think God expresses sympathy for people who won't fight. That's what you're here for. You're here to do a job. If you're not going to do a job, well, then no pension. Isn't that the rule of the game?

No, we make the decision. They will not keep any of the promises. They'll promise you anything, but give you Arpège! They'll promise anything. His job is to get you to go along, for fear of a little bit of intimidation, a little bit of promise. "I love you, buddy. I'm going to kill you today, but tomorrow I'll love you." This is like the guy who comes home, after being with five of his mistresses, and telling his wife, "Oh, I love you!" That's what these guys are like.

No, it's a fraud. If this is passed, *there will be no United States to deliver anything!* And you, in the mean-

time, if you allow it to happen, will not be able to do anything about it. And you'll go to this guy and say, "But you promised. . . ." He'll say, "I'm sorry, I lied! But you have to understand, I had to. I was ordered to."

It's the same problem! You have people in the lower income brackets, who are typified by the constituency of the House of Representatives. They have indicated clearly that the heat on their tail is terrific. It's hot. Very hot! And therefore, the members of the House of Representatives have a force behind them: ordinary people. The Senate tends to think it's abstracted from this situation and can operate at a distance. "Well, we'll get around to it later." Well, you won't be in the Senate, buddy. You'll probably be in a concentration camp. And you will say to the guy who's registering you in the concentration camp, "Yeah, but I voted for the bill!" "So what, sucker?"

A Credit System, Not a Monetary System

Freeman: Lyn, this next question is a long and detailed one, but it encompasses a whole slew of other questions like it, so I'm going to read it to you, and you can figure out what you want to answer here, and I'll also get you the written text and you can take it up later. This is from a staffer to a Democratic member of the House.

"Mr. LaRouche, as a staffer to a Democratic member of the House, I've been trying to present your alternatives to my boss for months, and above all now, in the context of this awful bailout bill. He's open, but I've not been able to find enough detail to successfully counter the kinds of objections people throw back at me. Particularly, I've tried to present your alternative of a two-tiered credit system and fixed exchange rates.

"Specifically, can you help me with the following, most of which are taken from your July 22 webcast: Number one. You said on July 22 that we needed to increase the discount rate from 2% to 4% in order to 'prevent an outflow of financial capital from the U.S. banking system.' You go on to repeat several times that the problem is that, with the Fed rate at 2%, it causes capital to leave the banks as loans, but at 4%, the capital stays as lendable assets that you then make loans against. I can't make sense of what you mean, that the present 2% rates cause money to leave the banks. There's no empirical evidence I can find that bank deposits are leaving. Are you saying the 2% causes a run on the banks, and if so, why would 4% change this? Aren't bank runs caused when people fear that the

banks will go under and aren't insured?

"Two. Also, in this same discussion, you keep talking about keeping money in the U.S. Every day, we run a current account deficit, so money is always coming in. I can't find any evidence of a problem keeping money in the U.S., at least not yet, so I need you to explain to me what you mean. Number three. You also say that the banks have credit in the form of deposits, against which they can issue loans which you also refer to as assets. But, as I learned it, bank deposits are liabilities, not credits or assets. Again, I need clarification.

"And finally, while in principle, fixed exchange rates sound right, you don't address how that could work if speculators attack a currency. A fixed rate would cause central banks to pour potentially unlimited amounts of money to defend the currency, and eventually lose it all for nothing. And I'm not sure how we could prevent those kinds of speculative attacks.

"Thank you very much for all your help on this. The present crisis has certainly confirmed everything you've been saying, and I'm really anxious to try to move this through Congress."

LaRouche: Well, first of all, the key thing we have to understand is that what people believe about money is wrong, because we're in a society where miseducation is tremendous. But it's not only a question of what they believe about money, it's about what is adopted as policies about money. The Roosevelt Bretton Woods System is consistent with the intention of our Constitution, though there've been fights over this throughout the history of the United States, since the first Treasury Secretary of the United States.

The United States system is not a monetary system, so throw monetary theory out the window. We are not a monetary system, we are a credit system. Read your Constitution, and catch on to what some of the theory is. Figure out what a pig Jackson was, for example, in putting through his banking reform against the Treasury. Yes, there are a lot of swindles out there, but what is the intent of our Constitution, and what is the essence of the American system, as opposed to the damned British system? We are credit system, not a monetary system.

That is, our money is created by authorization of an act of Congress, which gives the Presidency the power to utter money as credit, in either the form of printed money, or in the form of credits transmitted through the Federal banking system down to local banks, in which authorized characteristics of expenditure—authorized



EIRNS/Doug Mitchell

LaRouche Youth Movement organizing in Harvard Square, Cambridge, Mass., August 2008. See the LaRouche PAC TV production, "Harvard Yard," at www.larouchepac.com.

by the Congress, or authorized implicitly by the Congress—are then funded through placing credit, Federal credit, which is Federal debt, in the hands of a bank or in the hands of a firm. Sometimes we convert that directly into money, but along the line, somewhere, this thing will authorize an utterance of money to correspond to the credit created.

Now, the European systems are not American systems. They are monetary systems, not credit systems. And this is laid out, for example, by Henry Carey and others, in their own terms. But the principle is already there. The principle is, we are not a monetary system. What happened is, what Roosevelt defined as the Bretton Woods System in 1944, at the Bretton Woods conference, the same conference that Keynes was at, was a credit system, not a monetary system. What happened after Roosevelt's death is, Truman and company converted the international fixed-exchange-rate system, into a monetary system, a British system.

Now, the British monetary system is based on an old Venetian type of principle, in which money is uttered in

various ways, by various kinds of institutions, but not under the control of government. Government may regulate this. Government may intervene with it, but the essence of money is not Federal, it's not credit. So therefore, in the British system, money or money systems, become an independent force dealing and negotiating with the credit systems of the nation, credit systems in the sense of constitutional or quasi-constitutional systems. So therefore, the utterance of money is out of the control, essentially, of government in one way or the other.

And this is a characteristic of the Anglo-Dutch Liberal system. The Anglo-Dutch Liberal system is the essence of the British Empire. This is the Sarpi system, Paolo Sarpi. This is the northern system. This is the real British empire. When you get to, in economics and in financial matters: the collision you get between the two systems, on the one hand, is the American System, which is a credit system. That's the system of freedom, a system of political government. The other side is the British System, or the Anglo-Dutch Liberal System, which is based on money, it's based on *central banking*. We are not a central banking system, although some tried to make the Federal Reserve System into a central banking system. We are a corrupted system, by the standard of our Constitution.

And what I propose is very simply to go back to the credit system, to a simple credit system. The United States is the sole authority, and has a monopoly, on the uttering of currency, or credit which leads to currency. The two things are interchangeable. Debt of the U.S. government can not be created except by authorization of an act of Congress, consent of Congress, and therefore, the United States government has that debt and controls that debt. That's our system. The British System is, the central bankers control the debt, to the extent that governments don't interfere with it. But essentially, in principle, they control the debt. So it's a monetary system.

So, what happened is, when Truman took over—Truman who kissed the ass of Winston Churchill every moment he could—then we had imperialism again. Roosevelt's purpose was to use the credit system, and the credit system was the productive power of our war industry converted to other purposes, to free nations from colonialism, to destroy the British Empire! Roosevelt was explicit. The American System is based on destroying the British Empire. The British Empire is

the official enemy of the United States, the primary permanent enemy of the United States. We don't shoot them—unless we have to. We like to talk to them instead. The best way to talk to them is to tease them about their monetary system. It gets them very upset. You can enjoy that, when a Brit has a fit, a hissy fit. But that's the essential thing here.

So therefore, the issue here is, we're talking about terms of monetary systems which are British in their conception. My point is, we have a Constitution, and when the Congress and the Presidency—especially the Congress—enforce the intention of our Constitution, as they should, then the British are defeated, and they can only get at us by going to war against us. And in that case, we can beat them every time.

So the point is, all the assumptions about this are based on the idea of a credit system. If we, the United States, say something is credit by law, it is credit. We are sovereign. We are a sovereign. Our sovereign acts create credit. Look, we have a lot of things to build. Someone says we have no money. Well, the question comes, what do we do about that? I want to build a new maglev system for the United States, all over the United States. Well, that'll take us about 20-25 years to get that thing in place. That's going to cost us a lot of money. What are we going to do? Well, Congress is going to authorize that money, as credit. The use will be restricted, according to law, for that purpose. So, we'll build the system. What happens?

Well, getting that credit issued means that a lot of people go to work. Institutions go to work. You start to build the system. People are going to work. People begin to produce more. *Wealth* is being created, instead of waste, and we become more productive, because we do things that are going to make us more productive, as I said earlier today in terms of the idea, the question of “from the top down.” Basic economic infrastructure.

See, when you have an economy, and you say we're not going to have nuclear power, you're an idiot. You've destroyed your ability to create credit to increase the generation of wealth. You say we're not going to have large-scale water systems, we're going to let the Mississippi become a hell-hole, we're not going to repair it. Katrina forever, that sort of thing. We're destroying the wealth of our country, we're destroying the productivity of our people. When we invest in things that increase the productivity of our people, either directly, by providing jobs that are needed, and are useful in creating wealth, or by creating an infrastructural environment

which has a multiplier effect on the productive powers of labor throughout the society.

If I can get you to work in one hour a day instead of two and a half hours a day, each way, that is an increase in productivity. That's a simple thing. We are trying to increase the productive powers of labor. So therefore, the credit system operates not on the basis of fixed objects. The credit system operates on the basis of productivity. We invest in things that we are convinced will increase the productive powers of labor per capita and per square kilometer in our society, or we do it because it's a good thing to do for other countries, which somehow will be beneficial to us in that way. But when you have a greenie mentality, as we have a disease of that type today—you know, when the fungus gets in, and the brain turns all green and fuzzy from this stuff—then you say you don't like high technology. You don't like nuclear power. You don't like high-speed transportation systems. You want crazy little cars that you can take to bed with you at night. Things like that. And look at our educational system, look at Harvard University. Harvard University today is hardly a center for the promotion of productivity. It may invent a new sex, but productivity, never.

So that's the point. The point essentially is, you have to have a sense of national mission and international mission. Our mission is to be human. The difference between human beings and apes is expressed by science and Classical culture. It's the improvement of the mind, the improvement of the productive powers of labor, the increase in man's standard of living, man's productivity, man's purpose in life. And it's investment in those kinds of things that are important. When a greenie comes along, we say, “We're going to increase productivity, we're going to disinvest in you; your ideas don't work.”

So we have to make that distinction. When you start talking in monetary terms—and I understand what you're saying—the monetary terms are the pressures they're going to put on you by members of the Congress and so forth, who believe in this silliness about monetary theory. That's why I'm the only competent long-range forecaster in the history of the United States, since I started forecasting in 1956. There's no other person who's made competent long-range forecasts in the United States on what was going to happen in the United States. I'm the only one! Why? There are other people who have competency in economic forecasting of a limited type, but this type, no. I've always been

right, and they've always been wrong. And they say, "But you don't predict the exact time it's going to happen." I say, this is human society. We're not a machine shop. We're human beings, and you're looking at the promotion of the productive powers of labor, which means improvement of the productive powers of labor, or the *non-improvement* of the productive powers of labor. And all you can forecast is the effects in one direction or the other.

And I've always been right. Like I've been right on the dime on this one. Last August or July, I was on the dime. I've been on the dime again and again and again. No one else in this country has been on the dime on forecasting, the way I have. Why? Because they use a different thing they call forecasting, which is not competent. It might be competent for some things, but it's not competent for the economy.

Take this simple fact: 1968 to the present. Fiscal year 67-68. Look at the net physical product and productivity of the United States since 1967-68. The United States every year, every Presidency, has been going to hell, down the tubes. Who's been making these decisions? In government? Who in government? The Congress, for example, Wall Street advisors, people from the Harvard Business School, Dirty Business School, that sort of thing. They've been making the policies. They've been voting the policies up. Every time they vote a policy up, in general, the net effect of all policy decisions, by all administrations, by all sessions of Congress has been *crap*! Worse, and worse, and worse.

Why am I a good forecaster? Because I don't believe in crap. So, that's the issue here. We're using criteria in the Congress, which for 40 years have been a standard of failure, of disaster. And somebody comes along and says, "You've got to go by these rules. You've got to interpret money; you've got to interpret debt, banking, by these rules." I say, "Crap! You're nuts!" Look at the result of your applying your methods to the U.S. economy. What has the result been? Worse and worse, year by year, every year for 40 years. Now, that may not be eternity, but 40 years is a kind of impressive figure.

'Monopoly Money' Was Created

Freeman: Okay, Lyn, this question has been submitted by a gentleman who is the editor-in-chief of a major policy journal here in Washington, and who is formerly a columnist for *Business Week*. He starts with a quote from Bloomberg from Sept. 29, saying, "The Federal Reserve will pump an additional \$630 billion

into the global financial system, flooding banks with cash, to alleviate the worst banking crisis since the Great Depression."

And then he says, "Mr. LaRouche, while the public is distracted by the bailout bill and its rejection, trillions are being pumped in to keep the financial balloon inflated. The media is falling"—the media, as if he were not part of it—"the media is falling all over itself to report on every minutia of the so-called Wall Street bailout bill, and its rejection by Congress yesterday. The media's breathless coverage of bill has produced a furious backlash by the public, and hysteria on Wall Street, in a self-justifying feedback loop that makes the media attention seem merited. The truth is, that a bailout is actually taking place as we speak, completely out of the public spotlight. This program has already pumped trillions of dollars into Wall Street, compared to the mere \$700 billion proposed in the legislation that the media is focussing on. This is all to help prop up the faltering investment banks, and promises to keep in even more, every dime of it, to the detriment of the taxpayer, or the public will have no stake in its success. But this program is not being talked about.

"Slipping under the radar last week, amidst the hullabaloo in Washington over the bailout bill, was the story noting that in the past week alone, the Federal Reserve had pumped an astonishing \$188 billion per day into the system in the form of emergency credit. This means that in just four days, the Fed injected as much money into the system as the entire bailout proposal. After the proposal was rejected, the Fed apparently responded by immediately announcing that it would pour another \$630 billion into the global financial system.

"The Federal Reserve conjures the reassuring image of a national bank lending out some of its vast reserves to help Wall Street weather the storm. But the fact is, that the Federal Reserve is not Federal, and it has doubtful reserves right now. In fact, the trillions of dollars that have been lent to the banks in the last few weeks, were created out of nothing by the privately owned Federal Reserve. When the Federal Reserve lends money to a bank through repurchase agreements, credit auction, or other methods, it's not actually lending out money from its vaults; it is simply creating the money it lends out as electronic credits created in the recipient bank accounts. It is literally money out of thin air. That the general public is on the hook for this money created out of nothing, is really no exaggeration, but nobody seems to understand this.

“My question to you is, how do they manage to pull this off, and why is that bailout different from what Mr. Paulson is proposing?”

LaRouche: Again, we have to think in battlefield terms; not in accounting terms. There’s a creep called Michael Milken, who was an organized crime operative during the 1970s and 1980s, who went to jail ultimately for his practices. However, when the crash of Wall Street occurred in 1987, October ’87, after that, in came *Alan Greenspan*. Now, Alan Greenspan made the methods of Michael Milken the heart and soul of the Federal Reserve System [Figures 6, 7, and 8].

Now, what’s at stake? It’s fake money, it’s fake debt. And I have a nice solution for this fake debt thing. What they do is, they will create an agreement that I owe you. I will pay you so much a year. Now, somebody turns around and says, “What’s that, 7% rate, 8% rate, what?” Okay, so multiply the value of this agreement as that multiple of the agreement. Now, you say, I now have an asset. This agreement to pay so much a year, which I’ve capitalized at say 11 times the price of the annual payment. Great, huh? Now, you keep doing that, is what Alan Greenspan did. Therefore, he’s violated the Federal Constitution; the Federal Reserve, to the extent it uses that method, has violated the Federal Constitution on the credit system. All of that money is legally worthless when we get the government to declare it worthless.

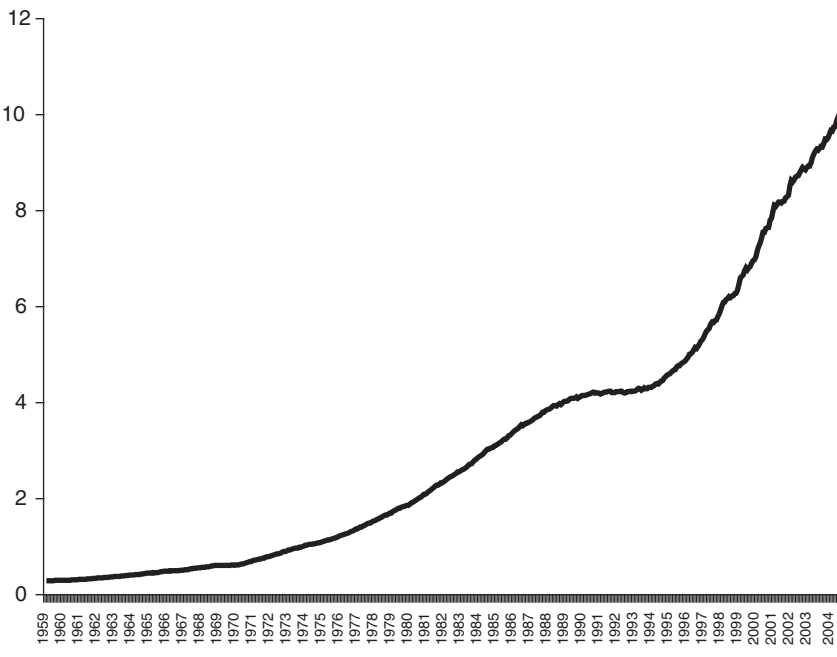
When I’m talking about reform, I’m not talking about *working within* the system of this present system of the Michael Milken-Alan Greenspan system. I believe, and I think other people believe, that what we’re going to do with those gentlemen, at our leisure, is put them in jail, because that is a lie. There is no value in that stuff. So we are being asked to pay for garbage, called toxic waste. Toxic waste is the day that somebody discovers that this fictitious claim against the system as a capital amount, is no longer being paid on current payment, or will no longer be paid.

So, suddenly, this balloon of fictitious—this is all

FIGURE 6

U.S. Money Supply (M3), Monthly 1959-2004

(\$Trillions)



Source: Federal Reserve

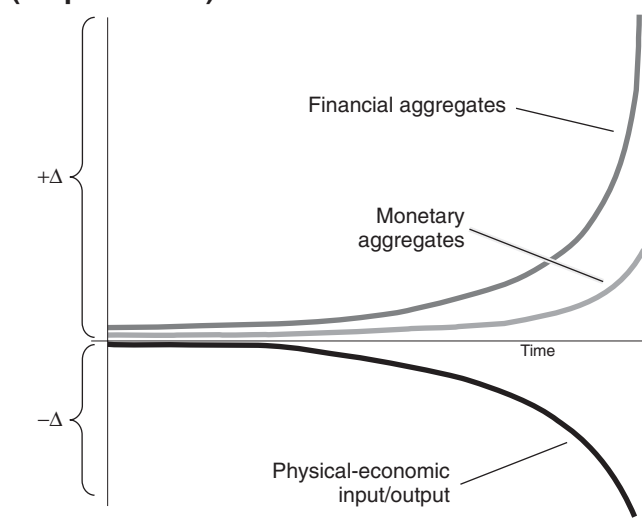
The U.S. money supply started to take off after Alan Greenspan took over as chairman of the Federal Reserve in 1987, after the crash in October of that year; the next ratchet upward involved the “wall of money” erected after the “Y2K” hysteria.

Monopoly play money, which is coming in and competing with and overwhelming real money, that is legal money, which is that which is created by approval of the Federal Reserve System through the control of the Federal Reserve System by the Federal government. But the Federal Reserve System has not been *controlled* by the Federal government. It’s been controlled by Alan Greenspan, and Alan Greenspan’s international London friends. This is a swindle! This is thievery! There’s no legitimacy to it. Why should we pay it?

But you see, the point is, we are a lawful system. Therefore, we don’t just not pay something, unless we have a clear case that it’s criminal or fraudulent. What we do under our system is say, we put it under scrutiny. We put the thing in bankruptcy reorganization proceedings. We now take the part that we are *sure* is valid, and we allow that part to function. We increase the amount of that part; we decrease the other part, the fictitious function; in the meanwhile it’s not collecting any rent. So, therefore, we get rid of it.

FIGURE 7

LaRouche's Typical Collapse Function ('Triple Curve')



LaRouche's heuristic diagram shows the point at which monetary aggregates overtake financial aggregates, in a hyperinflationary explosion.

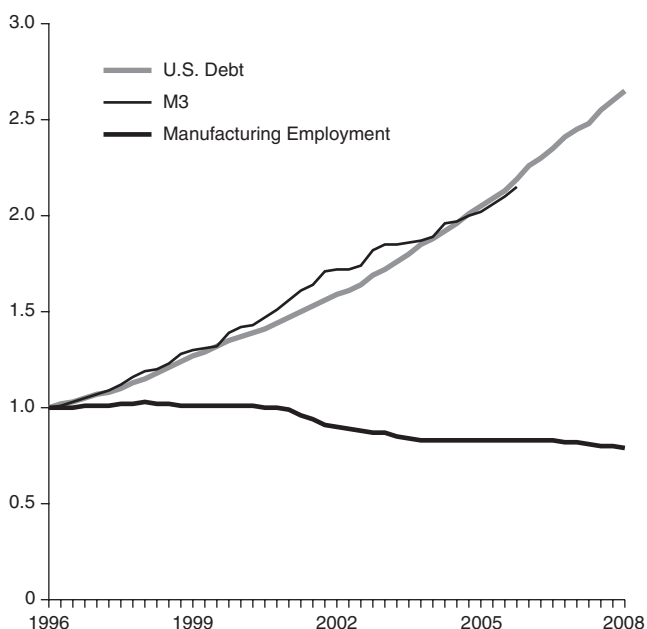
So what has been done to us, over these years, especially since 1971, especially since 1981, has been a *crime* against the nation, a crime of the quality of a crime against humanity. Look at the suffering that has been caused by this system, and the stealing from people, the ruining of their society, the corruption of their children—all these things. Isn't that a crime?

But we don't deal with this arbitrarily; we don't take these guys out and shoot them. We're not Nazis. We say, "Come please, gently into this little room, which will now be your habitation for the next few years. You're going to be fed; you're going to be cared for; you'll get medical care. You'll get everything you need; you're just not going to be able to keep all that fake money that you printed. And we may be looking at some of the assets you think you have, as a result of that money; maybe those assets may really belong to somebody else? Like the stockholders you robbed?"

So, that's the way you proceed. Once you get that thing clearly in view, that that's the way we're proceeding, then your head is clear. Money is that which is legal. Legality is determined by constitutional principle, but we're always fair. Anybody who has a legitimate beef, you hear it. We're not dilatory in this thing, but it takes time, and therefore in the meantime,

FIGURE 8

The U.S. Economy's 'Triple Curve,' 1996-2008 (Indexed to 1997, Q1=1.00)



Sources: U.S. Bureau of Labor Statistics, Federal Reserve.

The triple curve, with data from the economy today. The graph shows debt, M3 money supply, and manufacturing employment, indexed to 1996 Q1=1.00. The government stopped reporting M3 in 2006.

please be patient. We won't take more time to clean up the case than it took you to steal."

The People Are Enraged

Freeman: This is a question from a political consultant and a pollster. He says, "Lyn, as I know you know, the U.S. Congress was more than happy to rubber-stamp the bailout until their constituents got wind of what was up. A good number of House members voted 'no' on Monday because they feared what their constituents would do to them if they didn't. Amazingly, even though the House seemed to do what the people wanted, and voted no, our polls show that Congress's approval rating *still* declined to below 9% in the wake of that vote. Like the financial system, it would seem that these guys are screwed if they do, and screwed if they don't. Now, some of us might take a moment to revel in the sadistic pleasure of this, but then, upon reflection, it occurs that this lynch mob environment could also be dangerous. I'd appreciate your thoughts on this."

LaRouche: Of course it's dangerous; that's what I



Bush Family Values

said. Where's the danger come from? From the people who are angry? From the people who are not angry enough to stop this nonsense? As I've said repeatedly over the recent days, you're dealing with something which is a French Revolution-type situation. On the one hand, you have the people, and the people are enraged, because they know that everything is being taken away from them. Why aren't you stopping that? Why aren't you protecting the people? You're the government; why aren't you protecting the people? Why do you let this happen to them? Look what's happened to them! Look what's happened to their health care; look what's happened to *everything*! Their jobs, their communities, *everything is gone*. You've robbed them. They're angry, and they know especially in the performance of the Congress in the past two years, from February 2007 until today, that they've been robbed. The Congress has done nothing for them.

The people who were elected in the last Congressional election, they went into Congress, as some of these who sent this message earlier, and they've been betrayed under Pelosi. Nobody paid any attention to what they were in Congress to clean up. They just shut

them off. Look at all the things they've lost and are losing. Nothing is being done for them. And you have these guys—it's typical of governments that are about to fall in history generally. Here you've got people up there, you have the swine who are doing the stealing, the robbery, and so forth. But then you have the people who say, "You have to go along to get along, don't you understand? People have to be more patient with us. It's going to take more *t-i-m-e*. Be more *patient* with us. It's wrong to be so insulting. You insult these people, they're going to be nasty. You've got to be nice to them, while you're being patient." And they're losing everything.

'I'll Put My Life on the Line'

Question from Audience: So, when do we take to the streets?

LaRouche: We don't have to take to the streets; we're in the streets. I'm in the streets for you right now.

I'm in the streets. I put my life on the line here. They're out to kill people like me. And I say, "Kill me. I defy you." And if I defy you, if someone like me has the guts to stand up to these guys, maybe others will. If I don't have the guts to stand up, no one will.

You have to have articulate, intelligent leadership in fights against this kind ... like what happened to Herhausen, the banker in Germany. The French killed him, on orders from Margaret Thatcher, and with the approval of George H.W. Bush! And [Chancellor Helmut] Kohl collapsed, and Germany has become increasingly a slave state ever since then, as a result of these Maastricht conditions, which were imposed by George H.W. Bush, the father of this idiot, imposed by [President François] Mitterrand of France, who is an old enemy of mine in a sense (he's now dead—he's down where he belongs now). This sort of thing, that's what we have to fight. And we have to have intelligent fighting: You have to have leadership in terms of what the remedies are, and fight for the remedies, not fight for vengeance. Vengeance is a lousy cause to fight for; you fight for justice.

And if you're in a leading position as I am, and know these things when other people don't; it's my job to do

my job. To provide the leadership you need because of my knowledge, period. That's it. The rest of it's up to you.

Americans Will Fight

Freeman: The next question is from a black State Senator, and what he says is, "Lyn, I don't know if you're aware of it, but last week when the Congressional Black Caucus Foundation held its annual meeting in Washington, there was not one single workshop on the financial crisis. The closest they came to it was a counseling workshop on how to renegotiate your mortgage.

"On Sept. 28, I heard Green Party candidate Cynthia McKinney make the claim that during Hurricane Katrina, 5,000 people were executed. She says these were mainly black men, who may have been incarcerated at the time Katrina struck, and while they were not necessarily shot, that they were allowed to die. The fact of the matter is, that when I heard that from her, I rolled my eyes, and said, 'There goes Cynthia.' But the fact of the matter is that watching the way that the government is responding to this current crisis, I'm really beginning to wonder if black people in the United States shouldn't begin to worry about attempted genocide. You addressed this question obliquely by saying that the Bush Administration was prepared to use troops against the U.S. population. I'm asking you this, because I want to really get a better sense from you whether you were saying this as hyperbole, or metaphor, or whether you think it's actually true."

LaRouche: I mean, it's actually true. It may not have happened yet, but its potentiality is already organized, and it's organized in ways that you can't mistake what's going on. And I'm not the only one who has observed it. That's why some people are frightened, as you see we have referred to that today. People in high positions, sometimes very high positions, are terrified; are afraid they're going to be shot or put in a concentration camp by this government over these issues. It's real. And when you look at the record of the current President's grandfather, the guy who moved the money to get the Nazi Party out of bankruptcy in time to make Hitler dictator of Germany, you shouldn't have much trouble in understanding what there is inside certain parts of this government.

And I can tell you, if this government turns in that direction, it will not survive. You can not get by with doing that to the American people. These will fight harder than Iraqis. They'll fight harder than Vietnam-

ese. You want to start that kind of war? You won't win it. The United States will be destroyed, but you won't win it. You'll be destroyed, so you better give up this damn bailout.

Establishing a Fair-Trade System

Freeman: We have a number of questions from PRD Congressmen in Mexico; we have questions from Colombia, from Argentina, and elsewhere, so why don't we take some of those, and then we can come back to the United States. This is from Mexico; the question is: "Mr. LaRouche, how did you manage to foresee this crisis as far back as the 1970s?"

LaRouche: Well, I've been in the forecasting business for a long time. I actually implicitly started economics as such when I, after doing some studies, hit upon the work of Bernhard Riemann in physics, and I saw it as a way to solve and understand certain problems which had not been properly understood in economics earlier. I was actually a very good management consultant, and executive for a management consulting firm in the 1950s, and did that also at other times. I had a rather extraordinary talent for this sort of thing. It got me into trouble with certain right-wing institutions inside the U.S. government, which is why I sort of left management consulting. It was getting precarious; the FBI was following me around. So, in any case, I did these long-range studies on the basis of the kinds of considerations which I have reflected here, which come essentially from looking at economic processes from the standpoint of physical economy.

Remember that economy is not based on money value. Money is an instrument of credit that governments properly use because transactions among people occur individual to individual, or individual to institution, and therefore, you can not simply predetermine by any fiat system how prices should be determined. So, what you do is, you set up a fair-trade system—what we called it in the 1950s, a fair-trade system where you have caps on prices, lower and higher caps. You have certain kinds of protection.

For example, Kennedy put through a bill for investment in capital improvements. That is, if a company which makes a profit would invest in a machine tool, or something of that sort, out of its retained capital, the tax on that portion of capital would be at a lower rate than if they went out and bought stock on the open market—this kind of thing; we set up systems. The idea, always with money, was to use the Federal control over the cre-

ation and regulation of money, as a way of encouraging the flows in the right direction, so that you were getting more of the things you wanted in terms of results, and less of the things you didn't want.

It was protection in the sense of trade protection. If an American firm creates an industry which is useful to the United States, we're not going to allow dumping prices to put that firm out of business. We're going to protect that firm. Somebody in the United States, as a citizen, invested in creating something which is productive; it's useful to the United States. We're not going to let somebody from the outside come in and dump on this firm, and shut this firm down by competitive methods.

It's not fair to the foreigner, either. Because as you see in the case of China: China suffers a crisis today of Western beneficence in a sense, giving them all this opportunity. But what is the price for China? Well, China is allowed to get certain things, and not others. And China must produce at prices at which it can not maintain its own whole population. So therefore, China's in a situation where it now *depends* on larger U.S. business. What it gets in terms of money out of this business, which it takes again away from the United States—it's exported into China and industries there—is not enough to keep China alive. China has many poor; the problem in Asia is *many* poor, and what are you doing to enable them to increase their wealth?

China needs investment in its local communities, it needs investments in its industries, but it doesn't get paid enough from the United States. What is the reason for that? Well, they get paid *less* than the U.S. industry would get. By doing that, they undercut the U.S. industry in the market, they shut down U.S. industry, and they end up getting less from the production than the U.S. industry was getting when it was doing the production.

So, what you're doing is, you're *lowering* the income of the planet; not just the money income, you're lowering the physical income of the people of the planet. So, you're giving China an opportunity to have some billionaires—Communist Party billionaires, even—but you also have still created a situation in which China is under a *threat* from its dependency upon this business with the United States. And the same thing is true of the policy with India, the British policy; the same thing.

So therefore, the *protectionism* against this kind of problem is a primary consideration, and that's the problem here. We have to have a system of fair trade—what we called fair trade back in the 1950s—where we come

to an agreement with nations on fair-trade levels. The way we set fair-trade levels, is by taking any part of the planet, and saying, what does it actually require in physical skills, in development, to produce something of a certain quality? That's a fair price, then; that's a fair price. Now, every country, if they want to compete, can compete at that price.

We will also have certain other protectionism to make sure that the industries don't run away, because that collapses the economy. So, what we are out to do, is set up a fair-trade system, for international credit, for large-scale projects, as in Eurasia, vast projects, power, everything. And we're going to protect that. The United States is going to protect the Chinese interests in that just as much as it protects the U.S. interests in its industry. Russia, the same thing; India, the same thing. We're going to have a *protectionist world*, based on a fair estimate of what it actually takes in physical cost to produce something of a certain quality. And whatever that physical cost is of the *best performance*, that will be the standard, the standard of price. And we'll try to find that by feeling our way around it—which is what was called a fair-trade system. It was based on people coming in from firms that were producing things, and saying, this is fair trade for us. Sometimes it was abused, but that depends on how good government is, how efficient government is. There are a lot of questions to be raised about that, but I think that's a fair answer to it.

What's Good for Mexico Is Good for Us

Freeman: This is another question from a PRD Congressman in Mexico. "Mr. LaRouche, in Mexico, people are saying that what's happening now in the U. S. is an American FOBAPROA [Banking Fund for the Protection of Savings], which is the massive government bailout of Mexico's bankrupt banks in the 1990s. Why do you say that that's not the case, and what are the implications?"

LaRouche: Well, what we require—remember, I had a collaboration with President López Portillo of Mexico—it started especially during the Spring of that year [1982], but it also had antecedents with Mexico for a long time. And what we came up with, as a reform in Mexico, was a good one; and Henry Kissinger was sent down to shut that down, and Mexico has been raped by that ever since.

We've got an interesting situation now: that we brought a lot of semi-slave labor into the United States from Mexico, when we wanted it. Then, for ideological



EIRNS

The LaRouche Youth Movement organizes in Buenos Aires, Argentina, with a “wheelbarrow” full of worthless money, and a sign reading, “It’s not 1929, but 1358,” referring to the Dark Age of the 14th Century.

as well as other reasons, economic reasons, we’re now shipping that labor back and throwing out immigrants as illegal and so forth. So now, reality strikes, as in the PLHINO region of Mexico, as an exemplary problem, where what should have been done, what was being done earlier under the López Portillo government: This has to be done now. Because, as a matter of security of the hemisphere, and security of our borders, we have to cooperate in the United States with the government of Mexico on this thing. We have to think about what can be done, when people are being thrown back out of the United States into these parts of Mexico, largely in northern Mexico: What can be done to ensure that there’s a place of employment, a relevant kind of employment, of benefit to Mexico and to these people?

We were discussing this with López Portillo earlier, and similar things, on how do we deal with this cross-border migration process. It could be managed, but we have to cooperate with Mexico from the United States, *in our own interest!* Because what is good for Mexico is good for us, and we know that, or we should know it.

So therefore, this comes up again. In a time of crisis,

there is a resurgence in Central America—and Mexico, of course, is really Central America, it’s not South America; there are certain differences—but throughout the hemisphere, there’s a drive towards resurgence, towards rebuilding. And we in the United States, as Roosevelt would have done in his time, we have a vital interest in close cooperation with each of these countries, and with groups of countries, in defining projects where we can cooperate to the benefit of all concerned. We’re looking essentially for stability. We’re looking for stability through economic progress, infrastructure, and so forth.

And also the drug problem is big, and one of our big problems, of course, is George Soros, who is one of the biggest operatives in terms of drug-trafficking operations in that whole region. But it is in the *vital interest of the United States*. Not a goody, “We’re going to trade off and make concessions.” *This is in our interests*, whether Mexico raises the question or not. It’s in our interest that Mexicans who are thrown back across the border, in particular, have access to this kind of opportunity, as a benefit to Mexico as a whole, as a nation. And then, as a by-product, as a benefit to our relations with Mexico. The same thing applies throughout the entire hemisphere. We must get back to Franklin Roosevelt’s conception. These are our neighbors, and our neighborhood depends upon our relationship to those neighbors. And we have to work together to define objectives and projects that are going to solve that problem.

The Benefit of the Other

Freeman: The next question comes from an official in Argentina. “Hello, Mr. LaRouche. Greetings from Argentina. To date, almost the totality of the central bank reserves are in currencies, and most especially in dollars. In addition to your proposals for reforming the international financial system, what measures should individual governments adopt as regards their own central bank reserves, since currently, the old disabled horse of George Soros’s financial system continues doing its thing in Ibero-America?”

LaRouche: What we need is, we need to set up a global system, and we can not set up a global system without cooperation with Russia and a group of other countries. The United States and Russia’s cooperation is absolutely crucial to organizing these relationships among nations, generally. Now, when we start from the

assumption of Russia and the United States as being a pivotal element of bringing a group of leading nations together, and then expanding it, we then have to look at regions of the world.

For example, Africa is a region of the world. The British are killing Africans. We've got to throw the British out of Africa. So therefore, we have to have a special policy, involving Europe, involving Asian countries—China's already involved significantly, especially on the East Coast—in Africa, for this development project for Africa as such. We have to have a protectionist screen around that project.

For South America, we have the same thing. These are closely related nations in many ways, culturally and otherwise, and therefore, we have to have an understanding of what are the standards of a fixed-exchange-rate system, within the terms of the Americas, as for Africa, as for the world as a whole. So we need to build up a sense of what is a fair fixed-rate system for each of these regions. This idea of a fixed-rate system has to be correlated especially with large-scale infrastructure projects and other types of development projects.

So therefore, you have an interest, you have a foreign policy interest; again, it's an extension of the Peace of Westphalia, "the benefit of the other." The interest of the United States is being, strategically, the most beneficial organization in the world, to other nations. It's what we once were: the nation which is most beneficial to most other nations. That's the fundamental interest of the United States, which comes directly from the Peace of Westphalia, 1648. That's the law. And therefore, we have to go into these countries, saying, "We are here to discover what your best interest is, and to help you achieve it." That should be our foreign policy. With that foreign policy, we have a safe world, or we can get one.

And in the case of South America, it's the same thing. We've mapped major projects in South America, infrastructure—water projects, and so forth. We know these projects, not perfectly, but we know them in general. I know them in general. We must do these things, and we must do that also in Africa. We must do that in Asia, and elsewhere.

Where Are the Real Leaders?

Freeman: Lyn, we have a number of questions coming in from activists around the United States who were involved in Hillary Clinton's campaign for the Democratic nomination for the Presidency. And they are now involved in a fight to restore democratic prin-

ciples to the Democratic Party. What they ask is, "Lyn, as I've been watching the disgusting role played by Democratic Congressional leaders Nancy Pelosi and Harry Reid, to push through the bailout, I keep asking, where are the real leaders of our party? While it's gratifying that the House of Representatives voted 'no,' and that many of those who did vote no were Democrats, I also heard many people whom I like and respect, making speeches about how bad the bailout was, and then announcing that they were going to vote for it! My question to you, again, is, where are the real leaders of our party? Why are they not speaking out? Surely, somebody in addition to you has some idea of what to do."

LaRouche: Well, you've seen, I think, if you've been following this webcast and the exchanges that have been coming across the lines from here, you get some sense of what the problem is. The problem is, there are very few people who have the confidence and temperament to be leaders of the type needed in this situation. My job, essentially, on this account, is to define a paradigm to which other people can relate, for just exactly this reason. I have to set an example for what leadership is, because if you see—and many of the questions which have come in as querulous, in some sense, on the question of the bailout—show that the best leaders we have in top-ranking positions in the United States, are not really fully qualified to lead. That's why they ask me these questions, this way. Because they're saying, "Yes, but..." "Yes, but..." "Yes, but..."

I have to provide, at my age of all places, the standard of leadership for this nation, because I know there's no one else presently who will do what I'm doing, as I do it, and be competent to do it. And, at my age, it's difficult to add on other tasks as well as this, to do this job properly, but I must do it. I would hope that in doing it, it will bring forth—as I know they're out there—people who are not necessarily recognized as being leaders in the field, but who will become that. And generally, you will find that mostly among people between 25 and 35 years of age. You'll find some older people play a key role, but the fighting spirit on the line from leadership is generally from that generation of people who have those qualifications. They're young, they're energetic, they still want to grow. They are not satisfied they have grown thoroughly, as some people mistakenly assume. They're wrong. So, the growth in progress of a corps, a cadre corps of people in the 25-35 age group, and younger people who come up with them—that's the

answer for leadership now. I have to do my job, and especially because there's a paucity of people who will do what I do, I'm necessary, unfortunately. But therefore, if I act, maybe somebody will find the guts to act who has the qualifications to do it.

A New Generation of Leaders

Freeman: This is another question from somebody who is a Democratic strategist. "Mr. LaRouche, shortly after the convention, actually after both conventions, you once again commented that the candidates of the moment were not necessarily the candidates we'd have when we went to the polls in November. At the time, that seemed ridiculous, but now, there is significant motion, I am told, among ranking Republicans, to replace Sarah Palin as the Republican Vice Presidential nominee, and my understanding is that this is a very serious movement. I don't know whether it will succeed or not. However, I would like you to comment on it, because it does seem to me to be rather unprecedented."

LaRouche: I don't know. Maybe the opposition to her comes from the Order of the Moose? Caribou? She's terrified of caribou, they might shoot back or something. Or maybe she thinks they're too horny for her in her new incarnation.

Our basic problem, again, is one of developing leadership. Now, I've been trying to do this—I think at this point, I'll just insert, because I haven't said so before—what I've been trying to do is develop a youth leadership of people essentially from about 20-on-up, that age group. Young adults. And we have learned a lot in the process of this. We have developed a scientific orientation, such that I think that people who have been through this a little bit, in a few years, are doing better than people certainly in universities, advanced universities, generally. What's needed is to have confidence, you have to have competence. And to have competence, you have to have a method of developing competence. I think the hope for this nation, in the longer run—which is the way I think we should locate what's needed in the short run—is to develop a generation in the 25-35 age group, which has an orientation towards science and Classical culture.

Now, we've been doing certain things, in music for example, which we've made integral to our work in developing a youth movement: a Classical music program. We've run into all of the problems and difficulties in carrying this thing forward, but I watch it all the time, and we're doing some interesting things. We're

not doing badly. We often are doing something which nobody else is doing, but they should be doing. In terms of physical sciences, our universities are deadheads. Harvard is a disaster, an absolute disaster. Other universities, called leading universities, are absolute disasters in science. They have no scientific competence anymore. Maybe somebody in there does, some person buried in the attic—they let him out on some festive occasions. But in general, what's coming out of the universities is *pure ideology*.

Remember, this is a nation which no longer produces. We no longer really manufacture products. B.S. is the name: You get a B.S. degree—you know what that means. It's a big problem.

And we're having some success in that, but we have to realize that what we're doing, with all the shortcomings that come up in our efforts, is that we're filling a gap. There is no competent conception of science, generically, in these universities. Why? Because there's no orientation to production in this society. Get it cheap from abroad; it's an import. Nobody wants to produce anymore. Not really. Not to competitively develop an industry, not to make scientific breakthroughs, not to produce new kinds of products—this kind of thing. Maybe a few odd people, like me, that sort of thing. But we're not doing that. We're not organizing the society around that. And I would think that the future lies, not sometimes in having some kind of accomplished cadre of the type you'd like to have, but in a commitment to trying to develop that kind of cadre, by which you give a future orientation to society. I think it will work.

You know, we have a different kind of problem in Russia, but it's similar. Russia used to have very important scientific capability. It was poorly reflected in manufacturing normally, in product; it was well represented in military applications and scientific applications, which were often ahead of the United States in this area. But they too have a problem there. Most countries have a problem of this type. They have something in Japan left, something in Korea left, and so forth. But we are short of that kind of understanding, which enables us to understand what production is, for example. What do we mean by production? What do we mean by increasing the actual wealth of society for mankind's needs? That's lost! It's largely lost. And so I think that merely the orientation toward developing that, a Classical musical *orientation*, a Classical scientific *orientation*, embedded in people who are fighting to save society from its own self-inflicted perils, is the way to define the way to go.

You've got a lot of young people out there in the 25-35 age group and younger, and they really don't know what to do. They're bright people, generally. They would like to be something. They have problems because their parents, you know, neglected them in a certain way, or obsessed/possessed them too much. So they don't know what to do. So therefore, the first step in getting them to know what to do, is to get them oriented to what they should discover to do. And that's what we're doing. And I think that those of us who are older and who are fighting to try to save civilization now, as I am, we think—if we're wise—we think about the time after we're dead. We think about 20, 30, 40 years after we've died, and then we set into motion, in our lifetime, the impetus, the direction of self-development of a future generation, so that we never let society fall into the hands as disgusting as the Baby-Boomer generation has manifested itself to be.

The Institution of the Presidency

Freeman: I'm going to close with one question, which is kind of a composite of several questions that have come in, many of them from members of the LYM [LaRouche Youth Movement].

"Lyn, it's ironic that we're in the middle of a Presidential campaign and both the leading candidates seem to be irrelevant in this fight. Given the disaster that the two leading candidates represent, can you please speak, in closing, to the ability to make policy through the broader institution of the Presidency, beyond simply, the individual who happens to occupy the White House, since it does seem that that institution is what is going to have to function. I guess my real question is, how do we move this thing, and where do we go from today?"

LaRouche: If you think of the history of the United States and its Presidency, you don't think anymore in terms of what you think of as a President (and what a President means in Europe is completely different). Our Presidency is actually our government. And I have had a lot of dealings with our government, some very good, with various institutions over the years. I've done things with our government; I've been essentially a part of our government in my function. It may not be obvious to some people, but yes, behind the scenes, I've been involved, and have been for a long time. And I do some moving and shaking at times inside that process, sometimes successfully, sometimes less so. But I understand this government, probably better than any Presidential candidate now running loose, or likely to run loose.

This institution of the Presidency is not an individual institution of a mortal individual. It has a sacred function. It is the central pivot of our entire state and our entire society. Which means that if you have a bum President, that doesn't mean he runs the country. It means that there are processes in society which are oriented to the concept of the Presidency, not the personality of a particular President. Sometimes, in our history, but fairly rarely, in the whole history of the United States, the incumbent President has really been a significant representative of the Presidency.

You see, the President is there. He comes and he goes. But then you have all these institutions around that President and the Presidency, and they're still there. They're there for a couple, three generations. They're there. Because for a Presidency to function, it requires all of these people who impact the Presidency. Some of them are not in government anymore, but they're still part of the Presidency; they exert a very important influence. For example, when a President or a Presidency wants to make a policy, they reach out to people who may have been outside government, and reach out regularly, and these people are considered part of the spirit of the making of policy of the U.S. government, even though they're outside government now.

So there's a continuity, a multi-generational continuity of the concept of the Presidency, as a characteristic of the U.S. government. And the other institutions, like the Senate and the House of Representatives, are essential *auxiliaries* of the Presidency. We are a Presidential system! We are not a parliamentary system, and the system is bigger than the President. And therefore, we function—when we function at all—in terms not of the President but of the Presidency. And all those people in the United States who are part of the deliberative process, which is the President of the United States, including the House of Representatives, which is a check on the Presidency in some respects, but it's also a part of it. The Senate is a check on the Presidency, in part, but it's also a part of it.

So we have a conception, not a Cartesian conception of parts of government, but a Riemannian conception, a Leibnizian conception, and *our concept of government was specifically based on Leibniz*. We have a Leibnizian government, in conception. It's dynamic! All the parts function together, not as parts rubbing against each other, or bouncing off each other, or ricocheting. And that's what we have to keep a focus on.

The dead live within us in the Presidency. John

FREE CONCERT



The LaRouche Youth Movement's intensive work on Classical music, culminated on Sept. 28, 2008 in a concert in Boston, Mass. Here, a flyer for the event shows John Sigerson conducting the LYM chorus in a rehearsal of a Bach motet, December 2007.

JOIN THE FIGHT TO SAVE BEAUTIFUL SINGING

EIRNS/Will Mederski

Quincy Adams made contributions to the Presidency which are living today, and are part of the deliberative process. Abraham Lincoln is living today. George Washington is living today. Hamilton is living today. Many key figures are living today: Roosevelt's living today, and people are still trying to kill him, like George Soros and company. Kill him! So that's what you have to understand.

We are immortal. There's a concept in theology, especially in Christian theology, which is extremely relevant here: the idea of the simultaneity of eternity. That we live as mortal human beings, in such a way that when our bodies die on us, we still live, but in a different way. We live, and our living is expressed by our influence on the processes around us, irradiating influence. You know, it can be expressed as simply as the children dedicated to the memory of the grandparents' devotion, or the memory of a hero in the family, a memory of a hero in the neighborhood. In various ways, the ideas, the concepts, the concept-formation processes of earlier generations are reflected in the living today, and the Presidency of the United States is conceived to be that kind of institution. Something which is a repository of a simultaneity of eternity, with a role in the universe, a role in this planet, for all of humanity. We don't exist for ourselves, to protect ourselves, our own property! We exist to try to make this planet a

better place to live, and this nation, an instrument to make this planet a better place to live, and a better future for humanity. Our institutions should be living in the simultaneity of eternity, such that we are contributing something for the future. We are responding to a responsibility we've had from the past. And thus, the dead now live in us, through this aspect, and we live, in turn, in those yet to be born.

And that's what the Presidency is, when someone really understands it. When you understand Lincoln, when you understand John Quincy Adams, when you understand Benjamin Franklin, above all, you understand that.

So, we need to look at not the individual President, like this piece of crap we have now. You look at the institution of the Presidency as an immortal institution, in a simultaneity of eternity, with a mission on this planet for humanity as a whole, not merely our own affairs, and to make our citizens worthwhile people. Just to make our citizens good, to develop, is a good for all of humanity. That kind of conception is what is essential. And I think very few people in this age of the Baby-Boomer still have that understanding. I know that when I was younger, that understanding did exist. People would resonate to that. Today, very few. But we must capture a sense of the simultaneity of eternity, and see the Presidency of the United States in those terms of reference.

Bush Calls Out the Army To Enforce the Bailout

by Jeffrey Steinberg

During his Oct. 1 international webcast, American statesman and economist Lyndon LaRouche delivered a blunt warning that there is a clear indication that “a desperate Bush Administration, and what it’s tied to internationally,” is prepared to turn the U.S. military against the American people.

“They might try to use military force, to force through the kind of legislation, the bailout, which is being attempted now,” LaRouche said.

There is a “French Revolutionary” mood building among the American people against the destruction of their nation through Bush Administration policy, and the bailout of Wall Street speculators in particular, LaRouche said. The people hate this bill.

“And there’s an instinct in this administration, to use military force against the people of the United States to suppress the opposition to this bill.

“This is reality, right now! Not something ‘coming down’: That is already the reality,” LaRouche pointedly warned.

“If this bill were to be pushed through, with or without the aid of military force against the American people by American troops—which are now being stationed for this kind of operation—the United States will disappear, in very short order. And civilization would crash, globally.”

The Die Is Cast

On Oct. 3, the House of Representatives reversed an earlier vote and passed the Paulson bailout bill, follow-

ing a similar Oct. 1 capitulation by the U.S. Senate. Just hours later, President Bush signed the bill into law, setting the stage for precisely the kind of showdown that LaRouche identified in his webcast.

As LaRouche warned, the bailout bill, if passed, will not stabilize the banking system. It will lead to immediate hyperinflation, a dramatic collapse of the U.S. dollar, and a level of global economic disintegration, unprecedented since the 14th-Century collapse of the Lombard banking system, which wiped out one-third of the population of Europe in a matter of two generations.

In later remarks during the webcast, LaRouche was even more blunt about the Bush Administration’s deployment of troops inside the United States, and the likely reaction:

“If American troops, ordered by the President, turn on the American people to suppress the opposition to this bill, the United States will cease to exist! This is worse than treason! Any such action, from any part of government, is worse than treason! And anyone who accepts such an order, is a traitor to the United States.”

A Sept. 30 report in *Army Times* underscored LaRouche’s warning. The paper reported that the 3rd Infantry Division’s 1st Brigade Combat Team is being given a dedicated assignment to NorthCom inside the United States, beginning Oct. 1.

Army Times elaborated: “The 3rd Infantry Division’s 1st Brigade Combat Team has spent 35 of the last 60 months in Iraq patrolling in full battle rattle, helping

restore essential services and escorting supply convoys. Now they're training for the same mission—with a twist—at home.

“Beginning Oct. 1, for 12 months, the 1st BTC will be under the day-to-day control of U.S. Army North, the Army service component of Northern Command, as an on-call federal response force for natural or man-made emergencies and disasters, including terrorist attacks. . . . This new mission marks the first time an active unit has been given a dedicated assignment to NorthCom, a joint command established in 2002 to provide command and control for federal homeland defense efforts and coordinate defense support of civil authorities. After 1st BCT finishes its dwell-time mission, expectations are that another, as yet unnamed, active-duty brigade will take over and that the mission will be a permanent one.”

Army Times confirmed that the combat brigade, which will total about 4,600 troops, “may be called upon to help with civil unrest and crowd control or to deal with potentially horrific scenarios such as massive poisoning and chaos in response to a chemical, biological, radiological, nuclear or high-yield explosive, or CBRNE [chemical, biological, radiological/nuclear, and explosive incidents] attack.”

In addition, “The 1st BTC’s soldiers will learn how to use ‘the first ever nonlethal package that the Army has fielded,’ 1st BCT commander Col. Roger Cloutier said, referring to crowd and traffic control equipment and nonlethal weapons designed to subdue unruly or dangerous individuals without killing them.”

Army Times also reported, “The brigade will not change its name, but the force will be known for the next year as CBRNE Consequence Management Response Force, or CCMRF.

LaRouche had already denounced former Defense Secretary Donald Rumsfeld’s creation of NorthCom back in 2002, declaring that it was a “preparation to create a Caesarian military dictatorship” over North America.

‘Crossing the Rubicon’

LaRouche’s image was precise. In 49 BC, Julius Caesar ordered the Roman Legions to cross the Rubicon, a river that defined the borders of Italy proper, violating an ancient law forbidding Roman troops to enter Italian territory. The event plunged the Roman Republic into a bloody civil war.

During his Oct. 1 webcast, LaRouche also drew the

parallel between the Bush-Cheney actions—putting U.S. Army units into action against the American people—and the French Revolution. Despite the best efforts of pro-American republicans, led by the Marquis de Lafayette, to establish a Constitutional monarchy, King Louis XVI, in response to the infamous “Queen’s Necklace Affair,” invited Austrian troops to occupy the streets of France to defend the Crown. This action fed directly into the British Foreign Office plans to destroy France in a river of Jacobin blood. The French population, already enraged at the horrid economic conditions imposed on them, revolted against the foreign troops deployed against them. The rage was orchestrated by a legion of British East India Company-paid agents, under the control of Lord Shelburne and Jeremy Bentham. Soon, the violence spread out of control and led, ultimately, to the fascist dictatorship of Napoleon Bonaparte and a generation of European-wide war.

A deployment of U.S. combat troops onto the streets of the United States, at this moment of total economic and monetary disintegration, could, LaRouche warned, trigger precisely such rage by millions of Americans.

Other Police State Actions

In addition to the unprecedented deployment of an Army combat brigade inside the United States—a flagrant violation of the *posse comitatus* law—other actions have been quietly taken by the Bush Administration that fit the same pattern. The *Wall Street Journal* reported on Oct. 1 that the \$634 billion spending bill that recently passed Congress, to fund the Federal government through March 2009, contained a provision for the creation of the National Applications Office (NAO), an agency that will provide Federal, state, and local officials with access to domestic military spy satellite data “to assist with emergency response and other domestic-security needs.” The law was passed with the NAO provision, despite a 60-page Government Accountability Office report, warning that the office could violate existing laws protecting privacy and civil liberties.

And on Oct. 4, the *Washington Post* reported that the Justice Department has issued a set of new FBI guidelines which “allows investigators to recruit informants, employ physical surveillance and conduct interviews in which agents disguise their identities in an effort to assess national security threats. FBI agents could pursue each of those steps without any single fact indicating a person has ties to a terrorist organization.”

Franklin Said: ‘A Republic, if You Can Keep It’; We Didn’t

by John Hoefle

Benjamin Franklin famously remarked that the Founding Fathers had given us “a republic, if you can keep it,” and the actions of the Bush Administration and the U.S. Congress have answered Franklin with a resounding “No!” Virtually everything about the bailout bill, from its name to the reasons given for passing it, was a lie. The “Emergency Economic Stabilization Act of 2008” is a travesty of justice, an act of economic incompetence, and a slap in the face to the American people and the Constitution.

This bill is a complete sellout of the American people, and of the principles upon which this nation was founded. What it does, is give billions of dollars—and eventually trillions of dollars—to the same global financial networks which have destroyed the industrial and productive capacity of the U.S. economy, so that they can continue that destruction. It would have been better had the government done nothing. Instead, they gave the nation away to the thieves.

Un-Constitutional

“We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of

America.” That is the Preamble to our Constitution, which establishes the principles upon which our government was created, and it *is* the law; any act by the government which violates those principles is illegal, and that includes the bailout.

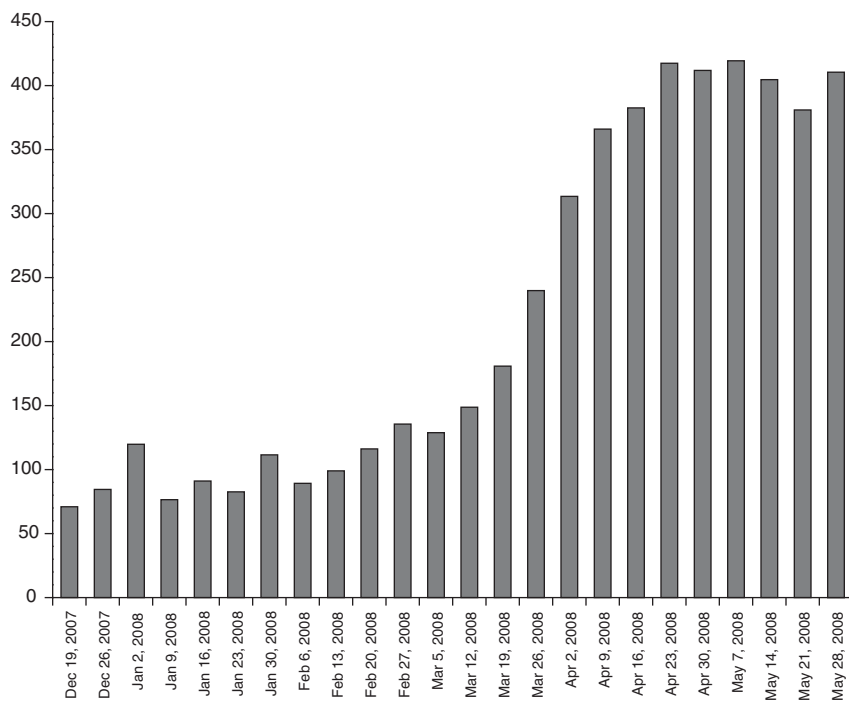
Consider the ramifications of this abominable “stabilization act.” First, it seeks to bail out the very financial system which has destroyed our economy, impoverished most of our people, and would create a virtual bankers’ dictatorship within our government. Second, it would impose upon this impoverished population a heavy tax to support this bailout of international financial institutions, a tax that the people cannot pay. Third, it will lead inevitably to a level of hyperinflation of the sort that destroyed Weimar Germany in 1923, destroying the value of our currency and wiping out what is left of our economy. Fourth, in blowing up the dollar, it will also destroy the global economic system based upon the dollar, wreaking havoc far beyond our borders.

This law was passed and signed over the vehement objections of the American people, who had made it clear to Congress that the bill should be rejected. The idiots who did this added insult to injury by claiming that they did it for “Main Street,” for “the American People,” but they really did it for the financial parasites who own them. They did it for the bankers of the Anglo-Dutch Liberal system, and the British Empire.

FIGURE 1

Fed Loans Outstanding, Weekly

(\$ Billions)



Source: Federal Reserve

Incompetent

This law would more properly be called the “New Dark Age Act of 2008,” because that is what it will bring. From the standpoint of the economy, the law merely allows “Hjalmar Hank” Paulson and his successors to transfer unpayable debts from the books of

the banks to the books of the U.S. government, and thus to the taxpayer. It does nothing, absolutely nothing, to deal with the reasons why the debt cannot be paid, and in truth merely adds more debt to the economy, leaving it worse off than before.

The fundamental problem with our economy is that it no longer produces enough wealth to support our population. We have been operating below economic breakeven for four decades, since the 1968-71 period, our productivity declining and our debt growing to compensate for the wealth no longer produced. As our industrial capacity has been shut down—dictated by the financiers we have just bailed out—the living standards of the majority of our population have declined, while the income of a small portion has soared. The “general Welfare” of the population as a whole has declined significantly, at an accelerating rate, while a small sliver of our population has gotten incredibly rich.

What the financiers have been doing is transforming our economy from a modern scientific marvel into one more resembling the imperial “lords and peasants” model, in which the elite feed off the rest of us. Such an economy is based upon looting others, not upon production, and thus, must increase its looting to survive. The bailout is that kind of looting. The plan-

TABLE 1

Federal Reserve/Treasury Monetary Interventions

(\$ Billions)

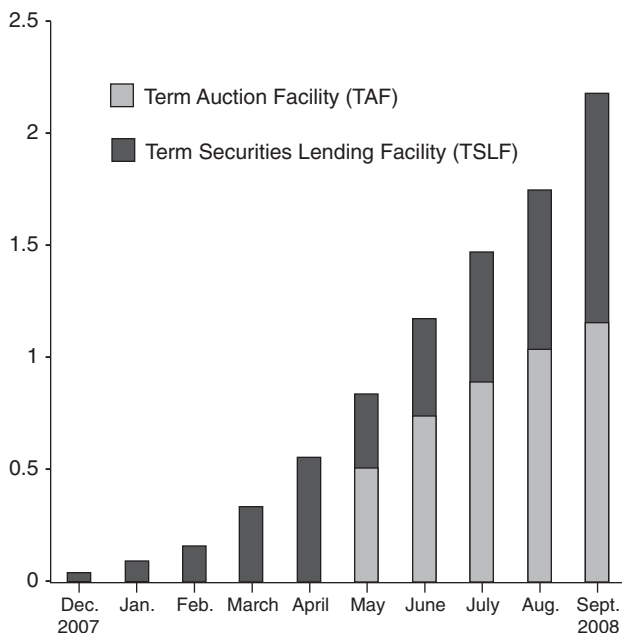
Date	Announced Lending Program/ Intervention	Initial Size	Current Size	Gross Loans
Dec. 12, 2008	Term Auction Facility	40	450	1,160
Dec. 12, 2008	Reciprocal swap lines	24	620	—
March 11, 2008	Term Securities Lending Facility	200	200	993
March 16, 2008	Primary Dealer Credit Facility	unlimited	147	—
March 16, 2008	Bear Stearns	29	29	29
Sept. 7, 2008	Fannie Mae, Freddie Mac rescue	200	—	—
Sept. 16, 2008	AIG	85	61	61
Sept. 19, 2008	Asset-Backed Commercial Paper Discount Window Facility	—	—	152
Sept. 29, 2008	Treasury Money-Market Mutual Fund Guarantee Program	—	—	—
Sept. 29, 2008	Richmond Fed ready to support Wachovia	—	—	—
Total				2,395

Sources: Federal Reserve, Department of the Treasury.

FIGURE 2

The Fed Turns Up the Money Pump

(Cumulative TAF and TSLF Loans, by Month, \$ Trillions)



Source: Federal Reserve.

tation owners are broke, and cracking the whip on the slaves.

Since the financial system died last year, the major Western central banks have pumped more than \$5 trillion in cash loans into the banking system, and over \$3 trillion of that has come from the Federal Reserve and the Treasury. The number of emergency lending facilities has proliferated as the losses have spread through the financial institutions, as huge amounts of money were pumped into banks and thrifts, investment banks, Fannie Mae and Freddie Mac, insurance giant AIG, the asset-backed commercial paper market, and the money-mutual market funds. None of this has worked, and banks in the U.S. and Europe are failing at a growing rate, as the losses spread. They are trying to bail out a bottomless pit, and it isn't working; this bailout will not be any different.

What We Need

The Founding Fathers understood that progress of mankind depends upon human creativity; the minds of the people are humanity's most precious asset, and therefore the people must be protected and nurtured. This is the opposite of the oligarchic model, which

LaRouche: Bank Bailout Atrocity Passed by Fraud!

This statement was issued by the LaRouche Political Action Committee on Oct. 3.

In response to the shameful and immoral capitulation of the U.S. House of Representatives today, in passing the Paulson bailout bill by a vote of 263 to 171, American statesman and economist Lyndon LaRouche stressed that this vote was accomplished by *fraud*.

When the Congress, including both major Presidential candidates, told their constituents that the bailout was necessary, they didn't mention that among the major institutions lining up to be bailed out are *foreign interests*, LaRouche said. British, Dutch, and Spanish banks are all lining up to demand hundreds of

billions of dollars from the U.S. taxpayers.

"They lied," charged LaRouche. "And when the average citizen confronts his Representative on this fraud, the politician will just say, 'We lied. They told us we had to do it, and we lied.'"

As LaRouche laid out in his Oct. 1 webcast, the result of the bailout will be to bring on devastating hyperinflation, and an explosion within the American population, akin to that which characterized the French Revolution. "Don't you see the hatred you are building up against Washington, in the people of the United States?" he asked.

In the wake of the Congressional vote, motivated as it was by fear, LaRouche urged citizens to rally to his leadership. We're in this devastating crisis today because people did not rally to my Homeowners and Bank Protection Act and other positive actions back in August 2007, LaRouche said. Don't be provoked into irrational actions. Rally behind the leadership which has the remedies—and force them through now.

treats people as cattle.

This concept of humanity, and of economics, is at the heart of Lyndon LaRouche's economic recovery plan. Above all else, the general Welfare of the people must be protected, which means making sure that people have homes, productive jobs, proper education, health care, and other essentials of life.

The financiers, and the politicians who serve them believe, and would have us believe, that it is their money that is the engine which drives the economy. If we go bankrupt, they insist, the economy will die, so protecting us is paramount. That argument was used to pass the bailout, but it is a total fraud.

The truth is that the financiers are the fleas feeding off the dog, parasites who feed off the economy and the population. They built a huge speculative bubble, treating the mountain of unpayable debts they created as assets to be securitized, leveraged, and traded until this scam collapsed. Good riddance.

We must return to American System economics, putting our money into rebuilding our productive base, and raising the standard of living of our population, creating the conditions to develop the minds of our children to the fullest, so that they may make the breakthroughs which will lead humanity into a bright future.

With the bailout will come savage austerity, as infrastructure and essential societal functions are cut to pay back the trillions of dollars of loans, and the disintegration of civilization itself which will follow a hyperinflationary blowout. Unless we reverse this course, we will descend into a new Dark Age.

Educate Your Emotions

Many people are enraged at what the government has done, but being mad is not enough, as the oligarchs are quite skilled at channelling popular rage into dead ends. What people have to do, is to educate themselves on the principles embodied in the Constitution, and on the principles of real economics. You must *know* what must be done, and not get sidetracked by the attempts to play upon your emotions. This is not a game, and the cost of failure is too high for us not to succeed.

One good place to begin is by making sure that all of the Representatives and Senators who voted for this travesty are defeated in the upcoming election. That's not enough, but it will send a useful message to Washington that the will of the people should not be ignored.

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'No Time' for EU Commission

Sovereign Governments Are the Order of the Day

by Helga Zepp-LaRouche

Helga Zepp-LaRouche is the chairwoman of the German Civil Rights Solidarity party (BüSo). Her article has been translated from German.

In my article dated Jan. 16 of this year, titled, "The End of 'Free' Market Economy: We Need To Save the Common Good in Germany!" (*EIR*, Jan. 18, 2008), I pointed out that the entire architecture of the European Union bureaucracy, from the Maastricht Treaty to the European Monetary Union and the European Central Bank (ECB), has a serious design flaw which, under conditions of great stress, could render the entire supranational edifice impotent, and could, once again, put national interests at the top of the agenda.

That is exactly what has come to pass. On Sept. 29, there was a run on six Irish banks, and the stock of the Anglo Irish Bank lost 46% of its value. The heads of the six banks stormed into the Prime Minister's office, sounded the alarm that their banks would be bankrupt within 24 hours, and demanded, and received, the Irish government's promise that it would henceforth guarantee these banks' deposits and obligations. The *London Times* reported that Irish officials had labored through the night to work up a credible plan, and that there had been no time to even consult with other governments, the EU Commission, or the ECB.

The same scenario was repeated in Greece with a run on banks in Athens and Thessaloniki, when panicked depositors attempted to pull out their savings, whereupon the Greek Cabinet likewise had to guarantee all assets—once again, without asking Brussels. On Thursday, Oct. 3, Finance Minister Alogoskoufis declared that the banking system was completely secure and reliable, despite the global financial crisis. And whereas on Monday, Sept. 29, the EU Commission was still threatening to "examine" the German government's decision to give government guarantees for the private action to save the Hypo Real Estate

Bank, by Thursday the Commission had admitted that it had been “the right decision.”

Maastricht No Longer in Force

France’s original proposal to create a pan-European fund with Eu300 billion for troubled banks, along the lines of U.S. Treasury Secretary Henry Paulson’s bailout plan, has meanwhile suddenly come up against strong resistance. None other than German Finance Minister Peer Steinbrück, by no means known as a critic of the Maastricht Treaty, told the *Wall Street Journal* that “German citizens should not jump into the breach to stabilize situations for which other countries have been responsible. Germany is extremely wary of such grand designs. . . . I see no German interest in it whatsoever.” If German interests suddenly once again take priority, then the European Union’s Maastricht Treaty is de facto no longer in force.

Henri Guaino, French President Nicolas Sarkozy’s special advisor, has reached the same conclusion, and told French TV that the Maastricht criteria no longer have any priority. And Jean-Pierre Jouyet, France’s Minister of State responsible for European Affairs, remarked that, in this crisis, there had indeed been cooperation among national governments, but not on the level of the Commission. Small wonder, since the congenital defect called the euro prevents precisely that from happening.

In my January article, I wrote that, “Up to 1999, the Bundesbank was Germany’s ‘lender of last resort,’ the source of credit, should the national economy go out of kilter. But with the introduction of the euro, currency sovereignty was transferred to the European Central Bank, and so we have the paradoxical situation in which national central banks are responsible for providing extraordinary liquidity—so-called ‘Emergency Liquidity Assistance’ (ELA)—whereas they have no sovereignty over the creation of currency. And this legal loophole, which the fathers of the euro believed could simply be ignored, is now proving to be the potential deal-breaker of the European Monetary Union.”

Understandably, Steinbrück has his doubts about rescuing foreign banks by borrowing funds from private markets—funds which would then show up as debts in the federal budget. And in Article 103 of the Maastricht Treaty, it states that “any . . . type of credit facility with the ECB or with the central banks of the Member States . . . in favor of Community institutions or bodies, central governments, regional, local or other



EIRNS/James Rea

Europeans are beginning to face the fact that they are not immune from the effects of the global financial meltdown. Shown, members of the LaRouche Youth Movement organize in Berlin. The sign says, “Is your bank also bankrupt?”

public authorities, other bodies governed by public law, or public undertakings of Member States shall be prohibited.” Article 104a further specifies that private banks are not permitted to provide credit to governments and other public institutions at discounted rates.

In my January article, I further wrote, “This all means that the present EU financial architecture is unsuitable for Germany’s character as a social state and for the common good, whose defense is mandated by the Basic Law, to save the global financial system, under the conditions of the currently exploding crisis of the system.”

The developments of the past few days prove that only sovereign states are capable of acting in a systemic crisis. It is, therefore, of the utmost urgency, that governments, as sovereign representatives of their respective nations, help to put the old financial system through a regular bankruptcy procedure, and to erect a new financial architecture in the tradition of Roosevelt’s 1944 Bretton Woods System.

Bretton Woods Fight Centers on LaRouche

by Andrew Spannaus

The debate in the Italian Senate over measures to reorganize the international financial system is shaping up to be a battle over the real New Bretton Woods, as proposed by Lyndon LaRouche, versus the numerous countergang proposals that have emerged in the recent period. Indeed, as the crisis continues to unfold, proposals for a new financial architecture are popping up all over the place. All too often, however, those proposals fail to face the central issues, as they have been repeatedly emphasized by LaRouche: a bankruptcy reorganization of the system, in order to eliminate the massive amount of unpayable, speculative debt; and, the establishment of a credit system—as opposed to a monetary system—in order to return power over economic policy to the elected institutions of government, rather than leave it in the hands of the central banking system.

A motion introduced Sept. 24, by Sen. Oskar Peterlini, “Motion for the Reorganization of the International Monetary System: the New Bretton Woods,” focuses precisely on these points, along with the political alignment necessary for a shift to actually take place: cooperation between the U.S., Russia, China, and India, as a basis for forcing through a change in the global system. In addition, the motion is notable because it clearly identifies the author of the proposal, Lyndon LaRouche, thus making it clear that the fight will be engaged at the highest level; false solutions, which would at best prolong the agony of the system, or at worst, allow the “solution” to be managed by the same individuals who caused the problem, will not be accepted.



www.svpartei.org/de
Sen. Oskar Peterlini

Countergang Motion Pushed

As we go to press, 21 Senators have signed onto the Peterlini motion, including members of Peterlini's caucus, a small group of Senators from Italy's autonomous regions and former Christian Democrats; and a number of members of the main opposition party, the Democratic Party (PD). Although the response to the motion has been very positive, the number of signers is unlikely to increase immediately, as the two major parties (the PD and the majority party PDL—People of Freedom) are now expected to address the issue in motions of their own. One grouping inside the opposition is pushing a countergang motion which, although it mimics a number of LaRouche's proposals from a technical standpoint, eliminates the key conceptual points, and opens the door to oligarchic devices such as a global currency and the continuation of the central banking system. *EIR* has also learned that a prominent PDL Senator is circulating a motion with only slight amendments to that presented by Peterlini.

In order to force a floor debate on a measure, 60 Senators' signatures are needed. However, if the majority takes up the issue, it can dictate the terms of the debate in the Senate. Thus, the likely scenario is that a debate will take place based on several motions, with the starting point being the measures identified directly with LaRouche.

The growing debate in Italy is certain to have a significant impact on the international discussions taking place concerning the response to the current crisis. As *EIR* reported in its Oct. 3 issue, French President Nicolas Sarkozy has announced his intention to lay the groundwork for a “New Bretton Woods” conference in November, and is using France's position as the current chairman of the Group of Eight to organize a preparatory meeting to include France, Germany, Italy, and Great Britain. In order to counter the pressure that will certainly be brought to bear by the Dark Ages faction behind U.S. Treasury Secretary Henry Paulson, it will be essential for the participants in those discussions to follow LaRouche's approach. Now, more than ever, that approach will be at the center of the high-level discussions, thanks to the influence that the LaRouche movement in France and Italy has had on those involved in the New Bretton Woods discussions, including Italian Economics and Finance Minister Giulio Tremonti, who has openly supported LaRouche's proposals in the recent period.

It's Time for New Pecora Hearings

by EIR Staff

This report is adapted from an article by Lonnie Wolfe, "The Morgan Fascist Coup Plot and How FDR Defeated It," which appeared in EIR Aug. 11, 2006.

On Sept. 18, 2008, Lyndon LaRouche heartily endorsed House Resolution 1452, introduced on Sept. 17, by Reps. Marci Kaptur (D-Ohio) and Scott Garrett (R-N.J.), "Establishing the Select Committee on Financial Bailouts." The legislation, which LaRouche dubbed a new "Pecora Commission," would create a Select Committee on Financial Bailouts, to investigate the recent actions of Treasury Secretary Hank Paulson, Federal Reserve chairman Ben Bernanke and others, in engineering the taxpayer bailouts and bank takeovers of Bear Stearns, the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), Merrill Lynch, American International Group, Lehman Brothers, and others. The bill would empower the Select Committee to "investigate the role that political influence may have had on the oversight of the financial markets by both the Congress and the Federal regulatory agencies," and would require the Committee to submit a report to the House of Representatives "no later than Dec. 31, 2008."

LaRouche's reference to the Pecora Commission hearkens back to a set of widely publicized hearings, held in 1933, under the direction of the Chief Counsel of the U.S. Senate Committee on Banking, Housing and Urban Affairs, Ferdinand Pecora.¹ The mandate of these hearings was established in March 1932, to investigate the causes of the 1929 financial crash, but it was not until Franklin Delano Roosevelt was elected President, in November 1932, that the hearings began to take shape as a powerful weapon against the Wall Street predators. FDR used the hearings to crack the popular



Ferdinand Pecora, as chief counsel of the Senate committee investigating the causes of the 1929 Crash, took on the House of Morgan, exposing their arrogant corruption. He is featured here on the cover of Time magazine, June 12, 1933.

delusion that these bankers, whose names were household words, were more powerful than our government, and beyond its control. By shining the spotlight of what FDR liked to call "pitiless publicity" on their arrogant corruption, he laid the basis for sweeping regulation of their practices that even their lackeys in the Congress and mass media were unable to prevent.

In late 1932, Roosevelt approved the Committee's hiring, as its special counsel, Ferdinand Pecora, a former New York district attorney with a reputation for fearlessness. Pecora planned to place the most powerful people on Wall Street in "the dock," and try them in a way that would have been impossible in court, given their ability to "purchase" justice.

In the opening hearings on the commercial banks, Pecora established that some of the most powerful bank officers, such as Charles Mitchell of National City, and Albert Wiggin of Chase, had lied to their shareholders, manipulated stocks for their own benefit, and had made

1. One of the best records of what these hearings were about came from Pecora himself, who published a book entitled *Wall Street Under Oath*, in 1939.

profits beyond anything reasonable, without the least bit of concern for the national interest. Pecora refused to accept their evasions, and his questioning often made them look ridiculous. Public sentiment, aroused by Roosevelt's speech on "the money changers," was then further aroused with concrete evidence.

In early March, Pecora fired off a series of detailed and embarrassing questions about the operations of the House of Morgan and its relationship to other banks, corporations, and clients. Morgan counsel, Democratic Party 1924 Presidential candidate, and former ambassador to Great Britain, John W. Davis, declared the questions to be outrageous. But Morgan was forced ultimately to answer them, and then to submit to hearings in May and June that shook the foundations of the "secret government."

Pecora and his staff spent most of February, March, and April 1933 in New York, working long days in the offices of J.P. Morgan and Company, poring over its records of financial dealings since the war. He told no one, with the possible exception of the White House, what he was looking for and what tack he would take, fearing that that information would be leaked to Morgan.

The hearings opened on May 24, to packed chambers. J.P. Morgan, Jr. was the first witness. In his opening statement, printed in the next day's *New York Times*, Morgan heaped praise on himself and on the "honorable tradition" of private banking in the United States, which he said performed an essential function. Morgan had once stated that he would never invest in "unfinished industry," since he sought to maximize his clients' monetary profit. That edict, which was shared by most private bankers, meant that there would be no real economic development and there was limit placed on entrepreneurship—totally contrary to the American System principles to which FDR subscribed.

As would become clear in the Senate testimony of the days following, what Morgan meant by "private banking" was the unregulated financial manipulations by an oligarchical club, in which the rich and powerful were allowed to reap enormous profits, and through which, the House of Morgan was able not just to buy and sell securities, but to gain control of most of U.S. industry, to buy politicians and diplomats, and effectively, to control the most powerful banks in the United States.

Pecora wrote, five years later, in his book *Wall Street Under Oath*: "Undoubtedly, this small group of highly

placed financiers, controlling the very springs of economic activity, holds more real power than any similar group in the United States."

The meek response of the Morgan partners to these charges was that, while it might appear that they had control of many companies and banks, they were merely performing a "service" and exercised no control other than the "power of argument and persuasion."

Thomas Lamont, the partner who effectively managed the firm, told the committee that the common belief in the great power of the House of Morgan was "a very strong popular delusion." All the firm did was offer advice, which its clients could take or leave. "We are credited with having what is known as power or influence; and we admit that we hope that our counsels are of some avail. . . ."

On the very first day, it was revealed that J.P. Morgan, arguably the most powerful banker in the nation, and all the 20 partners in his Morgan and Co. and its Philadelphia operation, Drexel and Co., had paid no income taxes in 1931 and 1932, and had paid only small amounts in previous years! Morgan defended himself, claiming that he had merely taken advantage of tax laws: "If the laws are faulty, it is not my problem," he arrogantly told the committee. It was also shown that the Internal Revenue Service (IRS) had never examined Morgan's transactions—anything that was prepared by the bank was simply passed on by the examiners without even a cursory glance!

Pecora fought to have various items entered on the public record: lists of companies in which Morgan partners held directorships, lists of banks on which they were directors, lists of banks which held their deposits, and the firm's balance sheets for the previous three years.

Most shocking were the lists of "preferred clients" and friends of the bank, who had been let in at a below-market price on a major 1929 speculative stock offering. The list revealed two tiers of Morgan "cronies." The first were true "friends of the firm" who were Morgan allies and operatives, and the second was a "fishing list," from which they sought prospective new operatives, with whom they would deepen their relations. *It showed that Morgan had effectively controlled those who made U.S. financial policy for more than three decades, as well as the leadership of both political parties, and much of the Federal bench!*

Pecora showed, and the partners confirmed, that Morgan handled one of the most confidential and criti-

cal aspects of British financial policy—the Bank of England’s pound stabilization fund operations. This was handled, on this side of the Atlantic, by J.P. Morgan, Jr., personally, and his top henchman, Thomas Lamont. In London, the office of Morgan Grenfell, from which two partners were members of the House of Lords, coordinated continental European operations.

A similar fund was set up to market \$24 million in securities for Mussolini’s Fascist Italy (and an additional £5 million in securities), administered by Morgan Grenfell, and a syndicate of private bankers including Hambros and N.M. Rothschild and Sons. Additional securities and currency accounts were set up with Morgan by the Fed, the Bank of England, and Hjalmar Schacht’s Reichsbank.

It was brought up that such operations might in fact be against the interests of the United States and some of the “clients” Morgan represented in the U.S.A. Morgan categorically denied this. When Pecora pointed out that members of the Morgan firm in London were members of the House of Lords and officials of the British government, Morgan and his partners blustered that there

was a “wall” between business and politics. When Pecora pursued the issue, the Tory fascist Morgan simply stated that there could be no conflict in policy between U.S. and British interests as such, and if there were such an “absurd” eventuality, the House of Morgan would behave as “reliable bankers”!

Throughout the country, even the Morgan-controlled press was forced to print the daily dispatches from the hearings. Given what was being said, and Morgan’s attitude, it was impossible to edit them so as to place Morgan in a favorable light. The *New York Times* meekly editorialized that there was nothing sensational in what was being revealed, that it was all “old news.” It even tried to praise Morgan for pointing up inadequacies in income tax law!

Wrote Pecora: “The power of J.P. Morgan was not ‘a very strong popular delusion,’ as Mr. Lamont would have it, but a stark fact. It was a great stream that was fed by many sources: by its deposits, by its loans, by its promotions, by its directorships, by its pre-eminent position as investment bankers, by its control of holding companies which, in turn, controlled scores of subsidiaries, and by its silken bonds of gratitude in which it skillfully enmeshed the chosen ranks of the ‘preferred lists.’ It reached into every corner of the nation and penetrated into public, as well as business affairs. The problems raised by such an institution go far beyond banking regulation in the narrow sense. It might be a formidable rival to the government itself.”

Senate Banking Committee hearings investigating the New York commercial banks, convened by Roosevelt allies in the Senate, continued through the second week in June 1933.

After that, Pecora turned his guns on Kuhn, Loeb and its flamboyant head, Otto Kahn, who was instructed by the cabal to put on a more congenial face than the stiff Morgan partners. The Dillon Read partners were similarly congenial, as Pecora brought out more evidence of the private bankers’ manipulation of the financial markets and their highly irregular practices.

During the course of these hearings, FDR was able to pass a raft of legislation which reined in Wall Street—with a climate of widespread public support.

The hearings were suspended until late Fall, when they resumed to examine certain specific speculative swindles; the effect FDR desired had already been achieved, as the press reflected the “common man’s” anger at the corruption and arrogance of international finance.

America's Untold Story

How the trans-Atlantic republican movement waged a continuous fight for freedom, beginning with John Winthrop's Massachusetts Bay Colony in 1630.

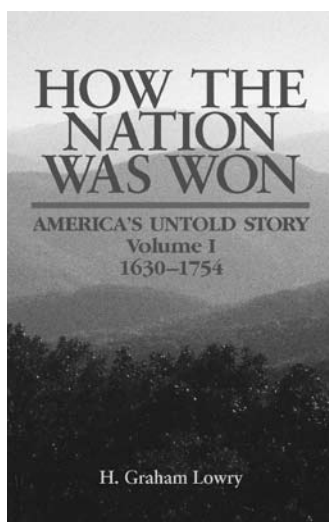
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Business Briefs

Banking

Europe Is Collapsing Faster Than the U.S.

The collapse of European banking is accelerating, with many sources reporting a breakdown in inter-bank lending since Sept. 29. Events reported Oct. 1 give a flavor:

Italy: Unicredit, the second-largest European bank, lost more than Eu10 billion of capital in two days. On Sept. 29, Unicredit lost 10%; on Sept. 30, over 12%. On Sept. 30, Goldman Sachs pulled Unicredit out of the list of “recommended” stocks; and on Oct. 1, trading in Unicredit was suspended twice. Trading in the second-largest Italian bank, Banca Intesa, was also suspended Oct. 1.

Britain: The deal by which Lloyds TSB, under pressure from the government, agreed to take over Halifax Bank of Scotland in an exchange of shares, could fall through because of the share price collapse of HBOS stock, according to press accounts. When the deal was negotiated, the bank was worth £9 billion, but now it is worth only £6 billion. HBOS has assets of Eu837 billion and tons of toxic waste from bad mortgages and mortgage-backed securities.

Germany: The Finance Ministry, in cooperation with the regulatory agency BaFin, has issued an emergency memo which says that if Hypo Real Estate had gone under, it would have pulled many municipalities down with it—many of which owe Hypo several hundred million euros each.

Ireland: The government’s scheme to guarantee deposits and debts of the country’s six major banks involves a potential liability of Eu400 billion—more than twice Ireland’s gross national product. The bill gives the Finance Minister extraordinary powers, including suspension of competition laws and extending the guarantee to other financial institutions.

France: The CNCE (National Company of Saving Banks), defined once as a “mutual” bank run by a non-profit cooperative type of organization, is desperately looking for Eu6.3 billion to balance its

books before the end of the year, after already recapitalizing to the tune of Eu3.2 billion at the beginning of 2008. This makes CNCE the biggest loser since the beginning of the crisis.

Employment

U.S. Files Worst Job Report in Five Years

The worst jobs report in five years was released by the U.S. Labor Department on Oct. 3, with 159,000 jobs lost in September, bringing the yearly total to 760,000. Manufacturing lost 51,000 jobs, construction employment 35,000, retailers 40,000, and leisure and hospitality businesses 17,000. Not counting government hiring, which increased over the year, the private sector has lost nearly a million jobs since December.

The official under-employment rate, which counts part-time workers as well as those without jobs who have stopped looking for work, rose to 11% from 10.7%, the highest rate since April 1994.

The average work week fell by 0.1 hour to 33.6 hours, as the average weekly paycheck fell by 81 cents to \$610.51.

Industry

British Manufacturing Sector in Free Fall

Whatever manufacturing there was in Britain is disappearing fast, the *Guardian* reported on Oct. 1. At the same time, the service sector—75% of the economy—“has ground to a halt,” with service sector output staying “flat” from May through July.

Manufacturing is shrinking at the fastest rate in 17 years, as output, new orders, and employment showed unprecedented declines in September, according to the latest survey from the Chartered Institute of Purchasing and Supply/Markit. Manufacturing has been declining for five straight months, and layoffs are at the highest rate in years. The latest casualty is

a Ford auto plant in Southampton, which is now on a four-day week.

The CIPS purchasing managers’ index fell to 41 (anything below 50 means contraction). This is the lowest level since the index was started in January 1992; the level was revised downward to 45.3 in August. Hardest hit were the housing and construction sectors, which had the sharpest fall in domestic new orders on record, last month. The index for that sector plummeted to 36.1 from 41.9. Clients are cancelling or postponing existing orders due to the crisis, and new orders from abroad are falling, despite the weak pound.

Housing prices are down over 12% in the last 11 months.

Finance

India Calls for A New World Order

Assuring domestic and foreign investors, Indian Commerce Minister Kamal Nath said on Oct. 1: “There is an atmosphere of gloom in the world economy, in the European economy, ... but not in the Indian economy,” but that India could not “be insulated in the long term from such a crisis.” He added: “We need today a new financial order where the [rules for the] banks, financial institutions, are common” for every country. He said that India would play its part with France and the European Union in the process.

In an interview with the French daily *Le Figaro*, Indian Prime Minister Manmohan Singh said that India cannot remain “untouched by the financial turmoil in the U.S.,” and that he wanted India and China to be part of any efforts to find a solution. “We live in an interdependent world and the fate of all countries is related to the international financial system,” he said.

India’s currency, the rupee, hit a five-year-low against the dollar on Oct. 1 before recovering, but remains under pressure, as risk-averse investors reduce holdings of emerging market assets. India’s trade deficit for September jumped to \$13.94 billion from \$7.19 billion a year ago.

LAROCHE TO WASHINGTON DIPLOMATS

A Four-Power Agreement To Save the World from Hell

On Oct. 2, Lyndon LaRouche addressed an audience in the nation's capital, of Washington, D.C.-based foreign diplomats. The event took place one day after LaRouche's international webcast (see this week's Feature), and one day before the House of Representatives voted to approve the Bush Administration's Wall Street bailout plan.

In his initial remarks, and in the several hours of off-the-record discussion that followed, LaRouche continually returned to the special importance of the U.S.-Russian co-operation, for the establishment of a new international financial system, modeled on Franklin D. Roosevelt's original 1944 Bretton Woods System of fixed exchange rates. LaRouche emphasized that such a U.S.-Russia partnership would assure the participation of China, India, Japan, South Korea, Italy, France, and scores of other nations from every continent, in such a new treaty arrangement. Without the U.S.-Russian anchor, LaRouche warned, the ability of nations to successfully defeat the power of the existing Anglo-Dutch Liberal system of globalization, free-trade, and genocidal deindustrialization and Malthusian depopulation, would be non-existent.

Here is an edited transcript. Subheads have been added.



EIRNS/Stuart Lewis

Lyndon LaRouche

Many of you, perhaps, have heard of, or have seen, the webcast from yesterday, or part of it, which I delivered from this city.

We are in the world's worst crisis, in the history of European civilization, since the Middle Ages. There is no crisis in modern European history, or related history, which compares with the crisis which is striking now. The nearest comparison is the general collapse in Europe in the 14th Century, which is called the New Dark Age. And this resulted in a collapse of half the parishes of Europe, a reduction of the European population by one-third, and the outbreak of

complete chaos and disappearance of whole parts of culture.

This crisis, in particular, was caused immediately by the role of a group of bankers, like investment bankers of today, who are called—essentially, the northern Italian banking system. This system engaged in usury of a type which we have experienced from the United States and Britain and so forth, and elsewhere, increasingly since the end of the 1980s; especially since about 1987. We have now reached the point, through methods of financing associated with Alan Greenspan—which had been previously considered criminal, methods for which some people had been sent to prison in



World Bank/Scott Wallace

Africa cannot be developed without a modern rail system, LaRouche said. Without modern power, transport, and water management systems, there will continue to be genocide. Left: hauling bananas by bicycle, in Tanzania; below: the Transrapid maglev, in Emsland, Germany.



Transrapid

the United States: As a result of these methods of speculative increase in nominal assets, we have now reached the point, that the *entire world system* is bankrupt.

Now, while the United States has been shrunken greatly, while the British-centered part of the system internationally has increased its relative power, nonetheless, the dollar has remained the principal currency and measure of assets in international values. Thus, the crash of the dollar, which is occurring now, means a crash of the international world monetary-financial system. This is not just a crash of the dollar, and, as you see reflections in Europe and elsewhere, precautions being taken in Russia and so forth, this is *not* a U.S. crisis. This is *not* a mortgage crisis. It's a general breakdown of the entire international monetary-financial system, the present form of the post-Bretton Woods system: It's coming down. It's in a hyperinflationary mode. It's on a *very* short fuse. And unless corrective actions are taken—which can be taken, that is, in principle, can be taken—the world is going into a dark age. That's the reality of the situation.

We Need Order in the System

Now, as I indicated yesterday, the positive aspect of the situation is, that if a group of leading nations, with the right understanding, were to enter into cooperation, we could have an immediate, emergency reform of the

international monetary-financial system. The only way this could occur—it would have to involve the U.S. dollar, because a major part of the world's assets are denominated in dollars, even though the United States dollar doesn't own them. Other people own it; the British own a lot of dollars, for example.

So therefore, we need order in the system, which means we have to put the world system through bankruptcy reorganization, and we have to restore something comparable to Franklin Roosevelt's intention in 1944, with the Bretton Woods system. The only way, in practice—being practical, not just abstract—is that there are four nations which must agree, in order for such a reform to occur *rapidly enough*, to save the world from Hell: These four nations are, the United States—despite the disposition of the United States President at this time, and other people here, there are strong pressures for this kind of reform; there are some difficulties which I referred to yesterday, fears and so forth, which prevent people in the United States from acting in a sane fashion at this time. Many people in the United States are waiting until January of next year, when they hope a new President comes in, and replaces the present President. That, in a sense,

is hopeful—but that’s a mistake. Because in the coming four months, this whole system’s destiny will be decided.

Now, the four nations, as I indicated yesterday, are: the United States must agree; second nation must be Russia; the third nation must be China; the fourth must be India. If those four nations agree to a suitable type of agreement, most of the rest of the world will immediately join them in reform. You will not get the reform from Europe, even though there’s sympathy for such a reform in Europe. There’s a resolution in Italy, in the Senate of Italy, in which the policy of New Bretton Woods, under my name of design, is there, and it’s being voted up by more and more of the Senators there. There’s something being initiated by Sarkozy in France, and there are various interpretations of what that means. But I don’t worry about it: Because, if the United States, Russia, China, and India, move in a certain direction, France will move in that direction under Sarkozy. Sarkozy is pro-American enough to do that.

So this is our best shot.

Forty Years of Folly

Now, what does this mean? It means we have to take a long view, because this system is bankrupt, and the system has been going bankrupt for 40 years: If we measure the world’s output, per capita and per square kilometer, in physical terms rather than monetary terms, we take into account the value of basic economic infrastructure, which is essential to society’s industry, agriculture, and so forth, the world, and the United States, beginning in 1968, has been shrinking *in physical value of output*, per capita, per square kilometer, each year! We’ve had 40 years of folly, since fiscal year 1967-68 in the United States. This was followed by the election of Nixon, which was a disaster, and since that time we’ve been going down. Worse and worse; and worse and worse.

That doesn’t mean every President was bad. But in the nature of tragedy, leading people, even though they may be good people, are caught up in the system, and the ability of the individual in the system to direct the system in a new way, is a great difficulty historically. Even though people have strong, good intentions, that does not mean they’re capable of getting them implemented, even in their own country.

So therefore, as a result of this international situation, in which the British Empire, that is, the Anglo-Dutch Liberal financial interests, which are imperial

interests, have dominated the world more and more; and green policies, anti-industrial policies, anti-agricultural policies have dominated the world. Under this condition, the United States, *every year* since 1967-68 fiscal year, has been shrinking, in physical output and standard of living, per capita and per square kilometer. A similar trend occurred in Europe, in about the same period, somewhere between 1968 and 1973.

The world has been collapsing.

Now, you have a contrary trend, apparently, in countries like China. Now, China has, on the basis of agreements with the United States, has increased its industrial development and other development. But it has done so at prices which do not enable China to satisfy the needs of 70% of its own population. So therefore, you see progress in China, but progress based on the dollar, and progress based on China working cheap, working at lower prices than you would have to pay in the United States for the same production. Which means that China is not getting enough out of the dollar, for its own work, to help development of all of its own people.

If you look at India, you have a different problem, but a similar one: The same general problem of British imperialism and its legacy, there. We have throughout Eurasia, the same thing.

So now we have a situation, in which you have, what had been the leading industrial powers of the world—the United States and Western Europe have been going to Hell, economically, and socially, culturally, intellectually, morally, over this period! While there has been certain development, in some parts of the world, as in Asia—aspirations—and in the recent period, there’s been a positive movement upward in South America, for example, in political intentions and perspectives.

But! It’s not enough. Africa is still a victim of the mass genocide, by the British Empire—pure and simple! Cut away all the garbage, and that’s it: It’s the British Empire which is destroying Africa.

A Mission To Develop the Planet

So, now we have a mission: Not merely the problem of restoring economies of the United States, and Europe, and so forth. We have a problem of a *world*, which is already suffering from shortages caused by this system, as in the case of China—progressing but not enough; India—progressing, but 70% are extremely poor, still; similar throughout Asia. Africa is



U.S. Immigration and Customs Enforcement

Mexican and other Central American immigrants are being thrust back across the border as the U.S. economy tanks. Now is the time to help develop our neighbors, which is in both their national interest, and ours. Shown: immigrants being deported from Houston, May 2006.

a target of *major genocide*, chiefly by the British interests.

Therefore, if we're going to deal with the world to come, over the next two generations, which is about the period we have to think about, we have to think of a program for developing the planet, within the context, not of globalization, but of *a system of sovereign nation-states*. That means, that nations in particular regions of the world have to come to common agreements on development, long-range development, so we can create credit for up to a 50-year perspective, for investment in infrastructure, and such projects. For example: Africa can not be developed without a modern equivalent of a rail system, which means, largely, a maglev system. Without the development of power systems, and mass transportation systems, and water management, Africa can not develop. The genocide will continue to proceed by inertia. Therefore, we have an Africa mission, as part of the world!

We have a special case in the United States and South America: The United States has a special dependency on stable relations and the health of Mexico. The United States and Mexico, together, depend upon stability and development in South America. And you have the Africa business. You have Eurasia, with an

emphasis on how are we going to develop the *Asian part*, of the Eurasian continent. This means we're talking about 50-year perspectives, and we have to have a conference which, in a sense, lays the pre-outlines, for a commitment to this kind of perspective.

If we do that, then we could come to an *actual* agreement, a long-term, permanent agreement, on a *fixed-exchange-rate* system, without much change from the current currency relative values, in order to ensure stability.

Put the System into Bankruptcy

It also means that we're going to have to put the world financial system and monetary system into bankruptcy reorganization. These are the measures which are now absolutely indispensable to get through. This is

one of the greatest crises in the history of mankind: It covers an entire period, from the end of the Dark Age in the middle of the 14th Century, through the emergence of European civilization as becoming a global power, from about 1492 on. And this whole system is now in question! And the question is not merely country by country: It's an international, global problem.

But on the other hand, it's a problem, which, if we reach agreement, perfectly sound agreement among nations, we can solve the problem, providing we set up a system of credit, to replace the present bankrupt monetary system, a fixed-exchange-rate system of credit among nations. Then, we can generate the long-range capital advances, in terms of credit, to take on major projects, such as a rail system, water management, and power for Africa; Africa does not need to be micro-managed. The Africans can take care of the problem, and if they don't do it themselves, it won't work anyway. But Africa *needs* something from the outside: It needs an effective mass-transportation system for freight and passengers. Without that, you can't have development. It needs power, and this means a lot of nuclear power, specifically. It's needed. Otherwise, if you don't have the power, you can't have the development. You need a major project in management of

water resources: Because if the water resources are not adequately managed, you're not going to have development. If we have capital investment in infrastructure projects which deal with power, transportation, and water, this flow of credit will trickle down into other aspects of the economies, and be a basis for expansion of productivity and employment.

We have a similar, but different, situation in South America. We have a crisis with Mexico: Mexico was ruined by what was done to it in 1982. I had a big fight about that at the time. But since that time, Mexico, which was moving upward, since 1982, has moved *downward*, in terms of the conditions of life of people. This was associated with an emigration from Mexico, into the United States, and Mexico as a conduit of other people from other countries of South America, through Mexico into the United States! Now, these populations are being thrust *back* across the border, back to the places from which they came. As in the crisis we have in northern Mexico, where the population coming from northern Mexico, came in as legal *and* illegal immigrants, and are now being thrust back, across the border—back to an area which was not developed, and it's more poorly developed than it was before.

So, project cooperation on these kinds of questions is crucial.

In Europe, we have to have an orientation about the world. We have to have the idea of sovereign nation-states—not globalization; the WTO [World Trade Organization] is a menace to humanity!—sovereign nation-states, which are sovereign in managing their own affairs, but cooperating. Now, the cooperation has to be a long-term capital flow of technology, flowing from areas where there *is* technology developing, into areas where there is a deficit of technology. This would generally take the form of long-term investments in capital-goods production and public works.

This is a 50-year project. And it means that nations will come to trade agreements and credit agreements among themselves, based on a general understanding, among the sovereign nations of the world, of the direction in which things must go. Under those conditions, if we are ruthless enough *for* humanity, and if we can take the principle which resulted in the Peace of Westphalia in 1648, and each nation is dedicated primarily to the benefit of the others, first—which, instead of having: “who's our enemy, and who're we gonna kill next week? Or try to kill, or hate next week?”—we have to take a concern, that whether we *like* the na-

tion's policies or not, we have to put *their interests first*, as our first concern. Because we must build a world system of confidence, based on the assumption that each nation is working as much for the others, as for itself. Under that case, you can have trust, and you can have long-term successful investment. You can argue about a lot of things, culture, this, that, and so forth, but that remains essential.

Threat of Military Coup

So, that's where we stand: We have a terrible situation now. We have, right now, a still-lingering threat of a military coup d'état in the United States. Some of you know that. But that's a very real concern, and we're trying to deal with it. The Bush Administration, and some people around it, are crazy and desperate. They want their way!

You are in a situation, which can be described as like the French Revolution: France was a great power in 1782. It came under British influence, under the formation of the British Foreign Office, by the British East India Company, and operations were run to confuse and befuddle the King of France, and others, and so by the time that Lafayette stepped forward with the Tennis Court Oath, he flinched! And the King of France, enraged over what had been done to his wife, with the famous British-orchestrated Queen's Necklace Scandal, and the Emperor of Austria, who was enraged by what was done to his sister, Marie Antoinette, acted against the French population, by bringing foreign troops in, around Paris, to occupy France, to suppress the French population. For that crime against humanity, against the French people, the King and his wife had their heads chopped off! For the commission of a capital crime against civilization: bringing foreign troops in, to suppress their own populations—in an economic question directed from London.

So, that is the kind of situation we have in the United States, today. We have the intent to use troops, to suppress the Constitutional institutions of the United States *inside* the United States, *from the incumbent government*, from the incumbent Presidency. If that were to occur, as you can see, by the unpopularity of the bill being pushed through the Congress, especially in the House of Representatives, there are probably about 10% of the total population out there, the voting population, which would support—and would not want to kill!—over the issue of this bill!

You have, in the meantime, you have institutions of

government, which, out of fear—fear of being targeted individually, of being killed, imprisoned, or so forth, for opposition to this President—who are capitulating. Doesn't this remind you of the French Revolution?

So we have that kind of revolutionary potential: You have an *enraged* U.S. population. Ninety percent of the lower income brackets of the population *are enraged!* And as you will notice, even though the House of Representatives, which is the most popular of the institutions of government, *acted* to reject the bailout bill—which is a bailout of London, more than anything else—the popularity of these same people or this institution in the Congress, *fell* among the people—fell catastrophically. So, the people were not satisfied with the fact that their representatives, honestly, had rejected the bailout bill, but their anger went deeper: They have no confidence *in the system!* No confidence in the system of government at the top.

A Russia-U.S. Agreement Is Key

And so, unless there is a change, we're in for some very hard times in the United States, times for which the French Revolution is actually a precedent. It might not seem that way on the surface, but the situation, from our analysis, is that right now. Therefore, if we do *not* take steps, and the most crucial issue right now, involves Russia: Because, without the role of Russia, the United States could not possibly implement the kind of international program of cooperation which we must have. If Russia and the United States can not come to the kind of discussion, or pre-discussion, which the President of Russia and people immediately around him, have openly proposed, repeatedly, to the United States, there's not much chance for this planet!

Because, if Russia agrees *with* the United States, on a *pre-agreement*, that is, a spirit of intention, then China can put its word in, because China has a vast investment in U.S. dollars! Therefore, China's dollar crisis has to be considered. China's not going to do something on its own, without considering the dollar factor. Therefore, if Russia and the United States agree to a pre-agreement, then China can function. If they function, then India can function. If those countries function, the whole world can be brought into functioning! Maybe a few holdouts here and there, but we can get a basic agreement, to create a New Bretton Woods system—as a *credit system*, not a monetary system!—but a credit system among states, from which we can begin to launch the programs of investment for devel-

opment of humanity in general.

And if we give humanity a sense of optimism, about going in a new direction, out of a very *bad* direction, we may have a lot of quarrels about a lot of things, but that will be secondary or tertiary—just part of the business, and part of continuing discussion.

That's what I think right now, is the crucial issue, what I summed up here. This is it, right now! This is what I'm seeing, getting inside the United States, from my circles here, and what I'm getting also internationally. But the issue of this thing, that former President Putin pressed, on trying to break through with the United States, on a new kind of agreement, of a post-Yeltsin agreement, was the right direction. And now we have the new form of direction, under the new President with Prime Minister Putin, and his associates. They have been pressing in this direction. If we have the *brains*, to make a *pre-agreement* with them, from institutions inside the United States—whatever the President himself thinks or not—if we can make a pre-agreement on that, and the intention to bring this combination into play, bring the key nations of Asia into perspective of a development program, which is needed *for Eurasia*—deal with the question of Africa, the same way, deal with the question of Central and South America the same way, *then we have a way of optimism, of breaking out of this crisis and building a better world.*

Russian Policymakers: LaRouche Was Right

Lyndon LaRouche's leadership in fighting for the solutions to the accelerating global financial-monetary calamity, are receiving wide attention in Russia. In addition to his two recent live interviews (Aug. 21 and Sept. 22) with Russia's English-language TV channel, Russia Today, here is further evidence that his ideas are being heeded, at the highest levels of Russian policymaking.

• Russian Railways chief Vladimir Yakunin: LaRouche warned me about this crisis.

In the Oct. 2 issue of the leading Russian business daily *Kommersant*, the CEO of Russian Railways (RZhD), Vladimir Yakunin, was interviewed under

the headline, “Liberal Capitalism Is Coming to an End in Russia.” At the outset of his interview, Yakunin states bluntly that Lyndon LaRouche, the “American alternative economist,” had warned him of the on-rushing global financial breakdown crisis a long time ago.

Yakunin heads the state-owned railway company, a huge enterprise whose high-speed rail and transcontinental expansion projects are a critical component of Russia’s economic development policy. He is a long-time associate of Prime Minister Vladimir Putin, and the co-founder of the International Public Forum “Dialogue of Civilizations.”

Here is an excerpt from the interview:

Kommersant: When did you realize that there would be a financial crisis?

Yakunin: A year and a half ago. I am not making this up. I remember my first conversation with the American alternative economist, Professor LaRouche [Lyndon LaRouche—*Kommersant*]. He is someone who uses quite powerful algorithms for evaluating the state of the economy and its prospects. And he said to me, “Vladimir, I can tell you with certainty, that the economic crisis is already taking place.” He emphasized that the basis of the crisis is the transformation of the economy and, above all, finance, into a virtual economy and virtual finances. Out of the entire monetary circulation taking place in the world today, in his view, only about 15% of the paper money is backed by real value—industrial production, raw materials, etc. It seems to me that right now we are witnessing the accuracy of this formula. This Summer, I have been discussing the topic of the crisis both with other economists, and with my friends in the government, so the crisis itself was not unexpected. But I am not a professional financier. If the crisis was visible and obvious to me, it should have been visible and obvious to the people who are running financial policy.

• **LaRouche interviewed by Russian *Pole Star* on his “Four-Powers” proposal.**

The popular Russian patriotic webjournal *Polyarnaya Zvezda* (*Pole Star*), on Oct. 1, published an interview with LaRouche, under the headline, “The world financial system has entered the catastrophic phase of its collapse.” The *Pole Star*, founded in Yekaterinburg, Russia, is widely read throughout Russian-speaking areas of Eurasia.

Asked about the current financial crisis, LaRouche

replies: “The present international monetary-financial system is disintegrating, and has no future in its present form. The breakup could come as soon as within weeks. The attempts to rescue bankrupt enterprises at public expense, as are occurring, most notably in the United Kingdom and the U.S.A., threaten a general collapse of the entire world’s monetary-financial systems within a time as early as weeks, or somewhat longer. The crucial issue is posed as the question: ‘Is it possible, even now, for the U.S.A. to approach Russia, China, and India, with the proposal for using the lever of the same constitutional characteristic of the U.S.A., which Franklin Roosevelt employed, in 1944 at Bretton Woods, to replace the presently absolutely bankrupt present world monetary systems by an international credit-system using the potential advantage of the U.S. Federal Constitution, as Franklin Roosevelt had intended for the post-war world, had he lived to prevent Truman from becoming U.S. President?’”

“I believe that sheer necessity requires that this change must occur very soon. We are in the kind of general monetary-financial breakdown-crisis of the present world monetary systems, in which even simple desperation favors such a reform.”

In an editorial note, LaRouche is introduced as “the American public figure who has run for the Democratic Presidential nomination in the past, an original thinker, whose scientific interests embrace economics, politics, history, mathematics, physics, music theory, and many other areas.”

• **Prof. Stanislov Menshikov cites Medvedev, LaRouche on need for U.S.-Russian cooperation on financial system.**

In his column for the Sept. 26 Russian weekly *Slovo*, noted economist Prof. Stanislav Menshikov cited both President Dmitri Medvedev and Lyndon LaRouche, on the need for Russian-American cooperation in the face of the systemic world financial crisis.

“Counting on foreign speculators to create a favorable situation for Russia,” wrote Menshikov, “is a shaky basis for Russian financial policy. It would be more sensible to reach agreement on coordinating Russia’s actions with the U.S.A. and other financial centers, to combat the world crisis. President Medvedev advocated such cooperation, back in June at the Group of Eight meeting in Japan. The idea has also been supported by prominent American figures, particularly Lyndon LaRouche.”

U.S.-Backed Change in Pakistani Intelligence: A Positive Step

by Ramtanu Maitra

In a move widely acclaimed in both Washington and Beijing, Pakistan's Chief of Army Staff, Gen. Ashfaq Pervez Kiyani, removed the Inter-Services Intelligence (ISI) chief, Lt. Gen. Nadeem Taj, and appointed Lt. Gen. Ahmed Shujaa Pasha as his replacement, on Sept. 29, along with 13 other appointments. Pasha, as director-general of Military Operations, had been in charge of fighting the insurgents on the Pakistani side of the border with Afghanistan, particularly in the Swat Valley and in Bajaur, the northernmost tribal agency in Pakistan's Federally Administered Tribal Areas.

It is traditional for a new Pakistani Chief of Army Staff to bring in a team of military officers who are loyal to him and acknowledged as competent. But although the Pakistani military spokesman called it "routine changes due over a period of time," analysts point out that Pasha is close to Kiyani, who is establishing his hold over the military. After all, the ISI is under the command of the Chief of Army Staff, even though, in recent years, it has acted as if it were closer to the British MI6 than to the Pakistani military.

Beyond making "routine changes due over a period of time," Kiyani was under visible pressure from Washington, and to a lesser extent, from Beijing, to remove Taj. As *EIR* has reported for months, British intelligence, MI6, got its hook into Pakistan's body through the ISI. The objective of MI6, the foot soldiers of the British colonial policymakers, is to break up Pakistan and turn it into a virulently anti-U.S. nation. There is no question that much of this objective has already been met, thanks also, to Washington's lack of understanding of the prevailing situation in Pakistan, and understanding how the British operate.

Unlike Taj, who rose quickly, because he was related to Gen. Pervez Musharraf, the former Chief of Army Staff and President of Pakistan, who had appointed Taj as ISI chief, Pasha has tried to serve his country well. Pasha did a stint as a Contingent and

Sector Commander of the United Nations Mission in Sierra Leone, and also has been kept fully updated on the negotiations between the U.S. and Pakistani military in recent months. He attended all six meetings that have taken place, so far, between Kiyani and the U.S. Chief of the Joint Chiefs of Staff, Adm. Mike Mullen. These meetings include the Aug. 27 meeting on the deck of the *USS Abraham Lincoln* somewhere in the northern Arabian Sea. Observers have noted that Kiyani included Pasha, but not then-ISI chief Taj, in the meeting aboard the *Lincoln*.

A Story of British Penetration

As this author pointed out in a July 18 *EIR* article ("The British Plan To Recolonize the Subcontinent Is Gaining Ground"), there has long been a policy agreement between the ISI and MI6, vis-à-vis the region. After the withdrawal of the defeated Soviet Army in 1989, the ISI moved in to arm and train the Taliban. These intelligence agencies also brought in al-Qaeda, while Islamabad was in the process of developing what is called "strategic depth," which, it argued, was necessary to protect the country from its "mortal enemy"—India. The MI6-ISI nexus became stronger when the Americans left Afghanistan, after the defeated Red Army retreated.

In understanding the MI6-ISI nexus that developed, consider the case of Gen. Mahmud Ahmed, who was the ISI chief at the time 9/11 occurred. President Musharraf, in his book, *In the Line of Fire*, stated that Ahmed Omar Saeed Sheikh, a British-born Pakistani who has been accused of kidnapping and killing *Wall Street Journal* correspondent Daniel Pearl in Karachi, in 2002, was originally recruited by MI6, while studying at the London School of Economics. Musharraf alleged that Omar Sheikh was sent to the Balkans by MI6 to engage in jihadi operations.

On Oct. 6, 2001, a senior U.S. government official



South Asian population, that migrated there in the 1960s and '70s. By 2007, Tablighi members were situated at 600 of Britain's 1,350 mosques. Recently, Tablighi made headlines, when it was reported that its members are planning to build the controversial London Markaz, Europe's largest mosque, in Newham, next to the site for the London 2012 Olympics. Although Britain claims that the Tablighis are peace-loving people, dozens of the captives held in Guantanamo Bay for suspected terrorist activities are members of the Tablighi Jamaat.

The problem with Ahmed continued with his replacement, Lt. Gen. Nadeem Taj, a member of the Ahmadiyya sect, created by the British Raj in the late 19th Century to divide the Muslim community in then-undivided India. The Ahmadiyyas are not accepted by the Islamic communities around the world, although the sect has centers in many nations, particularly in non-Islamic countries.

Taj was able to climb rapidly through the ranks, some observers claim, not only because he was related

told CNN, that U.S. investigators had discovered that Omar Sheikh, using the alias "Mustafa Muhammad Ahmad," had sent about \$100,000 from the United Arab Emirates to Mohammed Atta, one of the 9/11 hijackers. Beyond that, the Saeed Sheikh affair shines a bright light on MI6-ISI links. More than a month after the money transfer was discovered, the head of ISI, Gen. Mahmud Ahmed, resigned from his position. It was reported that the FBI was investigating the possibility that it was Ahmed who had ordered Saeed Sheikh to send the money to Atta.

Now, Ahmed is an important Tablighi Jamaat member, sporting a full beard. Tablighi Jamaat, an Islamic missionary and revival movement, with several million members worldwide, was founded by the British Raj in the early 20th Century, in the part of India that is now Pakistan.

Today, Britain is the focus of the Tablighi movement in the West, ostensibly because of Britain's large

to Musharraf, but also because he belongs to the same sect as Sehba Musharraf, the wife of the former President; Mrs. Musharraf is also an Ahmadiyya.

Nominally, the founder of the Ahmadiyya was Mirza Ghulam Ahmad, who was born in 1835, at Qadian. (For this reason, Ahmadiyyas are often described as Qadianis.) Mirza founded his sect in 1889, declaring himself a Prophet. He was set up by the British Raj as one of many counters to real Islam, and was considered "secular" and moderate. His secularism was expressed through his love for British imperialism. Mirza regarded British rule in India as a "great blessing of God," and exhorted his followers to extend all cooperation to the British, for there lay their salvation and the pleasure of God.

Mirza wrote in 1899: "By far the greatest part of my life has been spent in preaching loyalty to the British Government. I have written so many books denouncing jihad and preaching loyalty to the British Govern-

ment, that they would fill fifty almirahs if put together.”

In 1900, Sir Fredrick Cunningham, commissioner and superintendent of the Peshawar District, replied to Mirza: “So far as I can judge, it appears to be a just and enlightened exposition of the doctrine of Islam, and is equally creditable to your learning and judgment. I have no doubt such a statement from a teacher of your reputation will be welcomed by all good Muhammadans as a vindication of their faith and as proof that Islam does not countenance crimes which ignorant and wicked men may commit under the cloak of religion. I shall be glad to see your Rasala [message from Allah carried by His Messenger] and Fatwa widely distributed in Frontier districts.”

The promise that Cunningham made held good then, as it holds good still today. The Ahmadiyya sect is headquartered in southwest London, and built its first mosque in there in 1924. In 2003, it opened the largest mosque in Western Europe, the Baitul Futuh Mosque in Morden, Surrey, which can accommodate more than 10,000 people. The community also operates its own 24-hour satellite TV station, MTA.

It is widely acknowledged that the Ahmadiyyas (like the Tablighis, Hizb ut Tahrir, and Al Muhajiroun groups), were created to penetrate the institutions of Islamic governments. Since its inception, the hapless sect has been a tool of British intelligence. But the Ahmadiyyas have developed another potentially dangerous link: In Palestine, they exist in the small town of Kababir, on Mount Carmel, strategically overlooking the Athlit Harbor, with a naval base and ordinance factory on one side and the Haifa Harbor on the other. The town’s population is 99% Palestinian Arab, all of whom belong to the Ahmadiyya sect; the town is the center of the sect’s activities inside Israel.

In 1928, Abdul Qadir Odeh was the first Palestinian to embrace Ahmadiyyat at the hand of an Ahmadiyya missionary from India, Jalaluddin Shams, under the false impression that Mirza Ghulam was a reformer and a Mujaddid (in Islamic tradition, a messenger of God). The Palestinian Ahmadiyyas are staunch backers of the Israeli government, and one report suggests that at least 600 Ahmadiyyas are serving the Israeli military now. Ahmadiyyas have been used by the Mossad, and they have, from time to time, been accused of serving the MI6-Mossad interests in Pakistan, and elsewhere.

What Is Good for Pakistan...

Although U.S. policymakers have kept their blinders on concerning British intelligence tampering with the ISI, it became evident years ago, that the ISI was aiding the Taliban, the enemy against which the United States and NATO were battling. It was also known to Washington that the ISI was working against the Pakistani Army, Washington’s major ally in its campaign against the Afghan and Pakistani insurgents.

This came out in the open, only in mid-September, when Pakistani President Asif Ali Zardari attended the UN General Assembly session in New York. Reports indicate that Zardari, who travelled to Washington to meet President Bush, had a private meeting with CIA Director Michael Hayden. On that occasion, Hayden made clear that Washington demands a reform of the ISI, which was working against both the United States and Pakistan.

According to former CIA counterterrorism chief Vince Cannistraro, the CIA found proof that the ISI has, in recent years, helped the Taliban by leaking plans for U.S.-led operations against them. Earlier in August, the NATO commander in Afghanistan, U.S. Gen. David McKiernan, said that the ISI was complicit in Taliban militancy along the Pakistan-Afghanistan border.

On Sept. 16, Washington made its point when the Assistant Secretary of State Richard Boucher launched an attack on the ISI, just as Admiral Mullen arrived in Pakistan. Boucher said on that occasion that reform of the ISI “has to be done,” and suggested that the main military intelligence outfit was dangerously out of control.

The change at the top of the ISI is surely a positive step for Pakistan’s future well-being, and for the region, but it may not significantly help the United States, or NATO, in its Afghanistan campaign. The intelligence leaks, and arming of the Taliban by the ISI, are added problems in U.S. and NATO efforts to tame the Afghan Taliban. (For more on the crisis in Afghanistan, especially the explosion of the opium trade, see, “Afghan Opium Please Taliban and Soros,” *EIR*, Aug. 22, 2008.)

However, the reform of the ISI is necessary to prevent the break-up of Pakistan, and it should be pushed through quickly. One reason is that the present regime of Zardari, who has no political base, and no base within the military or the intelligence community,



U.S. Navy/William John Kipp, Jr.

U.S. Chairman of the Joint Chiefs of Staff, Adm. Michael Mullen (far left), is shown with Pakistani Chief of Army Staff, Gen. Adhfaq Kiyani (second from right), and Maj. Gen. Ahmad Pasha (right), aboard the USS Abraham Lincoln Aug. 27. The naming of Pasha as Pakistani ISI intelligence chief was backed by the United States.

could very well turn out to be a transitory administration. Although Washington believes that Zardari is its handmaiden, the fact remains that London played a major role in ushering in the Zardari Presidency by turning the screws on Britain-based Pakistani leaders like Mohajir Qaum Movement chief, Altaf Hussain, to make them fall in line to support the regime. This movement, a powerhouse in major cities like, Karachi, Hyderabad, and Sukkur, is a traditional enemy of the Pakistan People's Party (PPP) that Zardari temporarily leads.

Because London controls the Mohajir Qaum Movement, Zardari would be at its mercy. On the other hand, the Americans opted for Zardari because he appeared more amenable than Nawaz Sharif, who is firmly ensconced in the Saudi-British enemy camp.

... Is Good for China as Well

According to a senior Indian intelligence analyst, the demand for the reform of ISI also came from Beijing. On Aug. 29, two Chinese engineers were kidnapped by the Tehrik-e-Taliban Pakistan (TTP), or the Pakistani Taliban. The engineers were working for a cell phone company in the North West Frontier Province. When General Kiyani visited China Sept. 21-27,

an Indian analyst pointed out that Beijing made clear that it was unhappy about the ISI's lack of interest in securing the release of the engineers.

In a report on the subject that appeared in *The News* on Sept. 24, Rahimullah Yusufzai, a senior Pakistani journalist, who has been reporting on the insurgency for years, wrote: "A Chinese journalist, who requested anonymity, said the Pakistan Government hasn't shown any urgency in getting the two young engineers freed. He recalled how the issue of the two Chinese engineers kidnapped by late Pakistani Taliban commander Abdullah Mahsud's men in South Waziristan in 2004 was resolved within a few days..."

Beijing has reasons to be apprehensive about the ISI's role. China is aware that the anti-Beijing Uighur terrorists have been protected in Pakistan's tribal areas by al-Qaeda and the ISI, working on behalf of British MI6. Beijing believes that the Uighurs are also involved in this kidnapping.

British Intelligence works the dissident Uighurs against the Chinese like a two-edged razor. What is visible to one and all is the gentle face of Uighur individuals, such as businesswoman cum human rights activist, the U.S.-based Rebiya Kadeer, or the humane pleas of Uighur individuals such as Enver Tohti in Britain. These individuals "point out" that human right violations against the Uighurs in the Xinjiang Uighur Autonomous Region by Beijing were committed as part of China's drive to develop and "occupy" western China and settle the area with Han Chinese.

The other edge of London's razor to cut up China and beyond, is provided by the Uighur terrorists operating from the undefined borders of Pakistan and Afghanistan, and the rocky terrains of Central Asia. From time to time, high-level Indian and Pakistani security analysts have pointed out the presence of Uighur terrorists in Pakistan's Pushtun tribal belt.

There Will Be No Development in Africa Without a Strong Government Role

Prof. Sam Aluko, Ms.C., PhD., of Nigeria, is an economics professor who taught at several universities in Nigeria, and became an economic advisor to the Ondo State government (one of the states in Nigeria). He subsequently became Chairman of the Nigerian Economic Intelligence Committee (1994-99), which advised the Nigerian government. He was interviewed by Larry Freeman and Summer Shields, during a visit to Northern Virginia, for The LaRouche Connection cable TV public access program on Sept. 12.

Freeman: Professor Aluko is unique, in the sense that he actually, like Mr. LaRouche and our association, understands the difference between physical economy and money. We first met in [the Nigerian capital of] Abuja in 1994.

On Sept. 7, U.S. Secretary of the Treasury Paulson essentially took over Fannie Mae and Freddie Mac, the two major real estate mortgage corporations of the United States. As an economist, how do you view these developments?

Aluko: I think essentially, Mr. LaRouche has been talking about the appropriateness of the existing financial system, as he's been saying it for many years.

And I've always agreed with him, that instead of dealing with just fiscal issues, we should really be thinking about physical economy. That is where the economy really grows! The action of the American government, in recent days, is the same as that of the British government in nationalizing Northern Rock! They keep on pumping more money into the economy, devaluing their currencies, causing unnecessary inflation, increasing national debt, and even destroying their own assumption, that free economy is the best economy!

The ongoing action of the U.S.A. government in bailing out illiquid banks, supporting failed banks and so forth—it's just the failure of the market, which is what LaRouche and a number of us have been saying

over the years: that clearly the market needs to be controlled, and needs to be regulated. And government needs to act, not in crisis, not in panic, but really as an instrument of change, which most governments in Europe have not accepted.

And they have imposed that on Africa, particularly on Nigeria. It's better here [in the United States], because you are at least more able to survive and manage. But we in Africa continue to go down and down, because we continue to follow the free market, which does not even exist! There's no market in Africa in the real sense.

I keep on telling them, in Nigeria, that we're not really part of the world market, to start with. We have no adequately functioning stock markets. We have no private sector, in the sense that you have it here, because your private sector is highly developed; ours is very elementary, it's rudimentary. And what we really need there is not less government, but more efficient government.

So, I think we're beginning to see that LaRouche, from time to time, is beginning to be more and more right, and this is where others are becoming more and more wrong.

Bailouts Will Kill the World Economy

Freeman: These bailouts will destroy the world economy, for example, China, and other places. And this obviously will have an effect on Africa. If you destroy the dollar, you're basically putting an end to the dollar-based global system. How do you see the consequences of this, if it continues? If we don't reverse it, what do you think is going to happen in the days and weeks ahead?

Aluko: You see, it's a bit more problematic for us, because most of our reserves are held in dollars: 80% of our Nigerian reserves, which is about \$48 billion, is held in dollars. So if the dollar collapses, it means that



EIRNS/Jerry Rosenwinkle

Nigerian economist Sam Aluko calls for an active role by government in economic planning and regulation, to promote African development. In the U.S.A. and the U.K., he notes, the present crisis shows that the markets have failed.

our reserves collapse. And the same thing throughout Africa. The fact that you take over a bank, doesn't mean that the bank is going to succeed. Northern Rock was taken over and nationalized by Britain; at the end of the first year, it had more losses than before it was taken over! So, there is no guarantee that taking it over will guarantee its success. It can lead to further failures. The tendency is for others, that if you can do this for two financial institutions here, why not do it for us? So it has a multiplier effect! It goes on and on, until the whole system collapses. So there is no assurance of success.

It appears that today, the fundamentals of economics are not understood by the present generation. They understand computers, they understand the Internet, but they don't understand the entire connectivities of the economic system. If you don't understand that, if you don't produce, you cannot consume. They want to consume without producing, and they want to consume more and more, and produce less and less.

You can do it here, because America can exploit Nigeria. America can exploit developing countries, but Nigeria has nobody to exploit! Nigeria has been exploited, Africa has been exploited, so it's worse there. And unless we change from that, we are going to crash.

I think that really the world has to think again about what LaRouche has been saying. He says we need a

new financial system, a New Bretton Woods agreement. And what they are doing now is not even in accord with Bretton Woods. Bretton Woods had a system of financial and monetary stability, which they have abandoned for this mode of gambling with the dollar, gambling with currencies.

Freeman: LaRouche recently said that this Baby-Boomer generation, that was born from 1945 to 1958, has no understanding of economics, and they have no commitment to finding out what is the right thing to do, and then sticking to it.

Aluko: You see, I was giving a talk at the University of Ibadan, Nigeria, to a group of professors before the financial crisis of 1987, and I said, in the '50s and '60s and early '70s, in the study of comparative economic systems—Britain, Germany, and America—we used to think of the comparative productivities of industry, of agriculture, of trade. Today, what are we comparing? We talk of stock exchanges, currency movements, and everybody's gambling on the stock exchange. Nobody is thinking of industry, nobody is thinking about agriculture; and it's a tragedy.

Look at the Millennium Development Goals, set by the United Nations for the developing countries. Of the eight items, there is no mention of agriculture, no mention of industry. Only of health, HIV-AIDS, international cooperation, public-private sector partnership (which doesn't exist), and then international aid. There is no mention, out of the eight development goals, of industry, of agriculture, or trade. So, how do you develop an economy without industrialization, without good agriculture, without even trade? We're talking of globalization. A country that cannot rule itself, how will it be an effective part of the world economy?

In Africa, the leaders talk of African union. And I keep telling them that Nigeria cannot rule itself! It wants to rule the whole of Africa. It doesn't add up! If you cannot carry yourself, you cannot carry somebody else.

Nigeria on the Wrong Path

Freeman: Right now, the Nigeria situation is very serious. The West promoted the efforts by President Obasanjo as the first "democratically elected President of Nigeria" in decades, and then this was followed by President Yar'Adua..., but in those nine years [under Obasanjo], the economy has gotten worse. Energy production has dropped to under 1,000 megawatts, to 850,

and the conditions for the majority of the 140 million Nigerians—approximately 120 million are living on \$1-2 a day. So, how do you see what's happened to Nigeria, and what shall we do about it?

Aluko: I think it's part of what we have been discussing. Because we follow a world economic policy that says that government has no business in business, that you want free trade, you want globalization, you want everything to be left to the individual, and you don't industrialize. You want private people to build your roads, you want private people to supply electricity. Can you imagine and understand that?

I keep telling Nigerians that President Obasanjo was following the wrong economic path. It's like somebody leaving from here, who wants to go to Boston, and he follows the wrong direction, to California. The faster he walks, the more distant from Boston he will be. So, I tell him, I live in Akure, and if you want to go from Akure to Lagos, which is on the right side of Akure, and you follow the road to Benin which is on the left side, the faster you walk, the more distant from Lagos you will be.

I told Obasanjo, that at the end of his period, if he continues that wrong policy, the economy will be worse than when he took over. Of course, he didn't agree with me. He said that my economics was backward, was old-fashioned; that the modern economy was one of globalization, one of free trade, one of privatization and deregulation, of retrenchment of public sector workers. At the end of his Presidency, the economy was worse than in 1999 when he became the President.

Freeman: And the policies when you were in the government were at least better.

Aluko: The naira, the nation's currency, was devalued from 21 to the dollar, to 120 to the dollar, during Obasanjo's regime, and it's still devaluing.

The salary the common person earns today cannot keep him clothed, or feed him. The trade unions are on strike, the unionists are always on strike, and everybody is dissatisfied. It's worse than before. In an attempt to hold onto government, to win elections, the winning party has to violate the electoral process, and rig elections. The election conducted last year was the worst in Nigerian history.

Freeman: You're talking about the Presidential election in April 2007.

Aluko: Yes. It was the worst in the history of Nige-

ria. Because without any economic achievement, the ruling party would have been wiped out by the electorate. But they did win more states. They were controlling 22 states.

Freeman: When you say "they," you mean the People's Democratic Party, the ruling party?

Aluko: Yes. They controlled 22 states before the election. After the election, with massive rigging, they control 28 states now [out of 36]. But really, there is no effective control, because the government did whatever it liked. So, right now, the system is chaotic. It does not meet the aspirations of a majority of Nigerians.

Freeman: But this was because the International Monetary Fund and World Bank set up their headquarters in Abuja, the new capital of Nigeria, and they were running the policy which Obasanjo was going along with.

Aluko: They wanted to run the polity. They were running the Central Bank; they were running the Ministry of Finance and the Internal Revenue Service; they were running the Customs; they were running the Ministry of National Planning. They left nothing to Obasanjo: They were running all the government of Nigeria. And of course, you know my view about the International Monetary Fund and the World Bank: They are the institutions promoting all this non-physical economy.

If you have the right economic policy of developing the physical economy, you will be able to export. I told the government, that with the policy of the IMF/World Bank, of devaluation of currencies and the free market, the only thing Nigeria will have to export will be our brains—not our food, not the goods we can produce. The fact is that there is so much brain drain which such policies have drained from Nigeria, drained from Africa now. But for visa restrictions that reduce the freedom of Africans to get out of Africa, three-quarters of the highly educated population of Africa would be in Europe or in America. The only thing we're exporting is our brains, rather than our goods. It's not what the IMF/World bank expected us to export, if we devalued African currencies. But the more we devalue, the greater the brain drain from Africa.

The same thing has happened in Zimbabwe's economy. They keep on pumping and pumping money, and the currency becomes valueless. The same symptom is all throughout the countries in Africa.

The British Role

Shields: I'm curious if you had any knowledge, or if there's a general consensus that somehow there's an involvement of the British Foreign Office, or the British Commonwealth Office, in the manipulation of what could potentially be done inside Nigeria.

Aluko: Oh, yes. In fact, it's more there than here. The ties are direct. The chairman of the Economic Committee of President Obasanjo's eight-year rule was a Briton, Lady Chalker. She was a British Minister for Overseas Development. When she was thrown out, she became chairman of the Nigerian Economic Committee. She was the chairman of the Economic Committee of Obasanjo's government, along with Andrew Young. An American and British axis: They were virtually ruling Nigeria for eight years, in the economic sense.

I think there were about 12 of them on the Economic Committee, which controlled the economic group of Obasanjo, and 7 of them were Americans and Britons.

There's more there than here, because here at least you can resist. But in Nigeria, you cannot resist. We could resist, but we didn't resist. People are swallowing the British and American free-market policy. It's amazing, it's inexplicable, but that's what happened, and it is still happening.

The present President of Nigeria didn't aspire to be President. He was governor of his state, a good man, and he wanted to go back to teach in the university. Overnight, Obasanjo's advisors said he should be the President of Nigeria. He didn't campaign to be President. So, he had no idea, he had no plan, to rule Nigeria.

So I said, which [plan] are we now executing in Nigeria? Recently the President reacted by saying, yes, I made a good point. He will now restore the National Planning Commission, to try to articulate these various programs into a coherent whole. He still has not done that.



EIRNS/Lawrence Freeman

Globalization and privatization policies of the IMF and the World Bank have shifted Nigeria away from developing the physical economy, leaving the population in poverty, says Aluko. Shown here, what passes for housing in Nigeria.

So, as of now, we have no economic direction in Nigeria that we can point to as coherently articulated.

IMF Sabotaged the Role of Government

Freeman: One of the questions that comes up, from people who look at Nigeria from the outside, is, you have this wealth of oil. You also have an incredibly rich agricultural potential. But the foreign exchange comes mainly from oil. Why is it that over so many years, and so many different rulers, you can't build an adequate number of refineries, can't build the infrastructure?

Aluko: I keep on saying that in the '50s and '60s, in Nigeria we had what we called long-term planning. Four-year development plans, five-year development plans, ten-year development plans. The government had some projects, so that they had a goal, a direction.

But from 1985, the IMF and the World Bank imposed the philosophy that government should have no planning, but operate a free market. The previous plans were dismantled. Government has a lot of money, no plan, and that is why corruption has become endemic. Because there is no plan! There has been no plan since 1985.

Yet, Nigeria has been getting more and more money from oil, since 1985. We've been getting less and less money from agriculture since 1985. But we've been spending less and less on infrastructure. Because the IMF says, "Oh, don't spend much money on education; let the people pay fees for the education of their siblings. Don't spend too much money on health, because government has no business expanding such facilities." So, the hospitals have collapsed. Or, "Don't spend more money on infrastructure, let private people build, operate, and transfer it to government." But there's no private person who wants to build a road! "Let private people build refineries." No private people want to build refineries, even though government started giving oil money to private people to build refineries.

Freeman: Which they haven't built.

Aluko: which they haven't built. The federal government said, "Look, do you want to build a refinery? All right, we'll give you an allocation to export three shiploads of crude oil, so you can use the profit to build a refinery." Those who export three shiploads of oil, make about a \$3 million profit. They say, "Why do we want to put a \$3 million profit in a factory that will yield no profit?" So, they disappear, while making profit, without building any refinery.

We have had four refineries since 1981. The federal government wanted to privatize the four refineries, while it would build no new ones. That government should not build refineries: This policy had been sold to our government, by not only the IMF and the World Bank, but also by Britain and America. The American government and its allies advocate, regularly in Nigeria, free economy, privatization, monetization, free enterprise, globalization. I said, we're not part of the globe yet! I keep on telling that to those who care to listen in Nigeria.

You see, the real problem is that the leadership, not only in Nigeria, but also in the whole of Africa, has been wrong. And I keep on telling them—they don't want to hear—I say, Africa is a continent where the fools rule the wise. And that has been true. Because when you talk to them, they say, "Well, you are a professor. We didn't go to university. And yet, we are Presidents, we are governors, and so forth. We have 36 states, and 774 local governments in Nigeria." The 36 states and 774 local governments should

be units of development. But they're units of corruption.

Freeman: Because globalization and free trade deny government a role, there is limited progress. That's blamed somehow on the qualities of Africans, but the policy is coming from outside Africa. And it's a very vicious policy, because it essentially says that the state cannot play a significant role in the development of the general welfare. This is a criminal act; it has led to millions of Africans dying, that wouldn't have had to, if we had a basic infrastructure-building policy.

Aluko: They say, government should not subsidize agriculture, because Europe does not subsidize agriculture. But you know, in this country [the U.S.A.], agriculture is highly subsidized.

The other day I was in Maryland, and I saw a large agricultural plantation, run by the government of Maryland. So, I called some leaders in the government of my state: Come to Maryland and see an agricultural plantation built by the government of Maryland. In our state in Nigeria, we need to have farm settlements. In the 1950s and 1960s, Nigeria had such government establishments. They've destroyed them. They said government had no business running agriculture, it should be the private sector. But the private sector is not there! The private person cannot borrow. Here, for example, if you have an idea, you can go to the bank, and borrow money, and do that at, 3, 4, 5%. In Nigeria, you have to bribe to get loans from the bank, at 35%! Now, what business can you run on a profit at a 35% rate of interest, after you bribe?

Freeman: Nothing that involves useful production.

Aluko: No, you can't produce. So, even if you have ideas, you cannot bring them to fruition, because there are no co-operant factors of production, to make the idea come into effect.

Freeman: You brought up the question of agriculture. Now, back in the '50s and '60s, and actually into the '70s, African countries could produce enough food for themselves—

Aluko: And export the surplus—

Freeman: And export, in some cases. Now, 30 years later, every country in Africa has to import food,

yet the land is perfectly fertile.

Aluko: Let me give you one example. My university, where I was professor for about 20 years, before I retired, was built from profit from cocoa. The government set up a Cocoa Marketing Board, encouraged the farmers to grow cocoa, gave them subsidies, bought the cocoa from them, sold it on the world market, paid them very well.

Then the idea came from abroad that government was exploiting the farmers. So, hands off cocoa. They abolished the Cocoa Marketing Boards, and left the cocoa to the private sector.

Before they did that, my state was producing about 300,000 tons of cocoa per annum. After five years of that privatization, it went down to 100,000 tons. Today it's about 30,000 tons total of cocoa, about 10% of what it was producing. So, the farmers are running away from producing cocoa. And yet, when there was a Marketing Board, the farmers did very well. They were able to educate their children, they were able to build houses. Then they said government was exploiting them, and the Marketing Board was privatized, in 1986.

Globalization Destroyed Industry

Freeman: As you were pointing out, in 1985, when the Buhari regime was thrown out, President Babangida came in, and the IMF came in, and basically took over Nigeria. And since then, no progress. In fact, it's been deteriorating.

Aluko: You are right. For example, my own state government then, the Western Nigeria regional government, established industrial estates, all over the western region of Nigeria in the 1950s and 1960s, established industrial estates, and let out to people, gave them loans, had industrial development banks, had agricultural development banks. The development banks gave loans for agricultural, industrial, and commercial projects, at subsidized low rates of interest.

Now, all of those estates have collapsed, all of them have been abandoned. Many of the industries have collapsed. The only textile mill in my state, Ekiti State, which was run by the government, was privatized to Syrians. The Syrians, the Lebanese, bought the factory, sold the machinery, and ran away from Nigeria. So there is no more textile factory in my state today.

We had a brick factory. When I see brick buildings in the U.S.A., I marvel. We had a big factory which produced beautiful bricks. Then, they said the govern-

ment has no business running the brick industry: Privatize it! So, the government abandoned it, sold it to an industrialist, the man sold the machines, and ran away to America. There's no more brick-making in my state.

And that's what happened throughout Nigeria. You go throughout Nigeria, and you see abandoned estates, abandoned factories, abandoned farms, which were run before by local government, or state government, or federal government. Even the agricultural plantations and research stations collapsed. My university was one of the most beautiful in the world, when I was there. Today, you would be amazed at the dilapidation of the same university at Ile-Ife in Western Nigeria.

Freeman: Every time the economic "reformers" come in, the first thing they say is, "We've got to privatize." And then when the privatization produces negative effects, as you've described, they say, "You haven't done it enough."

Aluko: They say it's because the government has not done enough privatizing. It's because the government is still involved indirectly. It must get its hands off completely. Instead of asking for better government, they're asking for no government. So we ask them, if the government is making so much money from oil, and government is doing nothing, what do you want the government to do with the money? That is why public officials steal the money! That's why corruption is increasing. Because there's so much money in government and so little being done by government. It's a vicious circle.

South Africa Sets a Better Example

Freeman: Do you see in Africa, any positive trends in any other countries that could provide some direction out of this situation?

Aluko: It is South Africa. South Africa is reasonably independent and industrialized. I've been to South Africa, but unfortunately, few want to learn from South Africa, because South Africa is different, because there's a white population there. We are black. And the white population is exploiting the black population. So they don't want us to imitate South Africa.

South Africa is the only industrial country in Africa. It's the only country making progress. Not that they have made the achievement that they are capable of, because the black people in South Africa are possibly worse off than they were in 1994. But at least, on the



EIRNS/Lawrence Freeman

The government is rich because of the oil income, but the people are poor, Aluko points out. He advocates countering the IMF's policy of no government, with more government, to promote the growth of the physical economy. Here is a Nigerian oil well.

whole, South Africans are making progress. The rand, which is their currency, has appreciated definitely, compared with other countries in Africa, South Africa is an oasis of progress. Their foreign exchange is good, and their per-capita annual income is increasing.

Freeman: As you know, President [Thabo] Mbeki, the President of South Africa, whose term is ending next year, has been under incredible attack worldwide, for supporting Zimbabwe's sovereignty, for being against overthrowing the government. But I've always thought that a lot of the attacks on President Mbeki are designed to destabilize South Africa, and undermine the minimal achievements which you mentioned.

Aluko: I am critical of [Zimbabwe President Robert] Mugabe, whom I admired and still admire. I knew him during my university days in England. He could have done better, because I used to write to many of them, as you know. The main problem is the type of imposed Western democracy, of government, in Africa, that is the policy of the winner takes all. It won't work in Africa. You need a coalition government. "Get your people around, and develop Zimbabwe," was what I used to advocate for Zimbabwe. In the 1980s, the most important export of Zimbabwe, was maize. Today it

imports maize, even to eat! To feed its cattle.

Freeman: They're getting it from Malawi.

Aluko: From Mozambique, or from Egypt. The same thing in the Cameroons. The same thing in Nigeria. We used to export cocoa, ground nut, cotton, and so forth—all those are gone, because of wrong policies. Because of listening to the advocates of limited government. I think Zimbabwe listened to Britain for too long and listened to the World Bank for too long.

Now Zimbabwe is being blamed for not listening to them enough. It's a tragedy, and I don't know what Zimbabwe can do. I don't see hope there in the immediate future.

Take the President of Kenya, Moi Kibaki, who was a colleague of mine when we were both at the London

School of Economics together in the late 1950s. When I was president of the Africa Society, he was the secretary, and we were very close. He is a clever fellow. He is now the President of Kenya. You cannot rule Kenya the way Thatcher ruled Britain or Brown is ruling Britain, because few Africans want to be in opposition.

Africans want to be part of the government of their country. It is better to run a coalition government, and bring your people therein, and develop Kenya. Don't listen to the idea that government has no business in business, you want to run a private sector economy, you want to privatize, you want to globalize, and you go and attend conferences in, and listen to advice from Europe, and America, and leave the problem in Kenya unattended to. It can't work. Look at what has happened in Kenya. If they're not careful, it will be like Zimbabwe.

Freeman: This free-trade global system has failed, by any standard of economics, it is a complete failure. And now the question is, are we in the advanced sector countries going to get rid of this system, and return to a more reasonable, thoughtful, workable system, such as that put forward by Franklin Roosevelt, in the 1930s and '40s?

Aluko: That is what we have to go back to. Because even here now [the U.S.A.], the market has failed.

What Should African Countries Do?

Shields: You seem to be saying, Professor Aluko, that there's some specific action that some of these countries could take right now that would at least keep the worst aspects of what's happening, from going on—mainly, getting rid of globalization, and the effects of free trade policies. Is there anything specific that you would say Nigeria needs to do, or any other country, like Zimbabwe, has to do?

Aluko: I believe that they have to emphasize more the physical economy, industrialization, development of agriculture, self-reliance in food production. And they have to struggle more to have a better government, more efficient government. Not less government, but more efficient government, which would know that it is a resource for the people.

I keep asking, why do you ask for my vote? Private companies do not ask for my vote. Government asks for my vote. Why do you ask for my vote, if you have no responsibility for me? The government must be proactive, protective, and establish responsibility to the people for the economy, and to the society, and not a free-for-all economy.

I was quite happy that the last conference on free trade collapsed.

Freeman: You're talking about the World Trade Organization, Doha Round.

Aluko: I was very happy. Because I don't believe in it. It is a mockery. It's going to fail, because we cannot be talking of "free" something, when we have nothing. You can't be talking of trade when you have nothing to trade with. You have nothing to sell.

So, I think that the government has to focus more on planning. I believe in planning. And for a year now, Nigeria has re-energized the National Planning Commission, to prepare a five-year development plan. What we want to do in agriculture—it's not enough to say, in five years, you want to generate 10 million megawatts of electricity. You have to plan on what to do in year x , year $x+1$, year $x+2$, year $x+3$. You cannot think that things will happen just because you want them to happen. They will never happen.

So, government has to be involved at every level: local government state level, state government, federal government. Even the Nigerian Constitution provides

that every local government in Nigeria must have a plan, which will be part of the state plan, which will be part of the national plan. And yet, nobody's doing that! I keep on telling them, that our government is violating the Constitution, because our Constitution is against privatization. The Constitution provides that the commanding heights of the economy will be controlled by the public sector.

That's what the Constitution provides. But they don't bother. They don't react. And they don't follow. So, in reality, the rulers are acting against the Constitution of the country. And it's the same thing in Africa.

Freeman: You are in our country, at the height of a Presidential election, which I know you follow. How do you, as an observer from Africa, look at this U.S. Presidential race?

Aluko: I always follow. I never sleep in Nigeria, whenever there are elections in America or Britain. I just don't see any policy orientation in either of the two parties, that is addressing the present problem, or the problem that will arise in the future. I don't see it. People are talking about reforming education, what we do to compete, and so forth and so on. I don't see any of the two candidates addressing the real fundamentals of the American economy, in what they're saying.

Nobody's saying, "We are going to go back to the Roosevelt era." Are we going to allow this temporary government intervention, and then go back to what it was before? Because in the last 25 years, there have been about 11 economic crises, of various degrees—which is now increasing. In 1987, there was a financial collapse. In 1997, there was a collapse on the stock exchange. In 2001, there was a collapse of the stock exchange. In 2005, there was trouble. Last year there was trouble. So, it has been happening, little by little, and yet, people out there are doubting that it's happening on a continuing basis.

The only person I saw who was a bit near the situation, was Hillary Clinton, who was aware, possibly of the Roosevelt type, but she lost. So, I don't know. I have no preference between the two of them. I mean, I like Obama, because he's a black man like myself, so I'd be happy to bring it to the world, that America is great, to put in a black man as President. But the issue that I'm looking for is economics.

America is key to the world economy. If the American economy collapses, the whole world economy basically collapses.

International Intelligence

Crisis Restarts Ibero Integration Efforts

The Presidents of Brazil, Venezuela, Ecuador, and Bolivia met in Manaus, Brazil on Sept. 30, to discuss getting moving on two cross-continental transportation routes, and reviving the Bank of the South, as an independent mechanism for financing regional integration projects, as the international financial system comes down.

The global financial crisis dominated the discussions, as reality cracks the facade of “the U.S. crisis won’t hurt us much” which all four Presidents (Brazil’s Lula da Silva, Venezuela’s Hugo Chávez, Ecuador’s Rafael Correa, and Bolivia’s Evo Morales) had been putting out for public consumption. Lula declared, in his joint press conference with Chávez after their meeting, that they agree that no one knows the actual size of this crisis, which perhaps will be the greatest in the history of the world.

The Presidents reported they had reached a formula for breaking various impasses on founding the Bank of the South, which they will discuss with the Presidents of the other three countries that committed themselves to founding the bank (Argentina, Uruguay, and Paraguay), with the intent of getting the institution under way by December. Due to Brazilian opposition, in particular, the bank has been dead in the water since its founding agreement was signed nearly a year ago.

Mexican President Submits To Soros Narcotics Drive

The Mexican government may open the floodgates for mass “narcotourism,” even as the country is being ripped apart by the drug trade, and the nation’s industry, farming, and other necessary activities are collapsing. On Oct. 2, President Felipe Calderón sent to the Mexican Senate a bill legalizing the possession of “personal doses” of every drug imaginable. A person who gets caught with up to two grams of

marijuana or opium, a half a gram of cocaine, 50 milligrams of heroin, or 40 milligrams of methamphetamine, would face no criminal charges.

The Mexican government action poses the question: Would the United States follow Mexico into the Dark Age pit of drug legalization under a President Barack Obama?

Obama’s principal sponsor and moneybags, George Soros, and his British-led legalization mafia have led the fight to force Mexico to capitulate to the drug trade. Ethan Nadelmann, Executive Director of Soros’s Drug Policy Alliance, immediately issued a statement hailing Calderón’s bill, and not only demanding that the United States not try to dissuade Mexico from passing the bill, as occurred when the previous Mexican President Vicente Fox introduced a similar bill, but pressing the U.S. to follow suit, and legalize, too.

Nadelmann sent Calderón an open letter not long after Calderón took office in December 2006, invoking the ghost of the University of Chicago’s Milton Friedman in demanding that Calderón legalize. Recruiting former Mexican President Ernesto Zedillo to the campaign, Soros’s legalizers set up a “Latin American Commission on Drugs and Democracy” in May 2008, to mobilize the region as shocktroops for worldwide legalization.

In contrast to Calderón, Colombian President Alvaro Uribe is demanding that Congress revoke its 2002 law legalizing “personal doses,” because decriminalization has increased consumption, criminality, and narcotourism.

Lavrov: We Must Pursue Common Interests Now

Nations must pursue their “common interest” together in the current crisis, Russian Foreign Minister Sergei Lavrov told *Izvestia* in an interview published Oct. 1. Russia Today TV also quoted Lavrov saying that the issue is “common interest,” not “common values, of which our Western partners so liked to talk in the past few years.” The first priority of these interests,

is “the necessity to protect the world economy from collapse and falling apart as a result of the financial crisis,” Lavrov said. It is very important, he added, that today all countries return to socially oriented economic policies. He claimed that this model, which was born in Europe long ago, was a reaction to the socially oriented economic policy of the Soviet Union. Such a policy was also successful in the United States, he said.

Now, however, that system is failing and it is important to find out why. This can only be done with multilateral efforts, Lavrov said. The United States cannot be excluded from this process, but it must be a participant with the same rights as all other nations, he said, despite being the strongest.

Lavrov said that his main conclusion after his many meetings in New York at the United Nations General Assembly, is that “No one wants to allow the huge problems that we all are facing today, and that require constructive and positive interaction, to become hostage to any kind of crisis.”

Danish Schiller Institute Testifies in Parliament

Tom Gillesberg, chairman of the Schiller Institute (SI) in Denmark, testified Oct. 2 before the Parliament’s Political-Economic Committee, on the necessity of junking the debt-strangled current international financial system, and replacing it with Lyndon LaRouche’s fixed-exchange-rate New Bretton Woods system. Seven MPs from four non-government coalition parties were present.

Gillesberg urged Denmark, even though it is not a member of the G-8, to join the Oct. 4 meeting called by French President Nicolas Sarkozy to discuss restructuring of the world financial system.

Directly after the SI testimony, Economy and Business Minister Lene Espersen testified in open committee, with the press in attendance, about the actions she will take to protect Denmark in face of the international and Danish financial and bank crisis.

After 20 Years, A New Opportunity

It was approximately 20 years ago this week, that Lyndon LaRouche, as a candidate for the U.S. Presidency, delivered, on Oct. 12, 1988, an extraordinary speech in West Berlin's Kempinski Hotel. LaRouche's presentation was addressed explicitly to the leadership of the then-Soviet Union, of the United States, and of West Germany itself. His core proposal read as follows:

"I shall propose the following concrete perspective to my government. We say to Moscow: We will help you. We shall act to establish Food for Peace agreements among the international community, with the included goal that neither the people of the Soviet bloc nor developing nations shall go hungry. In response to our good faith in doing that for you, let us do something which will set an example of what can be done to help solve the economic crisis throughout the Soviet bloc generally.

"Let us say that the United States and Western Europe will cooperate to accomplish the successful rebuilding of the economy of Poland. There will be no interference in the political system of government, but only a kind of Marshall Plan aid to rebuild Poland's industry and agriculture. If Germany agrees to this, let a process aimed at the reunification of the economies of Germany begin, and let this be the *punctum saliens* for Western cooperation in assisting the rebuilding of the economy of Poland."

LaRouche's proposal, like that of the Strategic Defense Initiative which he had devised, and which had been taken up by the Reagan Administration, five years before, was rejected in Moscow, and in Washington. The dramatic collapse of the Soviet system, which occurred approximately one year later, was a result he himself had forecast, should the Soviet leadership

reject such a partnership with the West. It is to the eternal discredit of the George Bush, Sr. Administration, that it not only did not respond to that collapse by taking up LaRouche's updated idea of East-West collaboration, the Productive Triangle, and then the Eurasian Land-Bridge, but that it also did its damndest to hamstring, and prevent Germany from fulfilling its mission to do so.

It is not surprising, therefore, that the disintegration of the Soviet system is now being followed by the utter collapse of the Anglo-Dutch Liberal system of Western finance, which now imperils the survival of the planet as a whole.

Today, after 20 years of decline and suffering, we once more stand before the opportunity for an alliance for world reconstruction, this time, between the United States and Russia, as the first step to a Four Power agreement, including China and India. Unlike in the period of the late 1980s, the Moscow leadership has signalled its willingness, even eagerness, for collaboration with the United States in rebuilding a new, just world economic order. Proposals such as the Bering Strait tunnel project, a more than century-old idea of linking Eurasia with the Americas, have been put forward by the Putin/Medvedev government repeatedly, despite a level of distinctly nasty rhetoric coming from Washington (and London).

Most importantly, the intellectual powerhouse who has devised the design for the only workable new physical economic system, Lyndon LaRouche, is still on the scene, campaigning for its realization. As in 1988, LaRouche's ideas for a world economic recovery represent the unique hope for avoiding both strategic and economic disaster, in the very short term. This time, we cannot afford to fail.

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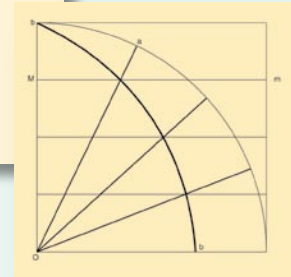
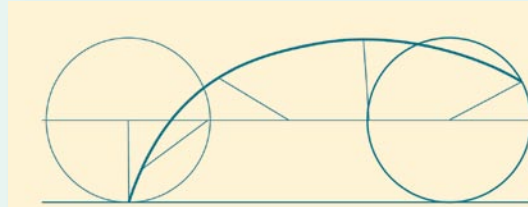
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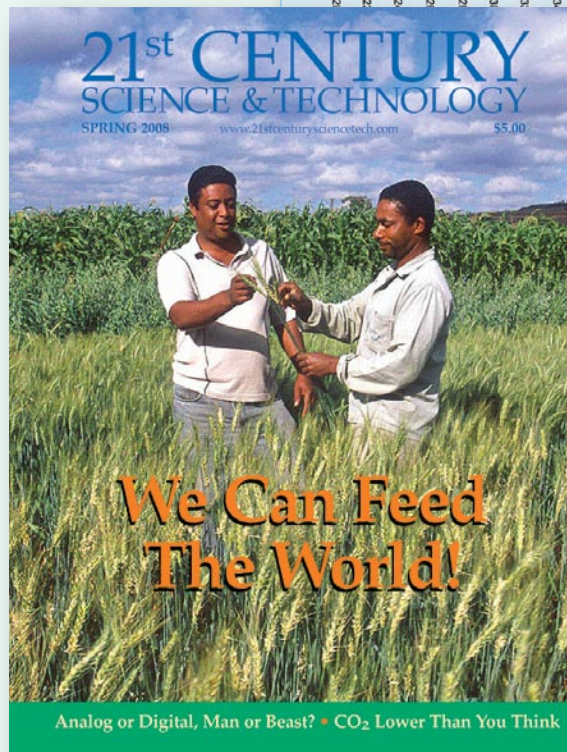
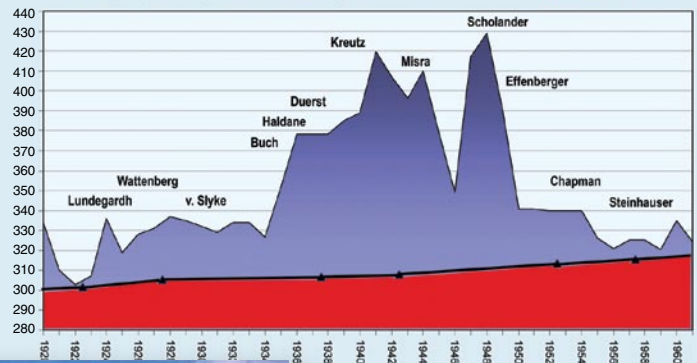
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COLORADO

- DENVER CC Ch.56 Sun 10 am

CONNECTICUT

- GROTON CC Ch.12: Mon 5 pm
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- SEYMOUR CC Ch.10: Tue 10 pm

DISTRICT OF COLUMBIA

- WASHINGTON CC Ch.95 & RCN Ch.10: Irregular

FLORIDA

- ESCAMBIA COUNTY CX Ch.4: Last Sat 4:30 pm

ILLINOIS

- CHICAGO CC./RCN/WOW Ch.21: Irregular
- PEORIA COUNTY IN Ch.22: Sun 7:30 pm
- QUAD CITIES MC Ch.19: Thu 11 pm
- ROCKFORD CC Ch.17 Wed 9 pm

IOWA

- QUAD CITIES MC Ch.19: Thu 11 pm

KENTUCKY

- BOONE/KENTON COUNTIES IN Ch.21: Sun 1 am; Fri Midnight
- JEFFERSON COUNTY IN Ch.98: Fri 2-2:30 pm

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- LAKE ORION CC Ch.10: Mon/Tue 2 & 9 pm
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- PORTAGE CH Ch.20 Tue/Wed 8:30 am; Thu 1:30 pm
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- WAYNE COUNTY CC Ch.16/18: Mon 6-8 pm

MINNESOTA

- CAMBRIDGE US Ch.10: Wed 6 pm
- COLD SPRING US Ch. 10: Wed 6 pm
- COLUMBIA HEIGHTS CC Ch.15: Wed 8 pm
- DULUTH CH Ch.20: Mon 9 pm; Wed 12 pm, Fri 1 pm
- MARSHALL Prairie Wave & CH Ch.35/8: Sat. 9 am

- MINNEAPOLIS TW Ch.16: Tue 11 pm
- MINNEAPOLIS (N. Burbs) CC Ch.15: Thu 3 & 9 pm
- NEW ULM TW Ch. 14: Fri 5 pm
- PROCTOR MC Ch. 12: Tue 5 pm to 1 am
- ST. CLOUD CH Ch.12: Mon 9:30 pm
- ST. CROIX VALLEY CC Ch.14: Thu 1 & 7 pm; Fri 9 am
- ST. LOUIS PARK CC Ch.15: Sat/Sun Midnite, 8 am, 4 pm
- ST. PAUL CC Ch.15: Mon 10 pm
- ST. PAUL (S&W Burbs) CC Ch.15: Wed 10:30 am; Fri 7:30 pm
- SAULK CENTRE SCTV Ch.19: Sat 5 pm
- WASHINGTON COUNTY (South) CC Ch.14: Thu 8 pm

NEVADA

- WASHOE COUNTY CH Ch.16: Thu 2 pm

NEW HAMPSHIRE

- MANCHESTER CC Ch.23: Thu 4:30 pm

NEW JERSEY

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- Windsors Ch.27: Mon 5:30 pm
- MONTVALE/MAHWAH CV Ch.76: Mon 5 pm
- PISCATAWAY CV Ch.22: Thu 11:30 pm
- UNION CC Ch.26: Irregular

NEW MEXICO

- ALBUQUERQUE CC Ch.27: Thu 4 pm
- LOS ALAMOS CC Ch.8: Wed 10 pm
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- ONEIDA COUNTY TW Ch.99: Thu 8 or 9 pm
- PENFIELD TW Ch.15: Irregular
- QUEENS TW Ch.35: Tue 10:30 am; TW Ch.572: Mon & Thu 11 am; Wed & Fri 10:30 pm
- QUEENSBURY TW Ch.71: Mon 7 pm
- ROCHESTER TW Ch.15: Sun 9 pm; Thu 8 pm

- ROCKLAND CV Ch.76: Mon 5 pm
- SCHENECTADY TW Ch.16: Fri 1 pm; Sat 1:30 am
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OHIO

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OKLAHOMA

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OREGON

- LINN/BENTON COUNTIES CC Ch.29: Tue 1 pm; Thu 9 pm
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RHODE ISLAND

- E. PROVIDENCE CX Ch.18: Tue 6:30 pm
- STATEWIDE RI I CX Ch.13 Tue 10 pm

TEXAS

- HOUSTON CC Ch.17 & TV Max Ch.95: Wed 5:30 pm; Sat 9 am
- KINGWOOD CB Ch.98: Wed 5:30 pm; Sat 9 am

VERMONT

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- GREATER FALLS CC Ch.10: Mon/Wed/Fri 1 pm
- MONTPELIER CC Ch.15: Tue 10 pm; Wed 3 am & 4 pm

VIRGINIA

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- ARLINGTON CC Ch.33 & FIOS Ch.38: Mon 1 pm; Tue 9 am
- CHESTERFIELD COUNTY CC Ch.6: Tue 5 pm
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- LOUDOUN COUNTY CC Ch.98 & FIOS Ch.41: Wed 6 pm
- ROANOKE COUNTY CX Ch.78: Tue 7 pm; Thu 2 pm

WASHINGTON

- KING COUNTY CC Ch.29/77: Tue 10 am
- TRI CITIES CH Ch. 13/99: Mon 7 pm; Thu 9 pm

WISCONSIN

- MARATHON CH Ch.10: Thu 9:30 pm; Fri 12 Noon
- MUSKEGO TW Ch.14: Sat 4 pm; Sun 7 am

WYOMING

- GILLETTE BR Ch.31: Tue 7

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