

# EIR

Executive Intelligence Review

March 27, 2009 Vol. 36 No. 12 [www.larouche.pub.com](http://www.larouche.pub.com) \$10.00

Will AIG Scandal Trigger 'Pearl Harbor' Reaction?  
South Asian Terrorism: All Roads Lead to London  
The United States Must Return to FDR's Intentions

**LaRouche Webcast: Wage War  
On the British Empire!**



Founder and Contributing Editor:

*Lyndon H. LaRouche, Jr.*

Editorial Board: *Lyndon H. LaRouche, Jr., Antony Papert, Gerald Rose, Dennis Small, Edward Spannaus, Nancy Spannaus, Jeffrey Steinberg, William Wertz*

Editor: *Nancy Spannaus*

Managing Editor: *Susan Welsh*

Assistant Managing Editor: *Bonnie James*

Science Editor: *Marjorie Mazel Hecht*

Technology Editor: *Marsha Freeman*

Book Editor: *Katherine Notley*

Graphics Editor: *Alan Yue*

Photo Editor: *Stuart Lewis*

Circulation Manager: *Stanley Ezrol*

#### INTELLIGENCE DIRECTORS

Counterintelligence: *Jeffrey Steinberg, Michele Steinberg*

Economics: *John Hoefle, Marcia Merry Baker, Paul Gallagher*

History: *Anton Chaitkin*

Ibero-America: *Dennis Small*

Law: *Edward Spannaus*

Russia and Eastern Europe: *Rachel Douglas*

United States: *Debra Freeman*

#### INTERNATIONAL BUREAUS

Bogotá: *Javier Almaria*

Berlin: *Rainer Apel*

Copenhagen: *Tom Gillesberg*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Melbourne: *Robert Barwick*

Mexico City: *Rubén Cota Meza*

New Delhi: *Ramtanu Maitra*

Paris: *Christine Bierre*

Stockholm: *Hussein Askary*

United Nations, N.Y.C.: *Leni Rubinstein*

Washington, D.C.: *William Jones*

Wiesbaden: *Göran Haglund*

#### ON THE WEB

e-mail: [eirms@larouchepub.com](mailto:eirms@larouchepub.com)

[www.larouchepub.com](http://www.larouchepub.com)

[www.larouchepub.com/eiw](http://www.larouchepub.com/eiw)

Webmaster: *John Sigerson*

Assistant Webmaster: *George Hollis*

Editor, Arabic-language edition: *Hussein Askary*

EIR (ISSN 0273-6314) is published weekly (50 issues), by EIR News Service, Inc., 729 15th St. N.W., Washington, D.C. 20005.  
(703) 777-9451

**European Headquarters:** E.I.R. GmbH, Postfach 1611, D-65006 Wiesbaden, Germany;  
Bahnstrasse 9a, D-65205, Wiesbaden, Germany  
Tel: 49-611-73650  
Homepage: <http://www.eirma.com>  
e-mail: [eirma@eirma.com](mailto:eirma@eirma.com)  
Director: Georg Neudekker

**Montreal, Canada:** 514-855-1699

**Denmark:** EIR - Danmark, Sankt Knuds Vej 11, basement left, DK-1903 Frederiksberg, Denmark.  
Tel.: +45 35 43 60 40, Fax: +45 35 43 87 57. e-mail: [eirdk@hotmail.com](mailto:eirdk@hotmail.com).

**Mexico:** EIR, Manual Ma. Contreras #100, Despacho 8, Col. San Rafael, CP 06470, Mexico, DF.  
Tel.: 2453-2852, 2453-2853.

Copyright: ©2009 EIR News Service. All rights reserved. Reproduction in whole or in part without permission strictly prohibited.

Canada Post Publication Sales Agreement #40683579

**Postmaster:** Send all address changes to EIR, P.O. Box 17390, Washington, D.C. 20041-0390.

# EIR

## From the Assistant Managing Editor

This past week, Spring arrived in the Northern Hemisphere, bringing with it, after the dark, cold days of Winter, the possibility of the reawakening of hope for the future. By also reawakening Mankind's "conscious creativity," as Lyndon LaRouche identified Man's power over the universe, in his remarkable four-hour webcast March 21 (our *Feature*), we will succeed in fighting our way out of the present global catastrophe.

We publish a bit late this week, in order to bring our readers the full transcript of the webcast, in which LaRouche, once again, stunned his international audience with the power and breadth of his ideas. "This is a deadly serious issue," he stated bluntly, "a life-or-death question—for entire nations and populations."

In addition to the webcast, we call your attention to two other contributions from LaRouche: his teleconference with 600 students, teachers, and military personnel at the Nueva Granada Military University in Bogotá, Colombia, on March 18; and his presentation to a private diplomatic luncheon in Washington, on March 19. In the latter, LaRouche referenced the British-orchestrated Japanese attack on Pearl Harbor in 1941, which, in a sense, backfired: Because, under FDR's leadership, the American people mobilized to defeat fascism; we see the potential for a similar response today, in the stirring of popular outrage against the Wall Street-London "banksters."

The potential for a "Pearl Harbor reaction," triggered by the AIG scandal, is examined in our *World News* lead. And yet, the payment of multi-million-dollar bonuses to the same crooks who blew up the company, is peanuts compared to the now trillions of dollars being sucked up by the London and Wall Street financial institutions, which "put us on the edge of a hyperinflationary takeoff, like that of Weimar Germany in 1923," as LaRouche warned.

To learn how the British have been able to manipulate and control entire nations, be sure to read Ramtanu Maitra's insightful historical study of "Southeast Asian Terrorism: All Roads Lead to the British Empire," and Hussein Askary's "Is Southwest Asia Preparing for Obama's or Netanyahu's 'Change'?"

Finally, you will find the third selection of speeches from the Feb. 21-22 Schiller Institute conference, in Rüsselsheim, Germany, in the *Conference Report*; speakers from Germany, France, and Italy are represented this week.



## Cover This Week

*President Obama and British Prime Minister Gordon Brown in Washington, March 3, 2009.*



Creative Commons/Downing

### **4 March 21 Webcast: LaRouche Declares War on the British Empire**

“This is going to be a highly structured presentation,” Lyndon LaRouche told his webcast audience, “because we’re dealing with a breaking point in world history, and it can be a breakdown point or an upturn in the process. This is a deadly moment. We’ve come to a time—you know, lots of people will say, ‘Why don’t you break it down in more simple language, so we can understand it?’ I say, ‘Well, partner, why don’t you just sit there and let other people make the decision, then?’”

“Because this requires some technical competence. We’re dealing with a technical question of a present breakdown, and the alternative of a reorganization to survival of the entire world’s—the entire planet’s!—monetary-financial and physical-economic system!... Those who say, it’s too much for them to understand, they want it broken down in simple language, should shut up! And listen: maybe they will learn something.”

## World News

### **42 Will AIG Scandal Trigger New ‘Pearl Harbor’ Reaction?**

The payment by AIG of \$165 million in bonuses to its derivatives traders—the guys who blew up the company and have already cost taxpayers close to \$200 billion—has generated public fury, and rightfully so. But the real question is whether that rage will dissipate in mere protest, or be channeled into constructive action, as we did after Pearl Harbor in 1941.

### **44 South Asian Terrorism: All Roads Lead to the British Empire**

Since none of the South Asian countries have, so far, shown the ability to evaluate, and thus, eliminate, terrorism, it is necessary to know its genesis, and how it has affected the leaders of the South Asian nations, to the detriment of their respective security. Part 1 of a two-part series by Ramtanu Maitra.

### **49 Is Southwest Asia Preparing for Obama’s or Netanyahu’s ‘Change’?**

Only a forceful intervention by the United States in Israel can thwart the threats to the peace process. What’s needed is to end the legacy of the British Empire in the region, once and for all. The first signs from Washington are encouraging, but no one should rest on their laurels for the moment, not the least President Obama and the Arab leaders.

## Strategy

### **52 LaRouche: We Must Return to FDR's 1944 Intention**

Lyndon LaRouche's opening remarks to a private diplomatic luncheon on March 19, 2009.

### **58 LaRouche to Colombian Military University: Proposals To Solve the Global Economic Crisis**

LaRouche's teleconference address to some 600 students, teachers, and military personnel, at the Nueva Granada Military University in Bogotá, Colombia, on March 18. The event was sponsored by the Association of Graduates of the Economics Department of the University.

## Conference Report

### **66 Schiller Institute: Principles for Rebuilding the Bankrupt World Economy**

The Institute's Feb. 21-22 conference in Germany featured a broad array of presentations on the crisis and what to do about it. In this, our third selection of speeches from the conference, we feature speakers from Germany, France, and Italy.

### **67 The Future of the Euro**

Speech by Prof. Wilhelm Hankel, former head of the Money and Credit Department of the German Finance Ministry and former chief economist of the Kreditanstalt für Wiederaufbau.

### **72 Hankel's Decade-Long Fight Against the Euro**

### **73 The Crisis, or Abandoning the 'Politique'**

Speech by Eric de la Maisonneuve, Division General (2S) and currently the president of Société de Stratégie in Paris.

### **76 Small and Medium-Sized Entrepreneurs Are the Backbone of Italy's Economy**

Speech by Hon. Catia Polidori, a member of the Italian Chamber of Deputies who serves on the parliament's Committee on Industry and Trade.

## Editorial

### **80 London Declares World War III**

MARCH 21 WEBCAST:

## LaRouche Declares War on the British Empire

*Here is Lyndon LaRouche's webcast address to an audience in Northern Virginia on March 21. The event was moderated by his national spokesperson Debra Freeman. The complete audio and video are available at [www.larouchepac.com](http://www.larouchepac.com).*

This is going to be a highly structured presentation, because we're dealing with a breaking point in world history, and it can be a breakdown point or an upturn in the process. This is a deadly moment. We've come to a time—you know, lots of people will say, "Why don't you break it down in more simple language, so we can understand it?" I say, "Well, partner, why don't you just sit there and let other people make the decision, then?"

Because this requires some technical competence. We're dealing with a technical question of a present breakdown, and the alternative of a reorganization to survival of the entire world's—the entire planet's!—monetary-financial and physical-economic system! Now anybody who's qualified to stand up and say they know the details and the problems of the world financial economic system and related systems, has a right to speak up. Those who say, it's too much for them to understand, they want it broken down in simple language, should shut up! And listen: maybe they will learn something.

So, we're not going to steer this thing in a direction to appeal to silly populist rhetoric. This is a deadly serious

issue. If the United States does not solve the problem, or do its part in solving the problem, then we're going into a dark age. And within a short time, there'll be about 20% of the size of the world's population today still living. So this is a life-or-death question for entire nations and populations. The decision lies primarily with the initiative from the United States, from a U.S. government which is still confused on what to do, although there is more and more agreement about the severity of the issue. So this is serious business, and I shall be precise. And I shall be, when necessary, technical. And if you don't understand it, when we get into the question period, we'll get some of that straightened out.

### James Galbraith Speaks Out

Now, the first thing I want to do, in order to set the stage for the discussion, is to acknowledge an important development in terms of a statement by James K. Galbraith, who is the son of the famous [John Kenneth] Galbraith who was an advisor to Kennedy. And because these questions—while other people may have the same kind of formulation of questions that he presents in a recently published piece—nobody else has opened their mouths to say it publicly. And therefore, his questions and my comment on his propositions, are extremely relevant at this point.

Now, here's some of the things he says. I have ten





EIRNS/Stuart Lewis

*Responding to James Galbraith's recent commentary, "No Return to Normal," LaRouche endorsed, as absolutely accurate, Galbraith's observation that, "if deficiencies exist [in the Obama Administration's economic policies, to date], they probably result from their shared background and creed—in short, from the limitations of their ideas." LaRouche is shown here, addressing an audience in Herndon, Va., and a webcast audience around the world.*

particular comments of mine on his paper, and his paper, of course, is generally available, because it was published by various sources. He says: "Deficiencies of their program cannot, therefore, be blamed on incompetence," speaking of this crowd of White House [economists] and other people. "Rather, if deficiencies exist, they probably result from their shared background and creed—in short, from the limitations of their ideas."

This, I endorse. This is absolutely accurate. The people in there, who are running this operation and making the decisions, are *collectively incompetent*, because the assumptions they're making, which are based on their past experience and education, are not appropriate to deal with the situation, which has never existed to their knowledge beforehand! No one on this planet has experience, within their lifetime, and within their education, of a problem of the type which we have today. And therefore, they have no competence to present a proposed remedy. Every proposed remedy which has come officially from the White House or other sources, or

sidewalk conversation on the side, is *totally incompetent*. Every press report is totally incompetent. Every statement from governments, on the economic situation, is totally incompetent. And that's the problem we're going to deal with today. So, this is why we don't need sidewalk superintendents on this discussion.

Then, his second—I quote him—his whole statement is published. His second point is, "The deepest belief of the modern economist is that the economy is a self-stabilizing system."

Correct: There is no inherent stability, or stabilizing factor in the present world economy or the U.S. economy, at this time. We've gone through a situation, in which it is now revealed by events, that there is no competence based on experience, of this expertise—university education and so forth—no competence, to even discuss what the problem is. And that's why we're not getting good answers from officials.

My third comment, or his comment, which I comment on: "If recovery is not built into the genes of the system, then the forecast will be too optimistic, and the stimulus based on it will be too small."

Absolutely correct: There is no comprehension of this. What we're dealing with is a world financial breakdown crisis, which is now approaching the point of inflection, at which the flood of money for bailout is engendering a hyperinflation of the type that Germany experienced in 1923. We're in that kind of period, like the Spring of 1923, after an inflationary drive to bail out the German mark, that occurred from the end of World War I until that point, and that period began to take off in a hyperinflationary explosion. And from the Spring of that year, 1923, until October-November of the same year, the German economy blew apart in a hyperinflation.

We, in the United States, and in the world generally, have now reached a point roughly comparable to that. There is no provision in the present system, the present



*Larry Summers (right), who heads up Obama's economic team, should be dumped, LaRouche said. And Tim Geithner (left), the Treasury Secretary, "should be allowed to function, at the intellectual level he has, and taken out from under the kind of pressure he's being subjected to now."*

international monetary system, as organized, to prevent a general disintegration of the entire world economy. Which would mean a genocidal collapse throughout the world, which would end up within a generation or so, that where you have 6.5 billion people living on this planet today, *you would now go down to less than 2!* That's the magnitude of the crisis.

Fourth comment: "First, the CBO did not expect the present recession to be any worse than that of 1981-82, our deepest post-war recession. Second, the CBO expected a turnaround beginning late this year, with the economy returning to normal around 2015, even if Congress had taken no action at all."

Absolute idiocy—he's right! This is the situation. But wait till you see the ten things I excerpt, put them together.

### **What the Computers Won't Tell Us**

Fifth: "On depth, CBO's model is based on the post-war experience, and such models cannot predict outcomes more serious than anything already seen. If we are facing a downturn worse than 1982, our computers won't tell us; we will be surprised. And if the slump is destined to drag on, the computers won't tell us that either. Baked into the CBO model we find a 'natural rate of unemployment' of 4.8%; the model moves the economy back toward that value *no matter what*. In the real world, however, there is no reason to believe this

will happen" (emphasis added).

Galbraith's point, at this point, should be absolutely clear: Either of these failed White House economic advisors, is systemically and implicitly making a fatal error in judgment. Now you have Larry Summers, who I think probably should be dumped. And Tim Geithner should be allowed to function, at the intellectual level he has, and taken out from under the kind of pressure he's being subjected to now. I think he's probably a viable figure in the Administration for these purposes; but you have to get Summers out, because he's no good. And he's also incompetent in his dealings with people. Then

we have to build something with a minimum amount of shakeup for the maximum amount of benefit.

Sixth, again from Galbraith: "This procedure guarantees a result near the middle of the professional mindset. The method would be useful if the errors of economists were unsystematic. But they are not. Economists are a cautious group, and in any extreme situation the midpoint of professional opinion is bound to be wrong."

No sense of principle, no competence, take the sense of the crowd you're sitting in the middle of, try to find the mid-point, negotiate back and forth, and come up with a solution whether it works or not. And then [they] said, that's the best we could do.

Seventh excerpt from Galbraith: "[T]he initial package was affected by the new team's desire to get past this crisis and to return to the familiar problems of their past lives. For these protégés of Robert Rubin, veterans in several cases of Rubin's Hamilton Project, a key preconception has always been the budget deficit and what they call the 'entitlement problem.' This is D.C.-speak for rolling back Social Security and Medicare, opening new markets for fund managers and private insurers, behind a wave of budget babble about 'long-term deficits' and 'unfunded liabilities.'"

Obvious.

[The eighth one:] "The oddest thing about the Geithner program"—and I don't blame Geithner for this pro-

gram; it was stuffed on him—“is its failure to act as though the financial crisis is a true crisis—an integrated, long-term economic threat—rather than merely a couple of related but temporary problems, one in banking and the other in jobs.”

In other words, still, the thinking is a “fix it” mentality. Do what you learned to do, either in universities, which generally indicates you’re a complete fraud and a failure, or just what you’ve learned from the course of professional life.

Here you are: You’re with a situation, absolutely unprecedented. There has never been in the history, in the lives, of anybody alive today, anything like the present crisis. The last time such a crisis existed in European civilization, it occurred in the 14th Century, and was known as the “New Dark Age.” And if you’re not willing to think about how a new dark age is organized, as by the Lombard bankers of that period, then you don’t understand the present situation. What we have, the way we got into this threat of a new dark age, was by the same methods, used by the Venetians who controlled the process, and were operating through the Lombard banking institutions, in usurious loans. These usurious loans *then*, like the attempt to bail out now, outran any range of the ability to pay the debts so generated.

So then, when the King of England said he wasn’t going to pay on these loans he couldn’t afford to pay, a chain-reaction set in, and, starting with the House of Bardi, which was a bank from the tiny city of Lucca, in Italy; and when this bank went down, a chain-reaction was unleashed, in which banks and accounts in France, as well as in England and elsewhere, blew up. As a result of that, within the immediate generation, the population of Europe shrunk by *one-third*, and the number of parishes in Europe collapsed by *one-half*. And absolute insanity reigned throughout Europe, at that time. *We are in a situation like that, now.* That’s the threat.

And obviously, there, he’s right: We are in a situation—he keeps saying this, in these things I’m pointing to—this thing is beyond the comprehension or the willingness to comprehend, of the leading private and other institutions of relevance of this country. Nobody’s proposing anything—nobody wants to even *think* about proposing something, which goes outside those parameters.



National Archives

Galbraith notes that, “if we are in a true collapse of finance, our [economic] models will not serve. It is then appropriate,” he adds, “to reach back, past the post-war years, to the experience of the Great Depression.” Here, “The White Angel Bread Line,” photographed by Dorothea Lange, in San Francisco, 1933.

## A Fascist Revival in the U.S.A.

Then, the ninth one: “In short, if we are in a true collapse of finance, our models will not serve. It is then appropriate to reach back, past the post-war years, to the experience of the Great Depression. And this can only be done by qualitative and historical analysis. Our modern numerical models”—and statistical models—“just don’t capture the key feature of that crisis—which is, precisely, the collapse of the financial system.”

Now, the tenth comment<sup>1</sup> is significant because it is

1. Galbraith’s 10th comment: “[Roosevelt’s] government hired about 60 per cent of the unemployed in public works and conservation projects that planted a billion trees, saved the whooping crane, modernized rural America, and built such diverse projects as the Cathedral of Learning in Pittsburgh, the Montana state capitol, much of the Chicago lake-front, New York’s Lincoln Tunnel and Triborough Bridge complex, the



a response to a fascist revival in the United States, typified by Amity Shlaes. Amity Shlaes is British-trained and associated with this crowd, the American Enterprise Institute. Now, these institutions, which are the so-called right-wing think tanks, that advise and control the policies of the U.S. government, to a large degree, and actually ran two Bush administrations—and actually three Bush administrations, counting the father's, and not counting the father's two vice presidential terms back in the 1980s.

The problem here is, that these people are fascists. Shlaes is a fascist. Her policy is fascist. Not only is she a liar, but she's a fascist. She's not simply a fascist—she was London-trained to be a fascist—but she's tied to institutions in the United States which were fascist back in the 1920s and '30s.

What happened is exactly this: You had a downturn in policy, starting in 1890, leading up to all the wars we've had ever since, on a world scale. What happened was, that in 1890, the Kaiser of Germany dumped his counselor, Bismarck. Now, this was under the influence of the Crown Prince of England, who actually organized what became World War I. Here was the sequence—and follow through the sequence to get a picture of what we're dealing with, with her and with people like her, who are the right wing in this country that the President and his office have to contend with, in the Congress, like Nancy Pelosi. Nancy Pelosi is part of this fascist crowd that's our problem.

Now, what happened? The British were determined to destroy the influence of the United States, after the Lincoln Administration, and after the 1876 Centennial celebration, to break the influence the United States had, both in defeating the British Empire in the Civil

War—because it was the British we were fighting in the Civil War: They organized it, they had their assets and so forth, and they're still there today, some of them.

And then you had the 1876 Centennial celebration: This was the point that the railroad expansion and the other developments from the Lincoln Administration had begun to take hold, and the United States was emerging, not only as a power in the United States, but was being unified for the first time in all history, as becoming a nation within its own borders, and the borders being two oceans—the Atlantic and the Pacific, and the Canadian and Mexican borders. We were unified by the development of transcontinental railway systems, a phenomenon which had never existed before in the history of any part of the world. Around this infrastructure drive, launched actually by the Lincoln Administration, and mobilized for the case of the Civil War, the United States emerged as a great power which could not be defeated in its own territory—for the first time in our existence.

Then, 1876: You had an attendance of people from all over the world, representatives of leading forces in Germany, France, Russia, and so forth. And there was sort of a stock-taking of the effect of this great revolution, which had occurred in the United States during this period; especially the development of transcontinental railway systems.

## **The End of British Imperial Sea Power**

Now the development of the transcontinental railway system was a revolution in economy: From the earliest part of European civilization, until 1876, the world was dominated by sea power. Even in terms of economy. Because maritime power had a greater facility to conduct trade, than any form of inland transport within nations, or within continents.

And what the United States had done, by creating the United States as a continental nation, between the two oceans and the Canadian and Mexico borders, had, for the first time, shown what can be done, in transforming power from predatory maritime power, to the inland power of the sovereign state, in and of itself. And to do this by tying together, through transportation systems, rail systems, to trying to pull together *entire continents*, for their own internal development! This was a great revolution, in the economic history of mankind.

This was a threat to the British Empire. The British Empire was strictly an empire based on maritime power.

---

Tennessee Valley Authority and the aircraft carriers Enterprise and Yorktown. It also built or renovated 2,500 hospitals, 45,000 schools, 13,000 parks and playgrounds, 7,800 bridges, 700,000 miles of roads, and a thousand airfields. And it employed 50,000 teachers, rebuilt the country's entire rural school system, and hired 3,000 writers, musicians, sculptors and painters, including Willem de Kooning and Jackson Pollock.

"In other words, Roosevelt employed Americans on a vast scale, bringing the unemployment rates down to levels that were tolerable, even before the war—from 25 percent in 1933 to below 10 percent in 1936, if you count those employed by the government as employed, which they surely were. In 1937, Roosevelt tried to balance the budget, the economy relapsed again, and in 1938 the New Deal was relaunched. This again brought unemployment down to about 10%, still before the war."

The British Empire had not been created as an empire of the king or something of that sort. It was the creation of a *company*, the British East India Company, which was an *empire as a company*, which the King of England had little power over, in that century. So you had a private company, a Venetian-style example of this kind of liberalism, which came out of Paolo Sarpi's influence. This kind of empire had taken over the world: It almost destroyed China! And it had almost destroyed the India that it occupied! It destroyed Africa, after 1898, in particular.

As we see in Darfur, today: There's no problem in Darfur, as such. There's a problem there, of two tribes which were between Sudan and Chad. And when Lord Kitchener conquered and defeated the French in North Africa on the Nile system, at that point, the British had power, and the British decided that the tribe, the Fur tribe, would be given this desolate territory, this little area of increasing desolation, rather than the Chad tribe. So, since that time, any time there's any degree of any instability in that area, this conflict between the tribes—with the one based in Chad, the other based in Sudan—continues. And that is the Darfur crisis, which is being played by certain interests internationally.

And our competent people, in the diplomatic service, who understand these areas and have worked this territory, will all tell you, there is no genocide being practiced by Bashir in Sudan. And only people who have no competence, and no competent knowledge of the situation, will think differently: So it's a case of the British Empire.

So, back to this kind of situation: It's the same period, 1890. Now, what had happened is, the British plan was based on the model of what was called the Seven Years War. That is, the power of Britain, relative to the other nations of Europe, had been gained by their orchestrating, they and the Dutch, had orchestrated a state of warfare among all other leading powers of Europe, including Russia, Prussia, France, and so forth. So therefore, a Seven Years War, which is a long war: It's rightfully comparable to what we went through in Iraq recently, because of the lies of Tony Blair—this long war depleted the continent of Europe, and the British stepped in, in February of 1763, and took over, with the Peace of Paris at that time. But *who* took over? It was the British East India Company! Which then became a power *over* England, over the United Kingdom, and also became a world empire.

This private company then, operated independently of the control of the King of England, of the government of England, and became the government of England by eating it up. They looted India; they conducted mass crimes against humanity in India. Beginning the 1790s, they had organized the international drug trade, which they had used to destroy China, in large degree, and other parts of the world. The drug problem today, in the world, as continued by George Soros, a British agent, is entirely created by the British monarchy and its predecessor, the British East India Company.

So, this is marching on.

### **The British Organize the Greatest of All Wars**

So now, we've won the Civil War—we've won it against the British Empire! We have not only won the war, we have created the greatest accomplishment in nation-building in the history of mankind. Where, in 1876, people are coming from all over the world, prominent people, to look at what the United States has done. They carry this back to Europe, and begin to do the kinds of things that we did in the United States. It was done in France with the development of the railway system in France on a similar basis. The international railway system, the Berlin-to-Baghdad Railway, the Russian Trans-Siberian Railway: These things were all projects of the type intended to integrate the development of the internal economies of Eurasia, according to this model.

The British, then, did the obvious, as they had done with the Napoleonic Wars: To use war on the continent of Eurasia as a way of destroying the ability to resist the British Empire.

So the British were now out to create the greatest of all wars! But there was one thing in the way: The war was to be based on starting a war between Germany and Russia. Now the problem was, that the crown Prince of England was the uncle of the German Kaiser and of the Russian Tsar. And so the problem was to get the Prince of Wales, who was not yet king, to organize a war between his nephews. The way it was supposed to be done, is they were supposed to start a Balkan war, in which the Austrian Kaiser would react, and involve Russia and Germany in this war. And thus, to create a new Seven-Years-War type, by which Europe would be destroyed, and all these American-style projects would be killed.

Because what Bismarck had done, Bismarck had



*The British Empire waged a two-phase attack on China, the first being the Opium Wars of the 1830s and '40s; the second was through its satrap, the Japanese Imperial power. Beginning 1894-95, Japan was permanently involved in breaking up China, until 1945—organized by the British. Shown, Japanese artillery in the streets of Shanghai, 1937.*

taken the American model, the U.S. model, and with direct discussion with the leaders of the circles around the then-deceased Abraham Lincoln, had made a gigantic reform in Germany, which was considered a great threat to the British, because a continental power was developing, and the British Empire was going to lose power. So they wanted these fellows to kill each other.

Now Bismarck was smart. He was probably one of the greatest statesmen of that century. What he did, as Chancellor, is, he made a secret agreement, as Chancellor, behind the back of his Kaiser, Wilhelm II, with the Tsar of Russia, to agree that if the dumb, stupid, aging Austrian Kaiser, the Habsburg Kaiser, were to start a war in the Balkans, that Germany would not intervene to support the Austrian Kaiser. On that basis, the Tsar of Russia agreed with Bismarck that Russia would not deploy forces to intervene in a Balkan War.

So the British wanted the Balkan war, because that was *precisely* the method by which they were going to cause the breakup of Europe's development. By a war! They wanted, essentially, a war between Russia and Germany, with France involved as a major factor on the continent. So what did they do? The Crown Prince of England, the Prince of Wales, pressured his nephews to *fire Bismarck*, in 1890.

What happened that followed? Well, the British

went ahead: They organized the assassination of the President of France, Sadi Carnot. They organized the Dreyfus Case. And the Prince of Wales personally negotiated with the Japanese Emperor, for the Japanese Emperor to ally himself as another big empire, with the British, to start a war against China.

So now you have the second phase of the attack on China: The first attack on China was, largely, the Opium War. Now a new attack came, to really break up China, permanently. And! As a result of that, from 1894-1895 on, *Japan was permanently involved in breaking up China, until 1945—organized by the British.* Now that Bismarck is out, the British start the Russo-Japanese War, and other wars. Then the Balkan wars come.

### **From the Klan to the Nazis**

But in the middle, something else happens: The assassination of the President of the United States organized from Europe, i.e., by British forces—McKinley—brings in a nephew of the Confederacy, Teddy Roosevelt, who's a stinking traitor. And after a spate, they bring in Woodrow Wilson, whose family was behind the Ku Klux Klan! And this same Wilson, from the White House, *in the White House*, organized a revival of the Klan, on a larger scale than it had ever existed before!

So what you had is now a shift from a patriotic President, McKinley, to a British agent, or a pair of British agents, typified by Teddy Roosevelt and Woodrow Wilson; and also, Coolidge and Hoover later on! So therefore, you had a shift in U.S. policy.

As a result of this process, you had the emergence of a pro-fascist movement in post-World War I Europe. This fascist movement was built up inside the United States *under Coolidge, Hoover* and so forth. You had an American Liberty League which was organized as a fascist organization. Remember, these Presidents and their circles had supported Mussolini and they supported Hitler. As a matter of fact, Hitler became a *dictator*, not just a Chancellor, but a dictator in Germany, *days* before Franklin Roosevelt was inaugurated, actually installed as President.



So, from the time that Roosevelt was President, the financial establishment, the Wall Street establishment in the United States, together with the British, had installed Mussolini in Italy—they created Mussolini; they also installed fascism in Germany, which was organized from London.

So, now we were faced with another kind of Seven Years War, a greater war. And in this United States, this movement, which Amity Shlaes echoes today—she's an heir of this movement; these right-wing attacks on Obama are based on these people. What are they? These people are the people who were the *fascists*, the *Nazis*, the pro-Nazis in the United States and elsewhere, back during the 1930s. And they're still the pro-Nazis, today! And that's the kind of problem we face.

I don't know to what degree James Galbraith knows the details of this. But I know it, and a lot of other associates with me know it, because we've done our homework on this thing. We have the documents; we have the proof. The American Enterprise Institute is an echo of the Nazi-supporting organization, back in the 1930s. And you're getting a bunch of people who are a revival of Nazism, fascism, or whatever you call it, today, and that's our big problem. That's the problem that Obama faces! That's what the fight is!

Remember, it was George Bush, the last President, the recent one, whose grandfather Prescott Bush had actually moved the money on orders from his office in New York, to put Hitler into power in Germany! The German Nazi Party was bankrupt, and the Nazi Party was *bailed out* by Prescott Bush, the grandfather of the just-departed President. And the *character* of the Bush family, the grandfather Prescott, George I, and George II, were all fascists. And what they represent in *both* the Democratic Party and Republican Party, to which they have ties, is the same thing.

So when we're talking about this tenth point I picked out: that Roosevelt was under attack by a fascist, pro-Nazi movement inside the United States, called the



*Contrary to today's fascists, such as Amity Shlaes, who are on a rampage to destroy the legacy of FDR, James Galbraith (above), whose famous father, John Kenneth Galbraith, served in a top economic post under FDR, would know that, "there was never any failure on the part of the Roosevelt Administration during the 1930s."*

American Liberty League. And there were various organizations of which the American Enterprise Institute is one!

What happened was, with Pearl Harbor, Nazism was no longer so popular in the United States. And people who had formed these fascist organizations now were looking for a new cover. So, what they did, is, they walked out of the offices they had occupied under one name, and walked into the new offices, with the same people, or combinations of the same people, in new offices and new organizations! And what we have as the right-wing think tanks and some of the major press, which has been taken over in this country by the British interests, are all simply revivals of the same thing, as the pro-Mus-

solini, pro-Fascist, Nazi organizations, back in the 1930s, back before Pearl Harbor.

And that's the point that we're dealing with: that Roosevelt, as Galbraith can say competently, because of his knowledge of his father's work, there was never—contrary to the lies of Amity Shlaes and her types—there was never any failure on the part of the Roosevelt Administration during the 1930s. There was tremendous pressure on the Roosevelt Administration, coming from fascist elements, including judges of the Supreme Court, to break up the operations of the Roosevelt Administration. And so, for a period of about two years after his reelection, Roosevelt was stuck with this thing about this "Nine Old Men" question; and stuck with that. And therefore, he was set back in his recovery program! But the recovery program was going on, because the work that was being done by the WPA and similar kinds of institutions was making valuable work, which resulted in, at the point of our entry into the war effort, the fact that we had become the greatest industrial machine on this planet.

We were able to win World War II, not because our troops were well-trained—they weren't. They were people like me, who were grabbed up in the draft; and I found myself with something I never thought I would



be doing: training troops for World War II! So, we had developed a machine, where our technological superiority, our logistical capability, meant that, even though our troops were not as well-trained, as say, the Germans were—the German troops were much better trained, much better qualified for combat. But we outnumbered them, not only in personnel, we outnumbered them in logistics! Where they had hundreds of pounds, we would go it in tons! We could load the beaches in any part of the world, with the vast production coming from people who had largely been mobilized into industry during the Roosevelt period of the 1930s.

And therefore, what happened was, as a result of this, we entered into a period, in which the United States was going to be destroyed once Roosevelt was dead: Because the United States had destroyed the British Empire's potential for empire, with the Lincoln victory and its sequels, by 1876. *Roosevelt, with his leadership*, had created a United States which could not be defeated at the time he died. Until Truman took over, and began to take it apart, under orders from the British.

And that's the lesson we're learning today: Is that the United States is the *target of the British Empire* and what it represents today. *That is the enemy!* And anyone who thinks differently, goes into the category with Amity Shleezeball [laughter], as being a revival of the same thing as the pro-Nazi sentiment within the U.S. population, back in the 1930s. And that *really* is what James Galbraith is referring to.

### **Why Are Almost All Economists Incompetent?**

Now, at this point, I think that speaks for itself, but the key point, summing up these ten points that I referred to from his presentation, is that, what he says on economics—and he says it repeatedly as you will note from this—the problem is intellectual, among the professionals in the United States. They've been in university training, which made them incompetent, in the way he indicates: They go by models, by statistical models, and other kinds of things.

For example: I've been forecasting significantly, in terms of the forecasts I've made, since the 1950s. In '56, I forecast what happened in '57, just because I did a thorough analysis as an executive for a consulting firm; and I knew the facts, I knew we were headed for this thing that had happened. Since that time, I've made a number of longer-range forecasts, all of which came true, exactly as I projected them. I've never failed. And,

at the same time, every one of these so-called "experts" and university experts, and firms that conduct forecasting, the Wall Street advisors, have all made forecasts—or haven't made them—have been incompetent! Now, why?

And that's the thing, the real subject we get into now. Why are all the economists, apparently, why do they all tend toward utter incompetence in the way that James Galbraith indicates in this report? And I think there are others who would say the same thing, but he has more guts, perhaps, and has put it forward, where others have hesitated to say what they know. The problem is, they all predicate their forecasting and economic policy, on a limited sense of "agreed premises," and "agreed methods." The worst of it is statistical forecasting: Say, "Statistics show us..." "Our statistical model shows us..." This sort of thing. It is all intrinsically incompetent. And before I'll finish this presentation, you'll know why. But that's our problem.

And they all believe in the god of the kind of policy of the Truman legacy: They all believe, the people who say, "Well, Roosevelt made some mistakes"; or "Roosevelt was wrong." Or you get, like Amity Shleezeball, they lie about it. But they interpret it wrongly.

And on top of that, you see, from the advice that they give, if you look at the history of the rise of the U.S. economy, up until the death of Franklin Roosevelt, and you measure this by the relevant criteria; then you take the post-Roosevelt period, under Truman, under Eisenhower, after the killing of Kennedy, there is an accelerating rate of decline in the *physical output* of the economy, per capita and per square kilometer—physical output measured—up till the '68 breaking point. In 1968, the amount of new construction in basic economic infrastructure fell below the level of attrition in the old investment in infrastructure.

From that point on, when the 68ers, which were already an economic disaster—the very *existence* of the 68ers was an economic disaster, they're still running the United States today; the people who were throwing bombs in the Summer and Fall of 1968—they're running the economy today, people who think like that. It's their ideology that dominates the economy on everything. And it was a change: We went down. We have been destroying the U.S. economy, step by step, since that time. We've been destroying the world economy. We've exported our industry to people in poorer countries, who don't have the skills that we had. We shut

down those industries! We shut down that agriculture! And exported the production, agriculture and industrial production, to other parts of the world! Where they didn't have the skill, and preconditions of infrastructure, for sustaining that kind of investment for their population as a whole. So therefore, we *shut down* Europe's economy! We *shut down* the U.S. economy! We looted other countries, to nothing.

And the few countries we built up on this basis of globalization are now a disaster. Take the case of China: China just had a disaster, as a result of the great bonanza it had through shutting down the U.S. and European industries in particular, and transferring the work to cheap labor in China! Now, suddenly, the market for Chinese purchase of what *they* are producing, has met a sudden collapse, and an accelerating rate of collapse in the China economy! And you will see that in every part of the developing sector which has been the beneficiary of runaway jobs, all shutting down the employment in Europe and North America.

So, in fact, we have been declining. And yet, some people are richer, and some people may not be actually richer, but they get drunk more often—and they feel good. So that's been our trend.

### The Greenspan Bubble

So, what we have, we are a dying economy, we no longer have the actual net physical wealth that we used to produce, we have less. But some people have a lot more money!

Why do they have more money? Well, let's think: We had another depression in October of 1987 (by the way, I forecast that one, too). And people said it wouldn't happen, but it did. But at that point, the U.S. economy was about ready to go into a depression: Along came Alan Greenspan, and Alan Greenspan has no morals whatsoever, so therefore, he was able to think of things that decent people would never think of. So he took something that people had gone to prison for, and he made it national policy for Federal Reserve System. It became known in the form of financial derivatives.

So now, what happened is, we built up a grand financial bubble, based on self-multiplying—it's like a fungus: You put a fungus in your bathroom, it grows! The more you fight it, the more it grows, more fungus, a new kind of fungus comes in!

So, what we did, is we built up a tremendous amount of debt. Now, this debt was not debt incurred by pro-

duction, or by investment in actual production. This was a debt which grew all by itself. Because you invest, and you set a certain amount, and you say, "Okay, this is our yield. So now, we've got this debt which is going to have this following annual yield. Now, let's say, we'll give this debt a life-expectancy of 10 years, 20 years. Now, we will assess the debt, not on the basis of the money that was put up, or was promised"—you didn't put up, but promised; and they'll take the promise of that amount of payment and they will multiply that by factor, and they will come up with saying, this has a "capital value, which should be traded on the market at this multiple price; at a price this multiple or a certain number of years."

So what we've had is: The more this debt grows, the more it grows! So, we have actually a hyperinflationary bubble in financial derivatives and related kinds of nonsense, which had been growing up—and we call this "prosperity" over recent years, since Greenspan's "miracle." This is Greenspan's prosperity. We've built up to the point that the amount of debt outstanding, far exceeded anything that the human race could pay in its entire lifetime.

So then, we have a crash! But when did crisis occur? When did the problem occur? The problem occurred in this case, when they let Alan Greenspan become the chairman of the Federal Reserve System. That's when it happened. You're saying the crisis is happening now: It happened then! That's when you contracted syphilis, buddy! Now, you're feeling the symptoms!

So that's the nature of the problem: What we have today is, the people who think, or are supposed to think, in markets, in firms, and so forth, are *totally incompetent* relative to the standard of industrial management, say, back 20, 30 years ago. They're utterly incompetent. All they do, is they come into a company, do nothing of any value, bankrupt the place, and walk out with a golden parachute. They have no competence whatsoever. But what you had is a parasitical class, the so-called modern management class, typified by these firms that have been going under, like Goldman Sachs—or Goldman Sucks, if you prefer. And this kind of thing has been going on.

So, we've had a destruction of the U.S. economy, and European economies, by all of these kinds of major changes, or successive changes, which occurred over these recent years. The actual productivity of society has been declining, in real terms, in physical terms—

human terms, per capita and per square kilometer terms, over this period. We've had shifts, but the shifts have always been a downshift on a planetary scale. You move jobs to China, you pay less—that's why they move there; you shut down the investment in industry, and productivity in the United States and Europe.

The result is a net shrinking of the physical output of the world economy. But in the meantime, you're calling this a profitable venture; you're capitalizing this financially; you're building up a much larger volume of claimed financial assets, while you're destroying the base. And when the world economy has been going into a *negative* profit ratio, in terms of physical profit over these years, the result is obvious: You reach a point at which the *rate of increase* of fictitious value, as against attributable real value, is such that you're about to go under. And that's what happened.

### The July 2007 Proposal

Now, in this period, go back to 2007: On July 25, 2007, I gave, in the Washington area, a webcast, at which I indicated and reported that we were on the verge of a process of breakdown of the economy, which would accelerate. At that time, I indicated, pro forma, and in some detail, also, what the measures are which had to be taken, to deal with this crisis. Had those measures been taken, into say, September or October of 2007, we would not have a crisis in the United States, today.

For example: My proposal then was, all right, take the real estate sector: The real estate sector is totally insane, the prices are insane. What we do, is we protect the entire household. We want to keep the people in their homes. So therefore, we put the whole system, the mortgage system into receivership, for protection in bankruptcy. Nobody leaves their home. In the case of difficulty, where the pressure's on, we protect them, by putting them under bankruptcy protection; so that anybody who's living in a home, can not be thrown out of the home because of this mortgage crisis. They stay there.

The other thing, is to maintain the stability of the community economy. You don't want people being thrown out, going elsewhere—you'd get a chain-reaction collapse.

Secondly, there are banks which are actually bankrupt. Now a bank has two aspects: One is its financial stability, and the other is its function. Now you go back to Alexander Hamilton at the end of the Revolutionary War, when the colonies had financed the war effort for

our independence. All of the banks of these colonies which had done their patriotic duty, were now essentially bankrupt. And the idea of a Federal Constitution, as opposed simply to the Declaration of Independence, was needed at the end of the war.

So, Hamilton came up with a solution, and the solution was national banking. We would do what we can, to *save these banks* by giving them government support. We would organize government support through national banking. And it was this agreement on national banking which enabled the adoption of the U.S. Federal Constitution.

So this is a principle, which I used, which is the *foundation* of the U.S. Constitution—that agreement, on how we deal with this system, where banks who have acted under government control, that is, the government of the struggle for Independence, were now protected for development, to keep a banking system alive in the United States, at that time. And the Constitution was organized around that pivotal issue. So national banking is our natural tendency.

So, what do we do in this case? We say, we put the *banks* under protection! So now, we put the banks, as well as the householders, mortgage-held householders, we put them into bankruptcy protection, to reorganize the system. And then we start a credit system, to get some growth going, real growth in the economy, which means we have to negotiate a new international system, a credit system to replace the monetary system which was hopeless. Those were my proposals.

Had we done that by the Autumn of 2007, *we would have no crisis in the United States today.*

But what did we get? We got "Bailout Barney," Bailout Barney Frank, under a Doddering Senator, from Connecticut. And what they did, is they now bailed out every piece of worthless paper in the world, for their friends—including golden parachutes. What they have *dumped*, as U.S. obligations alone, on the basis of this crisis, is sufficient *to sink the entire world economy*, into a bankruptcy of the type experienced by Europe in the 14th Century, but this time, on a global scale.

### A Criminal Government

So what we've had is effectively, in effect, a *criminal government* of the United States, under George Bush, and that *criminal* policy of government has not been corrected since Obama was inaugurated. And that's the problem.

The problem is, that these economists and others





DOE



*Forget the idea of money: “You can not, from a monetary system, determine how an economy should grow.” As a result of monetarist policies, like those of the late Milton Friedman (above), deindustrialization has destroyed American agriculture and industry. Left: The Highly Enriched Uranium Materials Facility’s design is an example of advanced technologies in nuclear construction.*

have no sense, of *how a competent financial system works*. They were capable of operating, when the previously existing system, which they knew the rules of, existed. As long as that system worked, and did not collapse, they thought they knew what to do, day to day, month to month, year to year. But when the system collapsed, they had no idea of what to do about it. And that’s where we stand today.

That’s what you see with Geithner, as his problem. I don’t think he’s incompetent, any more than most people are in that field. And I think he could be a very workable Secretary, under the right conditions, if he was given a free hand to follow his own conscience and good advice. But right now, the United States, under the present administration policy, is *headed toward a point of outbreak of a hyperinflationary explosion, which would destroy most nations, and most of the world, and the United States included*.

So that’s where the issue of Galbraith’s appraisal comes into play. These guys, who are trying to run the system, have no idea what they’re doing. They have no conception of what the problem is, and no conception of what the solution is. And if we don’t change that, we’re not going to have a nation!

Now, what he puts his finger on, he says: These fellows—and repeatedly, in the points I picked out for

comment—he says consistently, and correctly, and he’s the first one to say it, from that whole crowd—which I why pick on him, because I know he’s a good guy, essentially; that, what he’s saying is: You guys, using your various systems, have no idea of what you’ve been doing, and no idea where you’re going. Because you’re now faced with a situation *for which you have no experience, and no knowledge*. And you have no way, on your own, of actually coming up and seeing what the problem is, you’re actually dealing with. You’re all sticking to some predetermined, estimated system, and trying to impose that on reality. It’s like trying to conduct a successful marriage with a dummy in a department store window. No matter how sincere you are, it doesn’t function! And that’s the problem.

### **A Deeper Problem: Money and Profit**

Now, this comes into a much deeper problem of the same nature. Which is what I now turn to, in a succession of essentially three essential issues which have to be addressed.

What we have to look at, is: Forget the idea of money as such. Money is necessary. It’s necessary, because exchanges occur between people, and you have no way, in these exchanges, of directly determining what the value is of something. So therefore, you set up a system which



is workable, which uses estimated prices as a measure of value. And you do it in such a way and under such management, that the economy actually grows. But you can not, from a monetary system, determine how an economy should grow.

So we get into this other kind of problem: what is it, what is the physical principle which determines—what determines a successful form of economy? What's the physical principle involved? And the economists, like the ones that we deal with normally, have no idea what that is.

As a matter of fact, things have become much worse, because, as we became *de*-industrialized, and we broke apart the two sectors, leading sectors of production, manufacturing and agriculture—we have destroyed American agriculture, we've destroyed American industry—in a sense, as a growing operation the way it used to be successfully. And therefore, the people who are managing large corporations, such as, say, General Motors (or were managing it, or something, before, not just stealing from it), were totally incompetent!

Take my generation, for example—my generation was competent. The next generation was not. My generation was production-oriented, agriculturally, industry, infrastructure. My generation was shaped, largely, by the refreshment of the Roosevelt Administration experience: Recovery, agricultural revolution, industrial revolution, technological revolution. We had managers who actually managed, in the sense of increasing the productive power, per capita and per square kilometer, of firms and farms. That was their drive.

From 1968, particularly, from that point on, our productivity was destroyed, and no longer did management have *any commitment* to maintaining an increase in actual physical productivity in agriculture, industry, or in the actual physical average standard of living. So we've been faking our way on credit since this process.

The question is, what's the remedy? We no longer have the people from my generation as managing these firms. The next generation is not too good, and the generation coming now is absolutely incompetent. How do we rebuild, what the American System represented? What're the principles?

Well, we can say, "industry and agriculture." Well, what about this question of profit? It's necessary, if you're going to have a growing industry, that you're able to produce enough value from that agriculture, that industry, so forth, so that you have something left over

for development and expansion of the economy, in the period afterward. In other words, where does *real profit* come in? Not the money profit; we've seen what money profit is. But the real profit, that is, the physical profit, where you get more out, in terms of production, than what *you put in*. You get an increase in the income of labor, an increase in the productivity of labor. How do you do that?

Well, you have two things to consider, primarily: You have the overhead expense, but just turn to two things: Look at two factors in agriculture and industry. Look at current operating costs, as what it takes to run the machine that you've got, and how much you have to invest, in the capital funding of the existence of that machine. You apply that not only to industry, privately held industry, for example, and corporations; but you have another, bigger investment. The biggest investment, in any successful economy, is a physical investment, in basic economic infrastructure, which, by and large, is entirely in the public sector, not the private sector. It's in the state, and it's in the nation.

## We Need Nuclear Power

This involves, for example, nuclear plants: You can't build a nuclear plant based on a neighborhood. A nuclear plant is, one way or the other—if you're going to have enough of them to do the job, and we do need a lot of them—we need fourth-generation types such as the pebble-bed reactor types. Because with the pebble-bed reactor types, in 1,000 MW, or something like that, we can generate synthetic fuels, we can purify water—we can also develop fuels from that, by producing synthetic hydrogen, or hydrogen-related types of fuels. We can then use these fuels—we don't need to import oil from abroad any more; you're taking a cheap product and you're transporting it around the world, at a very heavy price of transportation, monopolization—that's crazy.

Why not produce hydrogen-based fuels in every community? Or every large community? What does it take? Well, you've got a 1,000 MW reactor, of a pebble-bed type, and you can generate a lot of byproducts from that, just apart from the electrical power, industrial power, industrial forms of heat, similar kinds of heat. You can produce synthetic fuels, gaseous fuels. They're better for airplanes and air transport than these kinds of fuels.

You also can take the waste heat from the reactor; you take the various levels of heat coming out, you

measure everything in energy-flux density, the concentration per unit of area, or unit of weight of the power, what the role of the temperature. And you go from the highest temperature, which, from a standpoint of physics, of the Periodic Table, is a place where you really do the things like transmutation of materials; all the way down through various chemical processes, down to using the waste heat as a way of providing the heat for a community, heat power. You could even provide a survey through a whole area of say, a community; and the very lowest grade of heat, you get enough heat out of that to heat a house, or cook a meal.

So therefore, by using a central heat system through nuclear power, you can go all the way down to the requirements of the lowest level of life, and simplify life for people. Which means, when you simplify life, you make the cost of production cheaper; you increase the productive power of labor. You're able to produce with high-temperature reactions things you could never produce with low temperatures. This idea of using solar, wind—what? from the mouth of a politician? It's nonsense, right?

So, we could do this thing.

So the question is, what's the process by which we take the total population which will tend to increase, and how do we increase the productivity of that population at the same time as raising the effective standard of living, in terms of what it means to live, at the same time? That means that you have to have a *transformation in the physical principle of economy*. And the first thing, is you go to a higher temperature reaction, like nuclear power.

We started out burning brush—or burning down the neighbor's house, or something like that. We went up to using charcoal, which is a better fuel than wood. We went from there to other sources of power, up the scale, to natural gas, and so forth. Then we get to the point, we seemed to reach a level. Then we come in with nuclear



*V.I. Vernadsky developed the concepts of the Biosphere, of living processes; and the Noösphere, of the processes generated by the human mind, which no animal can replicate.*

power: We come in through orders of magnitude greater density of power, higher temperatures. We can do things we could never do before. Then we come in with the prospect of thermonuclear fusion, which is a 1,000 times or more the efficiency and power represented for the same quantity of calories that you get from even nuclear fission.

So, by going up the scale of technology, and science and technology to higher levels of productivity, as long as you keep this factor of the development of the intellectual powers of the labor force moving upward, the labor force will produce innovations, which will increase the productive power of labor, if you invest in them. So therefore, society's policy should be to do that.

## The Difference Between Man and Beast

The other side of the policy is, the difference between man and beast, the idea of the difference of the Noösphere from the Biosphere. That is: What's the difference between the human species and an animal species, per square kilometer, for example? No animal can invent an idea, a concept. Only human beings can invent concepts corresponding to the equivalent of physical principles. So therefore, the real source of increase in power, or increase in income, in wealth, real wealth, is the increase in the productive powers of labor, through the equivalent of scientific progress and investment in scientific progress.

Now, the other side is, we're living on a planet which has a very interesting phenomenon, and this is the tough one which I have to present to you, even though it may seem technically challenging: There's a fellow called my dear friend from Russia, V.I. Vernadsky, the man who developed the concept, among other things, of Biosphere and Noösphere, of living processes as against non-living processes, of the processes effected by the human mind, which no animal can replicate. Now, in the animal kingdom—you don't measure animal kingdoms in terms of species as such; you measure the



epedia.pbwiki.com

*Mankind's creativity, as expressed in physical science and Classical artistic culture, is conscious, said LaRouche. And while some animals can imitate people, they can't generate creativity. Shown, the Australian koala, a member of the marsupial group, which was crowded out by superior mammals.*

animal kingdom's productivity and potential productivity in terms of groups of living species, and how they interact. This group has then a certain potential for its population, as a whole.

Generally, what happens is, in the animal systems as such, systems tend to equilibrate; that is, they reach a certain level, and they level off, the countervailing effects. With man, this is not the case. Just compare human beings with baboons, or with higher apes. What's their population? They're individuals, they look like a typical politician. Why can't they do the same kind of thing?

But only a human being, only the human mind, is capable of generating an increase in its population above a fixed level of the type you get for any animal species in a specific habitat: only man can do that. This is done by the human mind, because the human mind, unlike any animal mind, is capable of making the equivalent of fundamental discoveries in physical principle, or the equivalent kinds of discoveries. The discoveries are typified by physical science on the one hand, and by Classical artistic composition, on the other. Both are significant: One, physical science applies to things that man operates on. Classical culture pertains to those kinds of activities which operate on the development of the human mind, and the forms of cooperation among human minds.

So, these two things which people do, and no animal can do. Some animals can imitate people, but they can't generate what they imitate. They can imitate it, but they

can't generate it. Only the human species is creative in that sense.

Now, living processes are also creative, but there's no consciousness involved. For example, you had once, in Australia, for example, you had all these funny species, pouch-bearers. And then, when mammals came in, the poor marsupials were crowded out, because they were inferior in their performance in their habitats. But this advancement from marsupials to mammals, was an fact of evolutionary development among living species, going upscale. And since Australia was cut off from the parts of the planet where this development was going on of mammals, they were stuck with marsupials. And then when the rabbits came in, which were not marsupials, then Australia had a problem with all the rabbits, which ran loose with no natural opponent.

So, you have a potential development of living species on the planet. There is positive evolution in living species. But this is *not deliberate*. This is the development process which is built into the anti-entropic tendencies characteristic of living processes.

## Physics

Now, so therefore, you have three layers in the planet and in the Solar System you have to deal with, in physics. One: are those products which are characteristically not products of living processes. Non-living material. Then you have another character, which has two components; it has, first of all, living processes, and by-products of living processes. That is, these things may be technically dead, not living, but the forms they take chemically, in terms of the Periodic Table and similar criteria, exist only as byproducts of living activity. Thirdly, you have another thing, which exceeds all potential for either the abiotic domain or for the Biosphere, which is called the Noösphere: Mankind.

So, what happens is—get the picture: You have the planet Earth. The planet Earth has a mass which is about the same amount, or in the same range, at least in ratios, that it was when the planet was created, as a product of spinning-off of material from the Sun, into an orbital pathway, probably by induced fusion, with polarized fusion. That is, the Sun, the hot little Sun is spinning around fast, up there, all by its lonesome. And it develops a plane, a planar mass, which surrounds the Sun from which this is spun out, this mass. The radiation from the Sun, hitting this mass reaches the higher equivalent of temperature than in the Sun itself; so this mass goes under a transformation.

Now, you can see it, in terms of the Periodic Table, that is, what are the elements you find in the Sun? And what are elements you find in the material in the planetary system which was produced by the Sun? So the Periodic Table of the planetary system is higher in its development than that of the Sun itself. So there's a development process.

Now, the result is, we're on a planet—Earth—after all these processes that'll add up to that point. And the mass of the planet Earth is relatively about the same it was when it first became a planet. But now, you have three categories of composition of this mass, at least on the surface part of the mass, of this planet. One is the mass of the planet as a whole. Now, it's divided into three components. One component is the abiotic component, presumably the most primitive type of component. The second type is the Biosphere: those elements which were either living processes, or existed only because they are *products* of living processes. A third—you have a third one, which is the part of the planet's weight which is attributed only to human activity—human beings and human activity.

Now, among the three, the rate of increase of the Biosphere is increasing relative to the total weight of the planet; and the rate of increase of the human area, the Noösphere, is increasing more rapidly than the Biosphere. Those are the conditions for successful life of mankind on this planet. The Biosphere must be increasing, but the Noösphere, the sector which pertains to human activity and human products, must grow more rapidly than the Biosphere.

How does this occur? Well, you have a principle: It's called the law of zero growth. Of entropy. And there is no "law of entropy." Entropy is not a characteristic of the universe. It certainly is not a characteristic of the Solar System. You start with the Sun—a *lonely* Sun, spinning crazily, looking for a mate, hmm? Out there in space, all by its lonesome, in a fringe area of our galaxy, in the Milky Way. And it gets hotter and hotter, and it begins to spin off material, and it begins to lose its rate of rotation as it spins off material, it sheds some of its own material to try to slow down. In this area where it sheds materials, suddenly, this thing is going into creating new, higher orders in the Periodic Table—as we call it, retrospectively. This material is spun out, it's spun out into pathways, which correspond to the pathways seen by Kepler, in defining the principle of universal gravitation.

In this process, evolution is occurring. Abiotic evo-

lution in the process. Then forms of life emerge. They probably emerge in most parts of the Solar System. Species emerge and develop; they go to higher levels, as the Biosphere. Then, mankind's intervention transforms the whole process, so that we have material which comes from the Sun, largely, which has now gone through this process into planetary orbits. We've landed on Mars and the Earth, in particular, which are very susceptible of being places for life to have existed at one time or another. We have an emergence of a Biosphere on the planet, and probably, we still have a remnant Biosphere on Mars, but a Biosphere on the planet. The Biosphere undergoes evolution; into this process of evolution of Biosphere, mankind suddenly appears, somehow or other. We're not quite sure how that happened, but mankind is there. Mankind now takes over, and mankind has a characteristic which is *not* characteristic of the others.

### Mankind's Conscious Evolution

All three phases are subject to evolution, anti-entropic evolution. Organization in the system is subject to anti-entropic evolution. It's a characteristic lawfulness of the universe, contrary to the Olympian Zeus and his orders. But then, mankind introduces *conscious evolution*. Mankind, as a species, changes its characteristics, as a living creature, through self-development, intellectually.

What's wrong then with the economy? The economists all assume, most of them assume today: Statistical economics presumes an absolutely *abiotic* economy! There is no mathematics, there is no principle taught by these economists, which requires the existence of living principles! And when you look at some of the accountants, you realize they are not really alive!

The second layer, you have processes which are alive, which are willful in some ways, but they have no independent will. They have only the ability to adapt to a form of behavior which has willful form. But they can not *innovate* from within themselves, an absolutely new kind of behavior. Only the human species can do that. And the human species is now driving the evolution of the planet! We are not *subjects* of the planet: The planets are subjects of us! Because the greatest rate of change in the planet is occurring through the human mind, not through so-called natural processes otherwise.

*Now!* How does a human being function? You know



where the apes are, these days, and some people think we're apes. Some people are credibly seem to be apes. Some are politicians; we don't put them into zoos, we put them into Congress.

But the difference is that the human being is able to *willfully* transform *human behavior*, including mass human behavior, in such a way that *the power of mankind to exist and to increase his population is inherent in the nature of mankind*. What this takes the form of, is the development of the conscious emergence of willful forms of development, what we call scientific revolutions or the equivalent, artistic behavior, Classical artistic behavior—the same thing. We create, the human mind creates in society something that makes a human being implicitly *immortal*. Yes, the body dies. But the effect of ideas, which are creative ideas of mankind, is immortal.

What do you do in science? In competent science instruction, *you relive* the act of experiencing a discovery. You don't take little kiddos and stick 'em into university and say, "Learn this, learn this, learn this!" What you do, is, you put them in a special hot-box, and you say, "Discover this! We won't tell you how you do it. We'll give you the parameters, of your job. And you figure out and fork out the answer." All you do, is you put these questions in a certain sequence which makes sense, and therefore you assume that the young kiddos can make these discoveries, one after the other.

So in our case, we, through willful increase in the equivalent of scientific knowledge and Classical artistic knowledge, because that pertains to the way people organize with respect to people—people-to-people relations—are creative in terms of artistic development, Classical artistic development. So, now the human species *willfully*—by going to higher orders of magnitude, in both in physical action on the planet, and in terms of the way we organize relations among human beings, as in Classical artistic composition—mankind is increasing its power in the universe.

That's how we're able to sustain 6.5 billion people on this planet today. We don't have a billion baboons. We don't have even 100 million higher apes, but mankind looks like a monkey, and sometimes behaves like one. But mankind has changed the nature of Man himself through creativity, and is changing Earth, and actually changing the universe implicitly. Not as something on Earth, not as a product or a secretion of the Earth, but as a power—which we demonstrate by space activity—

a power which is capable of transforming the solar system and going beyond. And perhaps that's part of our mission for being human.

So what Galbraith is saying, in a sense, he's saying we are not—we're limiting ourselves to certain bounded assumptions which are not appropriate for our problem. And what is the key? The teaching of the so-called principle of entropy is the killer. Every part of the universe says the universe is not entropic. The universe is self-created; all processes in the universe express continuing creativity. Mankind is a case of *conscious* creativity—willful conscious creativity.

### The Principle of Creativity

And we say that mankind should not be creative. We have the green policy—carbon, carbon, carbon. We have that kind of policy, which is the denial of creativity. When you raise this question, they say "No, no, the law of entropy! The law of entropy!" There is no law of entropy. What you see is where creativity has demonstrated, in U.S. history, and European history, and elsewhere, that Man's creative powers are the way in which Man solves his problems, by which Man advances; by which the condition of the planet advances, and will continue to advance.

And that's what an economy should be. The first principle of an economy is the principle of creativity—of individual, intellectual creativity. Both on the one hand, creativity in dealing with things which are inferior to us, in terms of species, and secondly, with respect to creativity in relationships among human beings, and within the organization of human process itself. And that's what's been missing.

There is no provision for creativity per se, in the economic policies of the United States today. We have a green policy, which is going backwards, getting back to the ape as quickly as possible; and that's what the problem is, and that's what I deal with in my work. And that's what's lacking in our economic policy.

We never really developed a good understanding of the implications of creativity per se, of human creativity. We developed a good approximation. We liked to promote young people, formerly, in becoming achievers in science and related kinds of knowledge. We would be able to recognize, by certain standards we developed, what was progress and what was not. We called this improvement from one layer to the other of progress; we called it creativity. Now, that was not false,

but it was not accurate either, because it did not go to the question of principle of creativity itself. But nonetheless, we had the approximation.

So now what are we going to do? We say, "Where are we going?" Well, how do we say where we're going? The planet is going negative; we're dying as a planet. The people who are running the planet don't know what creativity is anymore. How do we expect to organize a recovery, at least a prevention of the collapse of the system the way it's going now? We have to have a consciousness about creativity.

Now, the issue of nuclear power is the test case. The only way that mankind is going to be able to continue to live successfully on this planet, is by going through the stages of fission, the development of fission technologies and thermonuclear fusion. That's the standard; it's not the only thing, but it's the standard. Also, a deeper insight into what was defined as the biosphere by Vernadsky. To think in those directions, instead of taking the happenstance of good ideas, and arranging them in a certain sequence, we've got to have more insight into what the connection is among these successive stages that we recognize individually as being advances. We have to order society so that we have, for example, investment of any significance today, as we become more dense in our intensities, more capital intensive. We have to make investments which are in the order of a hundred years.

For example, a mass transportation system and great water systems, are 100-year investments. Other investments, like a nuclear power plant, is at least a 50-year investment. You can't go much better than that these days; maybe we can later. But all these things involve investments which are measured on the scale of either a generation, or a multiple number of generations, or at least, a half generation. An investment in a plant or an industry is a half-generation investment in terms of its basic cycle.

So therefore, we have to look into how do we look forward? We don't say, how do we react to what happened yesterday; how do we react to what we must achieve 50 years from now? How do we react to the obligation to reach that 50-year point ahead? And do it in such a way that we know we're going to progress. And that's where the problem lies. We don't have a conception of what it is to be human; really. We know what human is, as we meet people on the street, or in life generally. We can tell the difference between a monkey and

a man. We still can do that; that hasn't been taken away from us yet. But we don't have a conception, and we're not taught those conceptions in universities today, which, even in former times, tended to guide us as to what progress was. And to recognize what the lack of progress represents.

Now we think the lack of progress is a virtue. Going backwards is a virtue; going back from the steam engine, back to a solar collector or something, which costs more to build than you get out of it, in point of fact.

So, therefore, we have lost that. What we lack is economists and statesmen who are able to do more systematically than we've done before, what the greatest statesmen did in the past, as the work of the United States, which led to this great revolution in the middle of the last century—or the previous century—I'm getting getting a little bit old now. I've gone through another century since I was born.

## Thinking Centuries Ahead

So that's our situation. We don't have a sense of even the ordering of this kind of progress, the imagination that we used to have as an inspiration, which became known as the American method. We've gone backward, but that's not even good enough. We need a much more systematic conception.

For example, we have to think about how we develop the infrastructure of the planet. That's a 100-year to a 500-year investment. We have to think ahead, centuries, because we're going to transform this planet physically, its characteristics of its surface, physically. We're talking about investments which are four to five generations or more in advance. We cannot step on our own feet all the way, so we have to have a policy which we know will stand up scientifically for these kinds of advanced periods. We don't have it.

And that really is the point of Galbraith's point. We have to look beyond the reality of our immediate experience, and our past experience. We have to say, the present lessons and experience are not reliable for us; we have to look further into the future, and that's what's lacking. We have to define from the level of the Federal government. Because the United States as a nation is going to have to commit itself to certain long-term changes in policy.

How are we going to get rid of the garbage? We've got a lot of garbage of various kinds. How are we going



WHO/P. Viot

*Looking at an aerial map of Africa, "What you see is the most atrocious lack of development imaginable. Where's the railroad? Where's the highway? Where's the city? Where are all the things we know that are required for a European standard of living? The thing's horrible!" Shown, a TB patient, carried by her sons, in Ethiopia.*

to build the kind of systems that we know will stand up 100 years from now, or 200 years from now, as sound investments in building the future? And we have to have economists who think in terms of these kinds of conceptions, who think as the example of the work of Vernadsky typifies. We can look to the future, we can have a sense of what is a sound direction to go in now, as to the effect it will have on the future. And we have to go with the idea that this has to be coupled with an increase in the productive powers of labor, so that in respect to human needs, we are able to increase the rate at which we advance in capacity to meet human needs.

This is typified for us by the case of Africa. I looked recently at a study on Africa, which was done from the level of helicopter flights. And they took the entire continent of Africa and gridded it. And you had a shot of each grid, as you flipped these big charts, grid after grid. And what do you see? What you see is the most atrocious lack of development imaginable. When you see it in this form, you want to vomit. Where's the railroad? Where's the highway? Where's the city? Where are all the things we know that are required for a European standard of living? The thing's *horrible*! Just a few areas are developed as local areas for some parts of the population.

Africa has been looted! It's ruined! The British

Empire has committed one of the greatest crimes of its existence, in its damnation of Africa. We've got to get the British out of Africa, otherwise the Africans can't live there. The British are the disease. Get the British out, and the disease may be cured.

But, that's our problem. We don't think in these terms. We don't think in the terms of the future, and that's, that's my business. But because I can do that, in my own way, and have done it in my own way, and I've been successful in forecasting on this basis of this, and knowing what the effects are of not doing it, I know it can be done. And what the problem is, as Galbraith has put it forward: The problem is that there's another part which we neglected. The part we haven't touched; the part we've over-

looked by our existing assumptions. And what this President needs, is an economic policy with a vision of the future.

What does that mean, in a sense? Most of our investment today, in the future of the United States, will be capital investments in basic economic infrastructure. We have to take, for example, the water system of the central United States; that is, the area which has the Mississippi running down through the middle, and you have the Rocky Mountains on the one side, and the Alleghenies on the other. It's the major system of the United States. Coming out of the Great Lakes and downward, this movement of water. Now, managing this movement of water, and also making sure that we have water tables which are up to standard. That is, refilling these water tables and maintaining them, is crucial. So, there is no question that we should be investing in a long-term commitment for what we have been neglecting in terms of this system—the river system, the water system, the aquifers—between the Alleghenies and the Rockies. We should be doing that.

All these cars driving around where they are, it's insane; it's insane. The economy has gone backward as a result of all this mode of travel on highways as a way of living. We need mass transportation; we need a system of mass transportation which is efficient, and





White House/Pete Souza

*"My concern, said LaRouche, "is to guide the present Administration away from these swamps which it is being pushed into, and take this view that the Obama Administration can now use the fact of the crisis, to put through the kinds of policies, long-term policies which can only be put through in this way." Here, President Obama in Ft. Myers, Fla., Feb. 10, 2009.*

clean. We can have it. Okay, what's a safe investment for the next 50 years, the next 100 years? We need new power systems, a safe investment for the next 100 years. A series of these investments, to change the character of things. We need to rebuild and reorganize our cities. We need to stop the big, giant corporations which are failing us now, like General Motors. We need to promote smaller corporations, which may be corporate in form, but we distribute these more readily, so that every part of the country has a number of industries in each area, which are its characteristic industries, and people don't have to commute two hours a day each way, to get to and from work, or other conventional travel. We can make those kinds of decisions. We *know* we need power; we know we need high-density power. We know we have a water shortage; we're running out of fossil water. We know the aquifers are being collapsed. And it's from the industries that you generate, by dealing with these problems of infrastructure, that you create the new industries that you need.

In other words, you don't start creating industries. What you do is, you take the major infrastructure which you need in order to develop the industries, and you use the development of that infrastructure with the intent of promoting the possibility of the effects you are trying to create. And that's the way we have to go. And we have

to go that way, based on the fact that we're raising the level of technology, we're raising the scientific level of technology, and the application of technology, constantly. And if we're doing that, that means that we know in advance that we're going to be increasing the amount of product we produce, relative to the product we consume. You know that you're building in a physical profit into the operation of the U.S. economy, and you can do the same thing on a world scale.

### Stop the Bailout!

And the Administration should be able now, with people who think, as implicitly Galbraith indicates, a policy which is based on the assumption of growth of technological progress, scientific and technological progress. We can do that. And if the Administration cuts all the crap out, takes all the crap out of its budget; puts these things through bankruptcy reorganization: Don't

try to bail them out! Stop the bailout! We can do that, what our job is. And what my concern is, is to guide the present Administration away from these swamps which it is being pushed into, and take this view that the Obama Administration, can now use the fact of the crisis, to put through the kinds of policies, long-term policies which can only be put through in this way, through a sense of crisis.

The American people, by and large, have no love for Wall Street. They have almost no love, or negative love, for what's in the Congress right now. The hatred of operations on the Federal level is beyond belief, and it's increasing at an accelerating rate. Ordinary people out there are ready to kill, because nothing is working. Everything that's valuable to them, is being taken away from them; they're being robbed, and they can't trust anybody. And if the President of the United States can demonstrate that he can be trusted, and trusted in terms of taking forms of actions which are going to change the direction in which we're going now, he will have full support.

I think that's what Galbraith is saying, in one sense or another, and I give him credit for being the first in his position to say it. And on that basis, I think we can win; I think we can beat this thing. It's our last chance, and I'm determined you're going to take it.



---

## Dialogue with LaRouche

---

**Freeman:** Thank you, Lyn. Well, we will now proceed to our question and answer period. . . .

### The Priority in Afghanistan

The first question is on Afghanistan, and it comes from Washington, D.C., from an individual who is one of several who is tasked with putting together policy for Afghanistan. He says, “Mr. LaRouche, as I’m sure you know, on Friday, a number of people joined Ambassador Holbrooke in a trip to Afghanistan, where we are beginning to flesh out the details of what the Obama Administration’s policy will be. It is certainly a policy which is much different than the policy of the previous Administration, and also different perhaps than what we first conceptualized, immediately after the election. There is talk, ultimately, of moving literally hundreds of diplomats and other professionals into the region to help expedite this policy overall. In the meantime, the situation in Pakistan grows more grave and more unstable. You have addressed this on many previous occasions, but we were wondering if you would be willing to give us an overview, in terms of direction, of what you think are the priorities to be addressed.”

**LaRouche:** Well, first of all, you have to realize we’re in a war situation. The war is against the British Empire, and the British Empire’s war against us. What is being done now, and it has been done recently with these bailouts: If you look at what happened recently, with this thing, the most angering part of the bailout among the American people, was when they found out that the money that the Federal government had given for bailout in the U.S. system, as in AIG, was being used for massive benefits for foreigners. So, what has been happening is, the United States is being subjected a pressure to destroy the United States, as a nation, through hyperinflation, and through bailouts of this type.

We’re engaged in a war against the British Empire! Now, I think that probably President Obama would be sympathetic to my saying that, emotionally at least, but the point is, this policy of ignoring that issue. We’re under attack, by a force which is determined to destroy our nation, a force which is called the British Empire. What they’re doing is, they’re sowing the seeds of a hyperinflation like that which Germany went through in the 1920s, inside the United States, by these bailout

operations. And the British think it’s very clever, and they’re bringing people in Europe on line to join in raping the United States. Now, every policy we deal with, has got to deal with the premise that we’re under attack, like warfare, by the British Empire.

Case in point: Afghanistan. Drugs! Drugs grown by a farmer in Afghanistan, opium, may be a \$500 or \$600 crop per year. What’s that crop worth on the European market? How many millions of dollars is that crop worth on the European market? The idea that we have a problem in Afghanistan in which U.S. military and other forces ought to be engaged, is *insane*! We are not in there to shoot farmers, even opium-growing farmers. That is a stupid idea. The idea that we have to have a military force in there to “manage” that thing sociologically, is *insane*! We can’t even manage an American city, let alone a nation like Afghanistan. So, don’t put in advisors to manage that nonsense.

What you have to do is, you have to talk to Russia, to China, to India, and other concerned countries, and use our concerted force to get rid of every dope peddler moving drugs across borders. We have to toughen up all the drug laws. Any substances which are in this category, have to be banned, absolutely! If we have to jam the prison camps for the time being until we get that thing cleaned up, we should do it. Because if we don’t do that, we’re not going to have a civilization; that’s your choice. Forget the ideology.

Now, who is running the drug war? Who is conducting the warfare against the United States on drugs, and other countries? George Soros! Who, among other things, controls Nancy Pelosi in the House of Representatives? You’re serious about the drug problem; you’re serious about the Afghanistan problem? Get Nancy Pelosi out of the chair! Push her off the table!

So therefore, I am against the idea that we have to have a virtual occupation policy in Afghanistan. I don’t want Americans wasting their lives in Afghanistan. The idea that you’re going to manage the thing, make things better—. What you have to do is one thing—just the same thing that our Attorney General is doing in respect to Mexico, in cooperation with President Calderón in Mexico. We have to shut that border down! Not against the Mexican people, not against commerce. But we have to get rid of that weapons and drug traffic, two ways, across the border. We can do it—*do it*! And do it by getting nations to cooperate with each other for common benefit, and do it by punishing the British every time they turn around.



USAF/TSgt. Laura K. Smith

*The way to win in Afghanistan is not to send in more U.S. troops; the way to win is to shut down the drug traffic. "Drug-trafficking is the heart of the British Empire!" Here, members of the Afghan Border Police in Herat sort illegal drugs seized in December 2008.*

George Soros has committed what we consider crimes. Why is he still running loose? What about Lord Malloch-Brown? He's no good either. What about Gordon Brown, the present Prime Minister? He's no good either. The former Prime Minister, Tony Blair, was more evil, and even worse. He was the liar who got us into the war in Iraq. Get rid of these guys! Get them out! Don't cater to them; don't treat them as respectable—they're not respectable.

And create a condition under which countries by themselves—for example, the farmer who gets into the drug circuit, becomes a part of a drug empire, and he's not going to get more money than he would by growing a crop. He's going to be absorbed in the drug process; he's going to be oppressed and looted. He's going to go into virtual slavery, slavery to the drug lords, who are developing armies with which to deal with taking over the control of governments, and entire government areas, nation-states.

We have to have a policy which is progressive, and we have to have a policy of recognizing that the British

Empire in its present form, under the Fabian Society of government, is the enemy of the United States. And we have to break that. That must be our policy.

The other side of our policy, which is what I'm promoting, is that we have to have an agreement with Russia, first of all—and discussion with Russia on this is crucial—because Russia is the most likely nation to move with us, under the right conditions, to bring China, and India, and some other countries together, in a Eurasian bloc in alliance with the United States, to deal with various problems, including the nations' financial reform and recovery.

So, in other words, you have to go back to the 1648 Peace of Westphalia. And instead of limiting the Peace of Westphalia concept to giving some benefits to our neighbors, and not killing our neighbors, we have to go beyond that. We have to take the idea of affirmative changes in policy as being a Westphalian principle. We have to be working to do something good for the development of other nations, and induce nations to cooperate in doing good for each other. This is not a diminution of sovereignty; it is an affirmation of sovereignty: that a nation has a right to be free, to do good for itself and others. And that should be the policy of the United States. We are best suited, among all nations, to do that, by virtue of our history.

You see, you have to remind people, especially as these questions come in, of one principle here. The people who colonized what became the United States, as in the course of the 17th Century, as in the case of Massachusetts, for example. (I have some ancestors who were involved in that, with their arrival in Massachusetts, so I've got a vested interest in this matter.) That we came here, in these colonizations, not as refugees from Europe; we came under the inspiration of a policy which was spread within Europe under the influence radiated from Cardinal Nicholas of Cusa in the middle of the 15th Century.

Now Cusa, during the wars which developed during and following the fall of Constantinople, realized that a reaction had occurred in Europe, a trend for the worse. And on this basis, he proposed a policy—which was one of the last policies he proposed before he died—that the people of Europe who were dedicated, should go across the oceans, to engage Europeans who were

concerned with places across the oceans, and thus to build up a foil there, to act on Europe to stop the kind of destruction typified later on, by the expulsion of the Jews from Spain, that sort of thing.

Cusa died in that century, but his friends didn't. And Christopher Columbus, who was a seaman of Genoese progeny, operating in the Portuguese service, united service, met in Lisbon with a friend of Cusa's, a clergyman, and had contact with writings by Cusa pertaining to this project. So, in approximately 1480, Christopher Columbus, who was in extensive contact, literary exchange, with Cusa's friends in Italy, was able in 1492 to finally get the funding to conduct this voyage across the Atlantic, an ocean he knew, in order to start this kind of process of developing relations with the people on the other side of the ocean, to balance off the degeneration which was occurring in Europe.

That was his intention, and over the course of the following century, going into the beginning of the 17th Century, there are whole legions of people, or shiploads of people, as with the *Mayflower*, and as from Spain and other cases, who travelled across the Atlantic to create settlements in North America and in Central America, whose intention was, whose purpose was, to build up new cultures, new civilizations, at a safe distance from the corruption which had taken over Europe, and thus, to take the best of European culture across the ocean, to build up the allies for the liberation of Europe from the evils of oligarchy, the feudal and similar kinds of oligarchy.

That is our intention; it was our intention then. That is our character. Most Americans came from European origins, until recently. Most came here originally, to found colonies, which would then take the best of European culture, cleansed of its oligarchical associations, to build up in the Americas a force which could then act on Europe to liberate Europe from itself; to liberate it from the idea of aristocracies, and oligarchies, and titles, and to reduce all citizens to the rank of citizen. That was the intention. Our intention was to take the *best* of European culture, freed of the dirty stuff, and to bring the best of European culture into other parts of the world. That was Roosevelt's policy.

That policy goes to the soul of the United States. We, because of our history, are the best example, the best natural example, of that policy. That's the policy of Franklin Roosevelt—not Truman. And the policy is, we must seize what we are; we are Americans in that sense,

not in a chauvinist sense, but in that sense. Our purpose is to present the world with the idea of a sovereign nation-state, which is without oligarchy, and which is committed to the greatest principles of civilization of mankind in general, and to promote them. And to promote the freedom of nations to exercise that kind of privilege.

In dealing with this Afghanistan question, and other questions, *we have to take an affirmative moral position*, that we are not in these areas to manage these areas, to condition them, to treat them like children. Our job is to inspire people and to give them the freedom to be able to be inspired.

And the first thing we have to be able to do, is to get rid of the British Empire and George Soros. Get them out of our politics, and shut down everything they represent! The British Empire is our enemy! And anybody who is competent to be President or an official of the United States, ought to recognize that. We're not out to make war on them; we're out to liberate them, by getting rid of people like Tony Blair, and similar Fabian types, who are about the most evil thing that slimes around the Earth today.

And therefore, our job is not to go in and conquer areas one at a time; our job is to organize nations together, for collaborative efforts which deal with these evils that oppress us. And this drug traffic is an evil we should shut down. And if the British Empire doesn't like it, we'll shut them down, too. We have to *start* from that. Don't start from this thing—"we're going to negotiate, we going do this," or whatever. It's namby-pamby stuff; cut it out! Get tough; but be righteous. Don't oppress; but destroy what needs to be destroyed for the sake of humanity.

*And I don't like this idea of going into Afghanistan.* It's a wrong policy. It's a compromise with something else, and I don't think we have to make those kinds of compromises. I don't think we need to. I think we ought to destroy the British Empire, and then the people will listen to us, and we can get everything done.

## A Special Celebration

**Freeman:** Before I go to the next question. . . . This weekend, a long-time leader of the LaRouche movement in the United States, Susan Schlanger, who is also the wife of Mr. LaRouche's West Coast spokesman Harley, is celebrating her birthday, and she is doing so under very difficult conditions. She has been ill, she's

been gravely ill, and she has been not only involved in a courageous fight against that illness, but she has not stopped organizing for a single day in the midst of it. And I wanted to take the opportunity to extend birthday greetings to her. And to tell her that I insist, as do many others, that she stick around, because we need her. So, I ask you to join me in wishing Susan a Happy Birthday [applause].

## How To Help Sudan

The next question is on the current situation with Sudan, and this comes from inside the Obama Administration: “Mr. LaRouche, as I think you know, we’ve been under enormous pressure to take a public position on the recent ICC indictment of President Bashir. And that pressure doesn’t come from just outside the United States. While so far, the President has not felt the need to respond to the warrant itself, he does feel the need to respond the indisputable suffering in the area. The issuance of the warrant provoked a response by the Sudanese that included the expulsion of a number of organizations that were providing humanitarian relief, in an area that desperately needs it. While the Sudanese government has denied that the policy towards Darfur is one of genocide, and has repeatedly insisted that it is working to resolve this internal problem, the fact is that the expulsions have done little to help their credibility in this area. As I think you know, the Secretary of State has urged President Bashir to allow these organizations back in, but so far has received no response. You seem to enjoy very good relations with Sudan, and with other nations in Africa. Could you please comment on why it is you believe that the Sudanese government has been so resistant to allowing and accepting this humanitarian relief?”

**LaRouche:** Well, that’s a tricky question, you know, because it’s not really true. See, the problem is, the case of Susan Rice. Susan Rice has blocked any attempt to secure competent information at the State Department or anybody else. Now, there are people in the State Department area, or former members and so forth, who could handle this problem, who know the truth about Darfur. But what Mrs. [Clinton] and so forth have been given in general, is not the truth. And the issue of the so-called humanitarian organizations has a twist on it which is absolutely opposite to what she thinks it is.

Go back to 1898. I think it’s important I say this, since, because of Susan Rice, no one, I think, in the

Obama government knows anything competent about Sudan, including the Secretary of State—does not know the truth. And the fact that a lie is believed, is the problem. And there are people who are senior specialists, in State Department and related affairs, who are intimately acquainted with the truth of the matter, but Susan Rice has prevented that information from getting into the proper channels in the State Department and elsewhere. So, the problem we’re dealing with here is, the Secretary of State has been subjected to a lie, and therefore, tends to believe that there’s a problem with the humanitarian organizations.

Okay, let’s go through what she should have known, if she’d been able to have access to competent, trustworthy resources.

The history of Darfur goes back to the period in which Kitchener had subjugated Sudan. In that period, you had a conflict between the British and French colonial programs. Chad was on the French side; Sudan was on the English side. When Kitchener conquered Sudan, France gave up some of its claims. Now, in a border area which is called Darfur today, there were two principal tribes. One largely on the Chadian side of the fence, the other, the largely Fur, or Darfur side of the fence. Under an agreement with the French, the British had the area, which was disputed territory between these two tribes, cut, so that the larger area was located in Sudan.

Since that time, under continued British occupation, *since 1898*, the entire area has been controlled by British intelligence operations, and occasionally French contrary operations. The tribes are ragged tribes; it’s an area in which the population is poor, and also the water levels have been dropping. Therefore, the starvation, the conditions of life, have been deteriorating. There have also been various interventions by foreign agencies into Sudan, to prevent the Sudan government from dealing with this problem, from exerting its authority in the territory.

The humanitarian groups, so-called, are typical of this. Many of the humanitarian groups are actually intelligence operations, operating to stir things up there. Now, some of them may be doing some good—some, but many are not. And the only way to deal with the problem is to have the Sudan government, with support, straighten the mess out. Those which are legitimate, which are not foreign intelligence operations, fine; let the Sudan government decide what it wants to do with



that. I'm sure it'll enjoy their cooperation. But what about the organizations which pretend to be humanitarian, but which are in there stirring up the typical kind of mess, and causing the bloodshed, inciting it, or otherwise?

So therefore, the policy of the United States is a weak-kneed one. Susan Rice ought to be told to stick to her business, and not interfere with the functions of the Secretary of State in making a judgment in these areas.

I think that the idea of Susan Rice having an independent voice in this thing is an abomination! She should stick to her job of representation to the United Nations Organization, and not try to make policy, which is a State Department area. And the Secretary of State should have access to people who know the area, who are expert, who will tell her the truth, and gladly. Or would assist her to find out for herself.

We have no problem with Bashir, as the United States—no problem there. We have a problem of Africa, as I mentioned. I have seen a recent and large specialized report on Africa, on helicopter studies of every part of Africa. I will tell you, from the results of that, that the British operations in Africa are genocidal.

Now, what's the ICC? The ICC is the creation of the largest drug-pusher in the world, the most extensive: George Soros. He created it. He created it with the British parliamentary office of Lord Malloch Brown, who's his crony. George Soros created the drug operation in Mexico, and so forth and so on.

So, the problem here is, let's wake up to reality. First of all, we should shut down the warrant. We should close down the ICC—it is not a legitimate function, it is a British intelligence operation. And *if* you try to do anything repressive against Sudan, you'll cause a chain-reaction throughout the region, and the United States government will not survive that chain-reaction.

*The so-called International Criminal Court (ICC), a British intelligence operation created by George Soros (right), focusses exclusively on Africa, on the home page of its website. All its prosecutions are aimed at destabilizing Africa.*



EIRNS/Stuart Lewis



There's *tremendous pressure* and bullying on this issue, and it comes from sources like the British government and George Soros. I think, again, if we recognize that the present British government is the enemy of the United States, and without making war on it—actually physical shooting war on it—let's hope that we get rid of the Fabians, and [the Sudanese] will settle themselves on some decent arrangement. And there are people in the United Kingdom who do want a decent arrangement. They don't want any more of this Blair kind of Fabianism. And that's the problem.

So, one should not take these things and try to negotiate with them on the basis of misinformation, like this information about the problem of the so-called humanitarian organizations, many of which are actually *fomenting* the problem. If the United States government instead, went to Bashir and said, "Okay, what do you want? We're a new Administration, we're not the Bush Administration, that racist bunch of swine. Talk to us; what can we do to solve the problem?"

You don't need these kinds of resolutions from the

outside, you don't need to throw stink bombs in other people's backyards. We're there, we're friendly. And I can tell you that I know Bashir, and this case against him is fraudulent. I know what's happened; I've been into this area since 1994. I know the history of the area. I know many of the personalities of the area. I've been in in-depth operations and investigations in that area. At one point, I was actually dealing with the so-called tribes in the South, at the designation of Bashir. And they asked me, as a friendly agency, to deal with these people and try to find out what they want, and try to assist in bringing about peaceful negotiation between them. I know the area very well, as the Secretary of State does not. And everyone who does know it, inside the U.S. diplomatic community, really knows it, knows what I know. And the Obama government was lied to, largely with the complicity of Susan Rice.

### Basic Flaws in the Financial System

**Freeman:** The next group of questions comes from a multi-disciplinary group which you are familiar with, that operates out of principally Stanford and Princeton, and also Berkeley, who are working in an advisory capacity with the current Administration, in shaping economic and financial policy. They say: "Mr. LaRouche, we have several questions for you today that have arisen from our ongoing deliberations. As you know, we've broken down into different task forces, and some of the questions that we present to you today may reflect that.

"We'd also like it to be noted that we agree that it would be far more productive, and undoubtedly far more efficient, to conduct this discussion with all of us seated around a common table. It's our current understanding that there are certain political obstacles to that happening, but that steps are being taken to resolve them. So, we are hopeful that they will soon be resolved; but in the interim, we do have questions that we'd like you to address."

The first question says: "As public dissatisfaction with the bailout grows, it's also increasingly clear that there is no amount of money that will satisfy this monster. So, bankruptcy reorganization is increasingly seen as the only workable alternative. It would seem to many of us to be a no-brainer, but there is still a problem involved, and that is, it would seem that bankruptcy reorganization, while it will alleviate a certain immediate problem, will not solve the problem of the views and agreements that underlie the current structure of the banking system...."

**LaRouche:** Well, as I think some of you know, on the 25th of July of 2007, I not only reported the imminence of a general breakdown crisis internationally, of the present system, but indicated a number of measures to be taken, during that period, and then I followed it up with supplementary statements on the same subject in the following weeks.

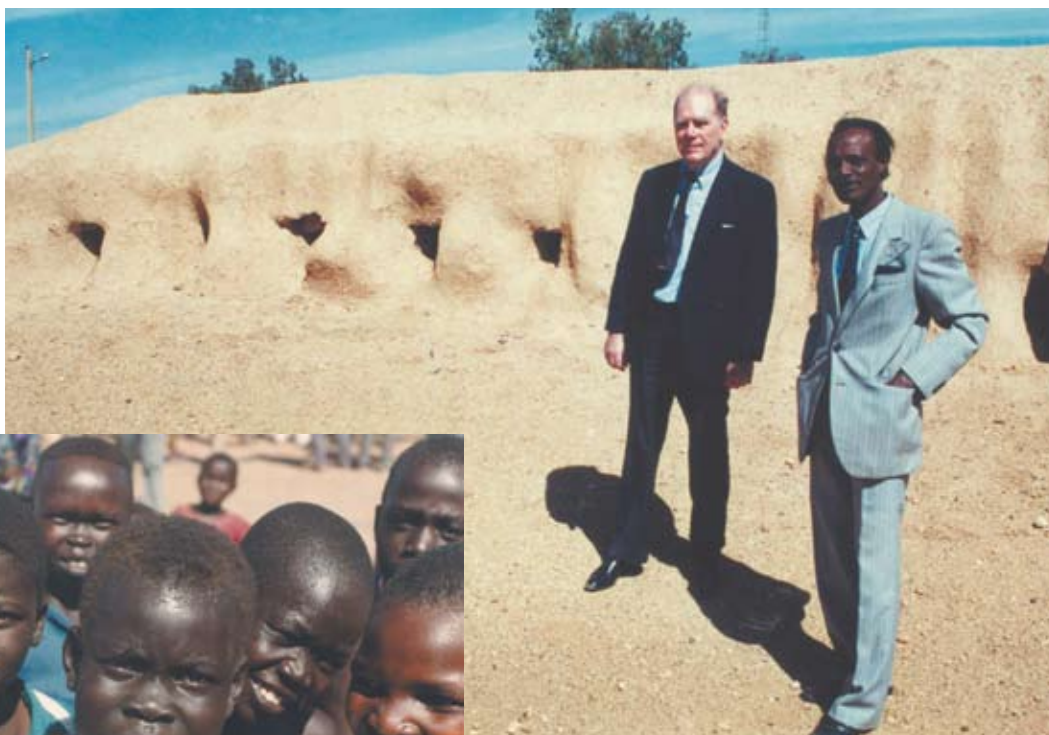
Now, the first thing I proposed, was the enactment of a piece of legislation called the Homeowners and Bank Protection Act of 2007. I also indicated a few weeks later, the 4% interest rate for regular banking loans, and a lower rate on government projects—1.5% to 2%. And also, to ensure that banks which were in trouble, but which were chartered banks—not the speculative banks like the Wall Street banks, but the chartered banks, the ones that had deposits in them, and do all this local thing on the Federal level, and state level—that these banks be protected. That these banks be put under bankruptcy protection, in order to continue their essential function in the community. And we would work with them to try to work their way out of the bankrupt condition. The same thing for the homeowner. So the idea was, we're going to keep people in their homes, we're not going to let them be thrown out. We're going to find arrangements to keep them in their homes until we can resolve this bankruptcy problem. And secondly, we're going to protect the chartered banks of the state and Federal banks of the United States. And then, we have to go from a Federal level, to a much more general operation, in terms of reorganizing the United States and the world financial situation, because of the crisis.

*If those policies, which I enunciated then, through then and through the beginning of September, had been adopted, the United States would be out of the woods today. We would still have a problem, but the problem would be manageable, and it would be under control. The failure to take those actions is the problem.*

What we do is, go back to the fact that we made some mistakes with Bush running loose. And simply say, "Okay, do it now." The Obama Administration should do it. They should say, they tried other things, they weren't working, and they're not going to work; therefore, the following has to be done.

Now, on the question of this vast bailout operation—it should be cancelled. It's a terrible mistake; it was induced, by undue pressure. A lot of people made mistakes—they supported it. They supported this; we opposed it. And you should make a list of people who voted for it, under great pressure. They should never

*LaRouche, in December 1994, tours the lines of Sudan's 1898 resistance to Britain's Lord Kitchener. He is accompanied by Abdel el-Rahman Abdulahi Mohamed el-Khalifa, a Sudanese official.*



EIRNS

*LaRouche has been active in Sudan since 1994, including dealing with people in the South during the civil war, to promote peace negotiations with the government in Khartoum. Here, youngsters in Juba, a Southern city, during a visit by a Schiller Institute delegation in October 1994.*



have supported that bill—the bailout—it should have gone through bankruptcy.

Now, the only thing you can do today is put this thing through bankruptcy, because bankruptcy means *bankruptcy protection*. The Federal government takes the relevant institutions into bankruptcy protection, which means nothing bad happens to these institutions. They're not shut down; they're not looted; they're not touched.

What we have to do is, we take all this crap inside, by this merger of the banking system, we take all this crap and we put it in a room, and we shut the door and keep it shut. We take the things in this bank or banking system which are equivalent to what we had under normal protection beforehand: Glass-Steagall. We use the Glass-Steagall standard, and we reorganize the banks which qualify as chartered banks.

That way, we do two things. First of all, we take the crap that was put in there, among what had been chartered banks, and we freeze it. We take the part of the

bank which corresponds to the operations of chartered bank operations, and we process them as Roosevelt did, with a bank holiday, and we process them to function, get back on the road right away. Instead of a bailout, we provide Federal credit to these banks, as chartered banks, or banks of a chartered form, which conform to a Glass-Steagall standard, and are able to continue to resume functioning, under Federal protection. Thus we try to take the viable part of the U.S. economy, get it functioning again. Just a normal way. You've got a structure; you've got communities; you've got banks in the community.

Now, they're worse off than they were before. With all the measures they've taken, they've made the thing a mess. Everything that was done by the Federal government, instead of doing what I indicated, has been a terrible mistake. Admit it! "We made a terrible mistake." Fine. Okay, we're now going to do the right thing.

Go back and do it: Enact the Homeowners and Bank Protection Act, in this form.



Now, the portions of the banks which are viable, by chartered bank standards, Glass-Steagall standards—we protect them. The other part? Ha, ha, ha!

You have to. You have to get rough. Do you realize how much was *stolen* from the American people by this swindle? How much is being stolen still every day, from the American people? Foreigners are coming in and looting our institutions, on this specious case, and someone is saying, this is an agreement. What about agreements? Didn't we agree to things that have been cancelled? No, we'll go back to moral standards. If something was wrong, it was wrong. And you say so. You say, this was a mistake! We're now going to reverse it. This was wrong! We're going to reverse it. That's the power of government, that's what governments are supposed to do.

Because I know that, as of the end of July of 2007, what I had immediately as a policy, would have prevented *any* of this from happening. And it was only corruption in the government, merely typified by Senator Dodd, or Barney Frankenstein—what these guys did, and what others did, what Goldman Sachs did... Goldman Sucks! These firms, what these fascist organizations are doing to the United States, admittedly fascist organizations.

No, we use the power of government, the sovereignty of government.

Now, this is a tricky area, because, remember, from 1936 to 1938, Franklin Roosevelt was under real pressure, to shut down the revival of the U.S. economy. And there were two rough years during that period, in which Roosevelt kept the program going, but the expansion wasn't going. And it was the fascist organizations, the predecessors of Amity Shlaes, who did the job. When Roosevelt had the chance, he resumed the reconstruction program.

We're going to have a problem. It's going to take courage to fight that problem, because the whole horde of all these monsters, who have looted our banks, who have looted our citizens, looted our country, and are betraying our country, who are actually conducting a form of warfare against the United States, especially with the British Empire: That's the enemy.

But if—as Roosevelt demonstrated, at the time of Pearl Harbor—we have a very angry U.S. population; below the level of the U.S. Congress, the anger is enormous. It's building. It's assuming lynch mob characteristics in some cases, because of what's been done to the American people. If you mobilize the American people,

under a condition like warfare, as for war, to defend the United States against this rapacity, the American people will respond.

*But* you must respect another principle of warfare: When you're in command, you've got to stay in command. Don't flinch! Don't say, "Oh, we did that for you, but we have to take it back because some people didn't like it." No! If you're right, you don't change. And you know the American people have an *intention* as to what they want, and they've expressed it, very strongly recently. You have to respond to that, and say, "We're going to do that." And sit back and trust the American people. If you're President, that's all you've got. If they can't trust *you*, then you can't trust them.

Don't betray them.

Now, Obama has not made a mistake of actually betraying the American people. He's made mistakes, but he's not made that moral mistake, yet. But he can't afford too many more of these mistakes. He's got to act soon. And he's got to use—as Franklin Roosevelt did, when he has the thing in his hand, as when Pearl Harbor happened, Roosevelt let loose, and did everything he had to do. And we won! We won—we got the fascists on the run, the U.S. fascists on the run. And we did so because the President acted promptly, and with firmness, in doing what had to be done. And the American people supported it. And the fascists went and hid for a while, in secret chambers, and then emerged later with Truman.

So, the point is, that's what has to be done. There are measures which can be taken. Take them! And make them a fighting issue. The defense of the nation against an enemy: The American people will be able to understand that. And after the treatment they got from the Bush Administration, and from the enemies of Obama now, they've got every right, and they've got every power to do this.

It takes the guts to do it, and also intelligence, of course.

### **Basis for a Four-Power Alliance**

**Freeman:** ...The next question: "Mr. LaRouche, one of the issues that we are looking at, is that no matter how you do your calculations, the problem is that the total amount of current outstanding debt, is greater than any real existing economic value. And this is the case both for banks, but also, in some cases, for nations. There is not any obvious way to resolve this, unless we step outside of the current framework. In your view, is



there a way that this can be addressed, at least initially, by treaty agreements between individual nations, on the road toward a much larger restructuring of the global system?"

**LaRouche:** You know, treaties come after the war has been won, not before. And that's the way you have to look at this.

Now, see, we in the United States are not really alone. We have some very important potential allies, who are not consolidated now, because we had an administration that did not lend itself to collecting allies, before.

For example, Russia. Russia, China—China in particular—are nations which are large nations, in different respects. China—1.4 billion people. Russia has not that large a population, although it's significant; but the territory, and the characteristics of the territory, in terms of mineral resources, are really, truly important. India will join in an effort which is shared by Russia and China. Such an agreement among those nations, with the United States, would mean the automatic joining of Japan, of Malaysia, of Korea, and so forth.

So, we have in our hands, a potential alliance with a very large part of the states by population, and the growing sympathy for such an enterprise among the people of Europe, among the nations of Africa, and among the forces in South and Central America.

We potentially have an alliance for peace, which is comparable to the U.S. alliance for war during World War II.

We don't *need* to go further than that. We simply have to decide how we're going to proceed in our discussions with Russia, and Russia channels, and China channels, India channels—which I'm involved in, for example. And certain forces in Europe, which flip-flop, but nonetheless are accessible. And as you see the rally for the defense of Sudan, among African and Arab nations, that's not an isolated situation. That can be *our* ally, among others.

So, what we have to do is, we have to decide on what a U.S. policy is, knowing in advance that it's the only policy that any decent person would want to support, and knowing that we can win that support. It means you have to talk to Russia, in terms that actually convince relevant people in Russia to understand that we're dead serious about this.

And the first thing that you have to understand, in this kind of thing: Don't propose to somebody that they join you in a war, when you're not sure whether you

want to fight that war or not! Therefore, you have to determine what is the vital interest of the United States, and you have to proceed, as I do, to go back to the origins of the United States, in those elements of the European colonization, such as the Mayflower Compact, and the founding of the Massachusetts Bay Colony, prior to 1688, 1689. You have to do exactly that, and say: "This is us! What are we? We're not people who ran away from Europe. We're people who came *here*, in order to save Europe from itself! To create a force in the United States, or in America, which would take the best of European civilization, save it, nurture it, but get rid of the other stuff, which the Europeans by themselves could not do."

We have to know that that's who we *are*. That's the meaning of our existence as a nation on this planet. Otherwise, why should we exist? What's our purpose in existing? Our purpose in existing, is to take the best of European civilization, nurture it here, and do the same thing with respect to other countries, and their cultures, and be the nation, the only true republic, really, on this planet, by our Constitution, and use that authority, and act with firmness and resolution. Because if you're not willing to actually fight the war yourself, and take the responsibility for the war, nobody's going to come to the party.

So, don't hesitate and say, "What's going to work? What's going to work?" Say what *should* work, and what is necessary to accomplish. And stick to that.

I can tell you, if I were President of the United States, I could win this war. My job is to convince President Obama to do as I would do. I would win this war.

## A Mountain of Speculative Paper

**Freeman:** Next question: "Mr. LaRouche, the sums of money currently involve in the bailout policy, not only are obviously not helping, but seem to be feeding what we think is the most critical problem that we face, and that has to be resolved. An overall survey of the state of the U.S. economy, and most specifically, of U.S. infrastructure, indicates that at least over the last 25 years, which is the period that we were investigating, the United States has suffered a net loss of both basic economic infrastructure, and also of productive capacity. Any measurable growth that we could find, has been largely in what would, at best, be considered soft infrastructure, but, to be honest, is largely located in the sheer growth of speculative values.

"Under these conditions, to get to the point, it would



Library of Congress/World Telegram

*"We take the part of the bank which corresponds to the operations of chartered bank operations, and we process them as Roosevelt did, with a bank holiday, and we process them to function, get back on the road right away." Here, in 1933, a policeman tells depositors that their bank is closed.*

seem that one of the things that has to be addressed, is not simply that the bailout cannot work, but that, in fact, the bailout serves, at least in technical terms, and especially from the standpoint of your Triple Curve function, serves to drive the nation deeper into bankruptcy, and is making the task of building our way out of it, all the more difficult.

"Do you agree with this? And do you have anything more you'd like to say about it?"

**LaRouche:** Well, first of all, we have to understand that British interests are conducting a war against the United States. And you look at what's happening: The British are determining our policy, through this Wall Street crowd. You see it again.

What they're doing, is they're causing us to engage in hyperinflation. We have reached the point now, that we're all ready to go into a hyperinflationary explosion, of the type experienced by Germany in the Summer of 1923. And the British are doing it directly to us, as an act of warfare against us!

*We have to crush them!* And the way to crush them is to take the obvious steps: Sink their boat. And you

sink their boat by using the weapon of bankruptcy, under U.S. law, and the U.S. Constitution, and use the principle of the general welfare, the Preamble of the Constitution, which is the fundamental law of the Constitution. It's not a Preamble, it's not something of that sort. It is a statement of the purpose of the existence of the United States. And the other aspects of the Constitution pertain to the implementation of that. But that's the fundamental principle. And therefore you use that principle, and you enforce it.

The world really is looking for leadership. The Chinese are looking for leadership now. The Indians less so, but they also would like a little bit. Russia is looking for a leadership role, by the United States. Africa is looking for a leadership role from the United States—they want to get rid of the British.

The drug problem frightens people. You have whole governments that are terrified of George Soros's drug armies.

We have the weapons, and we have the cause, and we have the Constitution. *We can win this!* We have to have a government that has the guts to win. But you have politicians that want a no-risk war!

## Consumer Credit

**Freeman:** ... One of the task forces asks: "Mr. LaRouche, one of the points that Professor Galbraith has made, is that, when considering what did and did not work during FDR's Presidency, there has to be a differentiation between the question of state credit, and consumer credit. In the area of state credit, we assume that what we're discussing is state credit properly directed toward projects that are vital to the nation's economy, like infrastructure-rebuilding, but really anything that is involved in fostering real economic growth. The fact is that work is done, people are re-employed, things are built, people are paid, people will spend money, and the economy grows.

“But this, at least from the standpoint of what we’re discussing, is not the same as consumer credit. Professor Galbraith’s point is that it is true that consumer credit was not restored until well after the war. But what he argues is that this fact, while true, is irrelevant, because long before consumer credit was restored, the economy itself was on the road to recovery. People may not have had credit, but they had money.

“Today, there seems to be little differentiation between the two. Even worse, the prevailing view seems to be that the only way to foster economic growth, is to rapidly restore the availability of consumer credit, rather than the other way around.

“It seems to us that the failure to make this differentiation, represents a fatal disorientation, in the way that policy is judged. Are we looking at this the right way?”

**LaRouche:** First of all, I think Galbraith is accurate, but I think you have to put something else on this, because you have to think about the objections you run into, if you adopt a policy consistent with that. The policy is correct, but the objections you’ll get by announcing the policy, require you to say a little bit more. You have to get rough. You say the right thing, but you have to enforce it.

Now, the intent of our nation is not a matter of distributing will power to a lot of individual people. The intent of the nation is something where we harbor our resources, in such a way that we don’t dissipate them chaotically. That’s the basic thing of a recovery. And the idea of consumer credit—let the individual decide where to invest—that’s wrong! That’s stupid!

The way it has worked in recovery, in every recovery, is the government recognized that certain undertakings were available, and necessary. The government therefore said, “The government is providing credit and funds for these purposes. Now, whoever is going to serve that, and apply to be one of the persons who does that job, show up!” So, now you have credit given, but not to somebody who comes in—“Can I have some of this? Can I have some of this candy? That candy, this kind of candy?” No, that’s not the way you do it.

What you do is you determine, on the level of the Federal government, what is the national purpose. To that end, you consult with the state political organizations, and you have plenty of people who are willing to tell you what you should do, as government. So you have on your table, all these options. You have to decide

*what the national interest is.* What is the interest of the Federal government, as the representative of the people, the nation as a whole? Of the future of the nation?

You vote on your policy. You select your policy-makers. You make a decision, as to what the policy will be. You say, “Well, if you want credit, come in on one of these things and qualify for it.” And that’s the way it’s done. Don’t sit out there and say, “Well, we got some money we can lend. You know we want to help private industry.” Bunk! Forget it! Get away from that!

Money has no intrinsic value. The idea that money has intrinsic value is as old as the cult of Delphi, which used to engage in this kind of swindle. It’s the way Europe was run by Venetian swindlers, by the Roman Empire, by the Byzantine Empire, and similar kinds of people. By the British Empire. Organize around chaos.

You see, the secret of empire is to play one person against the other, especially religion or culture. What is the order, in the suggestion to Lord Shelburne, in organizing the British Empire? You use the precedent of Julian the Apostate: Take and divide every religion against every religion. Divide every culture against every culture. Create a pantheon of religions and cultures, and orchestrate their conflicts with each other, the way they run the Israeli-Arab conflict in the Middle East, under Sykes-Picot.

The Israelis don’t start the wars; the Arabs don’t start the wars. The British organize the wars, like a boxing event, or a football match. They organize it!

So, the point is, you operate on the basis of a national interest and a national selection of the policies of the nation, or the group of nations, which agree on a common policy. You then mobilize the credit you have, which is always scarce—you don’t exclude things, you just don’t fund them. And you put out bids, and you say, “Who among us, or who, if we have to go to foreign sources, is willing to contribute, and dedicate themselves competently to implementation of this goal?” And that’s the way you do it. That’s the way Roosevelt did it.

We used the war case for mobilizing industry, and we had intended in the postwar period, not to shelve it and downsize the U.S. economy. Our intention was to go overseas, provide more credit to the benefit of countries which were colonized, to free themselves. To assist Europe in recovery, and that sort of thing. That was our national mission. That’s what we intended to do.

Truman cut it back. Truman recolonized the world,





*The Service Employees International Union demonstrates on March 19 against corporate greed, including AIG's use of bailout funds to pay executive bonuses.*

for the sake of the British and the Dutch. He had the wrong policy—he was a stinker. And he was a pro-fascist, in a certain sense, like a lot of other people.

So, no, you take a national mission, which gets a national result, and you have to take responsibility as government for getting that result. And you will do adjustments all the way through to make sure it works. And you call people in, and say, “This is your opportunity.” We gave contracts to people, war contracts, for military goods and other goods, to firms. And they had to perform on the contract. And we gave them credit to do the job. Through the banking system, or directly loans by government. And that’s the way you have to do it now.

We have a shortage of resources. You have to go to the operations which will give you the greatest benefit, with the least effort. You set up a table of decisions to go with this thing. And you go with it, and you fund it. And you create the credit, by government, by state credit—not by money, by state credit—to make these projects

work. And you look for the results. You mobilize, you educate, you have propaganda machines, you have teams going out to make sure these projects are going to work. You fix up projects that aren’t working that should work. The way we did in World War II, and other conditions—that’s the way to do it. Go back to the history of how the United States organized, before World War II, and before that. Look at the history of the United States under Lincoln, and what followed after Lincoln. You get the idea how it works.

## How To Employ the Middle Class

**Freeman:** ...Continuing along this line, the task force asks: “In order to foster state credit, our system requires congressional approval. And in that sense, it had created a situation right now, in which the President is a virtual hostage to the Congress, for this reason: Both the Congress, but also the American people, demand a quick fix. And long-term infrastruc-

tural development will not necessarily provide that.

“FDR did not have the problem of a massive middle class, whose standard of living was created and maintained, almost entirely by consumer credit. We, however, do have that problem, and frankly, that segment of the population is not inclined to go to work building bridges. So, in order to be able to persuade the Congress and the American people to support policies of long-term growth, we’re told that we must also figure out how to maintain the living standard of this very large segment of the population. And the fact is, that we’re not unconcerned about it, but we’re also dealing with totally uncharted territory. Would you please comment?”

**LaRouche:** Of course, you know that all progress, and all non-losses in warfare, mean going into uncharted territory! This is the point that Galbraith made, that the tendency is, of weaklings and incompetents, that they are afraid to go outside the system that exists, to find solutions. They’re stubborn. They’ll stay at the



railroad station, after the system has closed down. They'll stubbornly hold out to get the train back again. And they'll starve to death with cobwebs hanging on their corpses, as they dry out, waiting for that train to come.

This is not really the way we ought to look at things.

No, I think the fear of this thing is wrong. You have out there, first of all: The majority of the U.S. population, the absolute majority, is suffering. And I think that the percent of the population that is not suffering, is rapidly shrinking. I think that you're paying too much attention to the experts, so-called.

Because, you look—the Congress is an institution assembled for the purpose of cowardice. But if you look at the temperament of the people, as you saw in Connecticut, recently: The people are ready to lynch! And as this hyperinflation begins now, and it's already coming, like the train delivering from UPS, that train is coming. The American people are going to become increasingly angry, and are going to demand action. It is the *failure* to do exactly this—I think that a lot of advisors and lobbyists are busy running around and saying, “Oh, oh, oh, oh, you can't do that! People will, the middle class will be angry.”

Well, the middle class is not a middle class any more. It is now sliding into the ranks of the downtrodden. And it's reacting like that.

Who do you think was doing that rioting, that pitchfork rioting, up there in Connecticut, over this issue? They were ready to kill. This was the middle class! This is not industrial workers, this is the middle class. Industrial workers are demoralized, they've lost almost everything, those guys. The middle class is now in revolt, because they are not so dumb that they don't know they're being screwed. And therefore, they don't want the status quo. They want a new status. And they will accept one.

If they think, “But we don't want to give up this, we like this kind of job, we like to live here.”

“But, you can't do that anymore, it's gone.”

“Okay, what do we do?”

## What's Wrong with 'Alternative Energy'?

**Freeman:** Now we're going to move on to a couple of questions on energy policy. Here we're going to have some controversy. This question says: “Mr. LaRouche, you have taken a very strong position against the devel-

opment of alternate energy sources, and you've argued instead that nuclear power is our only alternative. There are many varying views among us on this. But for the sake of this discussion, it may be the case that wind or solar power is not capable of providing sufficient energy to power industry, or even to power a major metropolitan area. But in the interest of achieving energy independence in the short term, why are you so opposed to encouraging, through tax credits and other things, the use of alternate sources of energy generation for households and communities?

**LaRouche:** I oppose it because it's utterly incompetent.

There's no possible justification for it. The so-called science involved is complete lies. And I have people telling me things that, except on the grounds of being exonerated on grounds of stupidity, we'd have to call them liars.

There is no such thing as an “energy policy.” An energy policy is a form of masturbation, not a policy. The driving power of an economy is *energy flux-density*. The power to do work is not measured in quantities of calories. The same amount of heat, at low energy flux-density, is not equivalent to a higher order of energy flux-density.

This is a matter of physics. Now, you have people who don't understand physics. You have people running around with degrees in physics, but they're degrees in physics policy, “physics social policy,” how atoms should kiss each other, or whatever.

So, this thing is utterly incompetent. There is no such thing as an alternate energy policy. What this is, is a genocide policy!

Where does it come from? It comes from the head of the World Wildlife Fund. And it's a policy that was created by Prince Philip, and his Nazi friend, Prince Bernhard, who's died subsequently, which is the World Wildlife Fund. The purpose is to reduce the world's population to less than 2 billion, as fast as possible. And that's exactly what this policy will do.

We can develop, now, a larger, much larger number, and rate, of production of nuclear power plants than have been envisaged before. We have certain obstacles. But if we change our policy on plutonium, as a means of charging up reactors, of two types: both the uranium and the thorium—if we do that, especially in areas where thorium is abundantly present, as in Australia, or India, or so forth, you can very rapidly develop an in-

creased amount of high-density power. And relatively lower-density organization of small thorium reactors, as on the southern coast of India, is essential.

Because the major problem we have on this planet today, of a relevant type, is lack of water. We are drawing down fossil water resources. This is becoming a threat to life, in many parts of the planet. We can no longer do that. We have to engage in large-order distillation, desalination, by power. This requires an intensity of power to be efficient, on the nuclear reaction level.

See, what you're talking about here, is a problem in physical chemistry. You're not counting marbles! This is physical chemistry, and what you can accomplish, the actual nature of what you can accomplish, depends upon the energy flux-density level. This is nuclear physics, but it's nuclear physics based on power of this type, density of power.

So, before talking about energy policy, get at least a decent course in nuclear physics, or physical chemistry. Understand the physical chemistry involved. Understand at what levels of energy flux-density you can do certain kinds of operations, and how you get there. Why is it better to illuminate a flower, or any kind of green plant, with sunlight, than to waste the sunlight on the useless thing of using it for heating power?

The cost of the method of using solar power, uses more power in the end, than you get out of it! Isn't that stupid? You want to lose? But people who are pushing this are the World Wildlife Fund—of that fascist bastard Prince Philip. Who was a friend of Bernhard, who died, who was actually an official member of the Waffen SS. He signed his letter of resignation, "Heil Hitler."

It was the "Heil Hitler" movement that started this movement. The fascists, the Nazis of the 1920s, were a green organization, a pro-environmentalist organization. The biggest fascists in the world were behind this. It was a nativity issue: Eliminate people. This is a fascist program! So, tell your friend, don't be a fascist—go for nuclear power!

## What FDR Really Did

**Freeman:** This next question addresses pretty much the same issue, but it raises some other points as well: "Mr. LaRouche, you repeatedly talk about a science-driven, high-tech approach to economic recovery and economic reconstruction. Now, we looked very closely at the FDR model, and it appears that the first phase of

FDR's recovery program was not necessarily science-driven. However, it did take people who had suffered long-term unemployment, and it put them to work at what were admittedly labor-intensive, but nevertheless productive jobs, and the result of that was a significant increase in the nation's infrastructure, and in both the economic and cultural standard of living of the general population.

"Without that increase, we may not have been capable of the subsequent buildup that allowed us to win the Second World War. Now, that buildup was science-driven, and it was FDR's clear intention to take that great war-machine, and to use it in the postwar period, not only to rebuild war-torn nations, but also to address the enforced backwardness of nations that had been victimized by colonial policy.

"Now, for current purposes, take a look, for instance, at the continent of Africa. Africa is a total catastrophe in terms of all the most basic infrastructure, but also in terms of the immediate capability of the population. Electrifying an entire continent will take a great deal of time. In the interim period, especially since, with really very few exceptions, which we're willing to note, we're dealing with largely agricultural economies, it would seem that the utilization of alternate sources of energy production, especially in the sub-Saharan region, would provide a viable interim alternative, to, for instance, the construction of nuclear plants, in the middle of the wilderness.

"Can you help us to understand, why you see a problem here? It seems to be something that FDR, admittedly in a different way, was also forced to address."

**LaRouche:** Well, actually there's some misstatement here of what FDR did, because you have to look at things in a longer term.

You have two tendencies in the United States, from the assassination of McKinley. McKinley was a patriot; Theodore Roosevelt was a traitor, and things like that. And Coolidge was no damned good, and Hoover was no damned good. So, you have to look at things a little bit differently, than just trying to pick at something, and interpreting it in isolation.

Because an economy is—well, the term is dynamics. And the way you're phrasing the argument, as some of the other arguments here, you're talking in Cartesian terms, Cartesian-reductionist terms. And no process operates, actually, in Cartesian terms. Any representation using Cartesian models—in other words, assuming

little things floating around in empty space, that sort of thing—is nonsense.

Processes in history are not simple mechanical interactions. They're long-term processes, like universal physical principles, which shape the course of events; and the product is not determined by the local interaction, it's determined by the process which shapes the process of events. It's called dynamics.

Dynamics was known in civilization in the ancient pre-Aristotle period. It was the basis of what was called *Sphaerics*, which was the science of the Egyptians. It became the science of the Pythagoreans and Plato, and so forth. These are dynamics.

In other words, there is a universal principle, which you appeal to, and you act in detail according to the governance of that principle. It's the Einstein conception of the universe, of a universe which is finite, but has no external bounds, because it's self-bounded. Therefore, the principle of action and development, controls the behavior of the part. And you're acting on the part, to ensure that the action corresponds to that intention.

So, you have to look at a longer-term process.

Now, in this case. The United States has been contested territory since its inception—before its inception. In 1763, there was a fundamental division, within the political processes of what became the United States. Between on the one hand, the pigs of the East India Company, like Judge Lowell, up in Massachusetts, and also, earlier, Aaron Burr, in the same period. Aaron Burr was a traitor: Aaron Burr, the Vice President of the United States at one point, was an agent of the British East India Company! He was a traitor to the United States. Andrew Jackson was a traitor to the United States, who worked for Burr. And so forth and so on.

So, in this process, you had a patriotic tendency, which had a certain principle of action, and you had a contrary interest of another type—the pro-British side. Andy Jackson was a traitor. He worked to destroy the United States, under Burr. Ask about what happened to some of the Indians because of Andy Jackson, down in Georgia and so forth, the Cherokee. What happened to the nation? It was broken up. How? And for what purpose?

So, in this case, we knew, despite the fact that Wilson had been President, who was a traitor and a fascist; despite the fact that Theodore Roosevelt was a traitor, was a President, and became President by virtue of a killing by a foreign agent of President McKinley—despite

these things, through the military and other institutions in the United States, we maintained a capability, an intellectual capability, and skills, which correspond to the true interests of the United States.

For example: There was a negotiation in the early 1920s, a naval power negotiation, which involved the British, the Japanese, the United States, and others. And the purpose of the British in that case, and of the Japanese, was to reduce the naval power of the United States, to a dimension where it would be weaker than the British Navy.

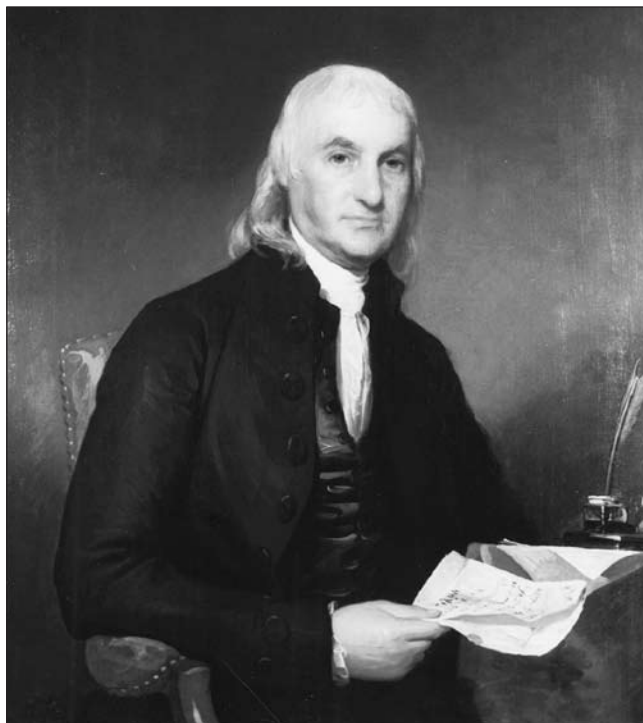
Now, you had the case of Billy Mitchell in the 1920s. Billy Mitchell developed the idea of using floating bases—which we later called aircraft carriers—made out of all kinds of ships, floating bases to carry airplanes, as an aircraft carrier, for the specific purpose of defending the United States against a Japan attack on Pearl Harbor, which is the assigned mission which the British had given to the Japanese in the war plan of the British and the Japanese against the United States.

Now, out of this same kind of operation, which Billy Mitchell represented, the United States, in the early 1920s (when I just got myself born), that in this period, you had patriots in the United States, in the tradition of the older MacArthur, and others, back to, much earlier, the tradition of the Society of the Cincinnati. And this group worked on war plans, including War Plan Red, for defending the United States against Britain and Japan—1920s. Billy Mitchell went to prison; he was actually convicted, court-martialed for what he did.

So, when Roosevelt became President, the person who had been associated with this operation to defend the United States against the British Empire and its accomplices, Harry Hopkins—the recovery program, launched by Roosevelt, was modeled and built around the core of the Hopkins operation. The agricultural thing was the Wallace family. So, what Roosevelt did, in improvising a recovery, was not to take a little bit of this, a little bit of that. It was an integrated policy. We had lost skills, we had lost everything. We had mass unemployment. We had certain objectives. The objectives were to get the population back to work, to get an income, and it was largely the government, in order to build them up for the real job, which was the industrial program, and the agricultural program.

And it worked.

But this was a military operation against the British Empire—including Japan. War plans, of the United



Franklin D. Roosevelt Library

*This portrait of Isaac Roosevelt, by Gilbert Stuart, hangs in the library of the Roosevelt home at Hyde Park, New York. Isaac was active in the circles of Alexander Hamilton, the father of the American System of political economy.*

States, were the basis for Roosevelt's program, from the day he entered office.

And Roosevelt represented a family tradition, which is the way the United States really functioned.

We had networks of families, from the founding of this country, even before it was a nation, who have a family tradition which they stuck to, a patriotic family tradition, who were often associated directly or indirectly with the functions of the Federal government. And this is a family tradition. This is a dynamic aspect of the American character. Different than anything that exists in Europe. So you can't make these abstractions.

And it's out of this, that the program was done. It was not done because of this measure or that measure. You're a commander in warfare—or, take the case of Lazare Carnot, in France. Lazare Carnot was a trained military engineer, and at the point that various armies from other parts of Europe were occupying France, and had superior force, Lazare Carnot, who was a genius, organized the defense of France, and defeated, under his leadership, with an improvised army, defeated the combined forces of the occupying forces of Europe, in France.

This is the tradition. The tradition of nation building, of nation defending. And this comes from networks of people who are devoted to defending their country, and defending their purpose. And they work from generation to generation, with a tradition of service, to save this nation.

And that's what Roosevelt represented. Roosevelt went back to Isaac Roosevelt, the founder of the Bank of New York, who was an associate of the team of Alexander Hamilton. And when Franklin Roosevelt was graduating from Harvard, he wrote a paper on the subject of his ancestor Isaac Roosevelt, and the Hamiltonian methods. *Franklin Roosevelt did not improvise a policy, out of nothing.* He operated on the basis of a family tradition, of families who are patriotic, and with a patriotic commitment to service of the nation. And that's the way he operated on this, by these kinds of traditions. And that's what he did.

We have the same thing today. Don't talk about details. Don't talk about this kind of project or that kind of project. You have to have a mission, a mission of national development. Our nation has been destroyed. The world has been destroyed *by the British Empire! Our job is to destroy the British Empire!* That's our mission. Destroy the British Empire, not by warfare—unless they attack us—but destroy the British Empire by creating and fostering a system by which the British will dissolve the British Empire itself.

Just as I said with the first question that came up today, on the question of Afghanistan: *Don't think you can go in with a U.S. policy and a military policy* and accomplish the mission! The mission is what? The mission is to defeat the British Empire! The drug problem, which is characteristic of the region, is a product of the British Empire! Drugs coming across the border from Mexico into the United States, is a British operation. George Soros is a British agent and the enemy of humanity. Our purpose is to destroy the enemy of the United States! Which is the enemy of humanity, which is the British system. Our job is not to fight wars here and here. Our job is to defeat the enemy by whatever means are best used to that end. And war is the last choice on the list.

We *don't* go to war in Afghanistan—we've had enough wars, in Southwest Asia. *Don't get involved!* Don't get involved in land wars in Asia! Don't do it! It doesn't work. Destroy them—by intelligence! By using your brain, not your mouth. Destroy them—by what? By organizing an alliance with Russia, China, and



India—now, that’s going to take some work—and other countries. Organize that alliance, and we’ve got the capabilities, the intelligence capabilities and the other capabilities to destroy the interstate drug-trafficking. You destroy the interstate drug-trafficking, *you destroy the heart of the British Empire!* Which lives largely on drug trafficking.

*So get smart! Don’t get technical: Get smart.*

And look deep into our people, and look into what we have inside our population. You find, if you go from person to person, you can find people who have a family tradition, some among those who have been long-term settlers in this country, families. Others are often even more patriotic, who are more recent immigrants, who have become more impassioned citizens because they are recent immigrants. Look for those people! Be together with those people! They’re the core of your army, who are functioning in all kinds of ways, not just armed, but in all kinds of ways, to build alliances for good. And do good! That’s the secret of the thing. And make allies.

We don’t need these kinds of operations, we don’t need to concede.

It’s easy for me: I’m an older man, I have more generations’ experience than most of you do, therefore I’m more confident about what we can do.

## **Pensions Lost on the Stock Market**

**Freeman:** ...Lyn, this is a question from Capitol Hill: “Mr. LaRouche, you have often dismissed worries about the state of the stock market as totally irrelevant. But, the fact is, that even people who do not have a single dime invested on Wall Street still do look to the market as an indicator of the nation’s financial and economic health, and in many ways, with or without personal investment portfolios, it is simply the case that Wall Street does determine a great deal about people’s standard of living. So, how can you expect us to dismiss the state of the stock market, when so many jobs, pensions, and other like things are dependent upon it?”

**LaRouche:** Well, as you’ve found out, the stock market is a very unreliable place in which to put pensions! That was a mistake. We need a Federal pension system, for the citizens of the United States. We need a mandatory pension system. Most people in the United States, increasingly, *have* no pension! Especially the younger ones. And those who had a pension have lost most of it. And it’s because it was privatized—or castigated, I guess is the other term for that. So therefore, we need a Federal pension system, which was supposed to

be the intention of the Social Security System, was to provide a pension system. We need a secure system for our people. Particularly when they get to the age where they become helpless against these kinds of problems, where they can’t go out and get a job and solve their problem.

Take the case of health care, which is related to this. Now, a great swindle has gone on in health care, in the United States and other parts of the world: Because the purpose is to reduce the population! And instead of going to a general hospital, or similar kind of facility, where you walk into the front door and you go through that place, and they may keep you overnight a couple of times, and they concentrate on solving your problem—now you go to one specialist, boom! You go to another one, boom! Go to another one, boom! And all of this is done over a period of several weeks, where in a general hospital, you’d be through the operation in a day or two, unless you had something serious, to be kept there.

So, we have destroyed the efficient form of medical health care, which we devised on the basis of the general hospital program, run through the U.S. military. The military general hospital became a model, an experimental model, for the kind of general hospital which we wanted after the war. And they pretty much shut the system down. They shut down the Veterans Hospital system, for example, and this was the best kind of treatment. You’d walk into an office, you get your preliminary examination and tests and so forth; it’s all done in “one-stop shopping,” shall we say.

And you have a pension system, which provides that if you get to older years, or you get infirm or have some injury and you’re incapacitated, you have a system that’s there that ensures that your dignity and your life is protected. And that should be the responsibility of the Federal government. And there should be contributions to this process, as the Federal funding of this process, which is what the intention was of the Social Security System, which they’ve been looting.

So anyway, that’s the way I think this has to be done. *We don’t need* Wall Street! Wall Street is a venereal disease in the soul of the nation. And I don’t think anybody really needs it. Most people have been screwed by Wall Street, recently. I don’t think they want to go there again. It wasn’t a pleasant experience.

## **What Comes Next?**

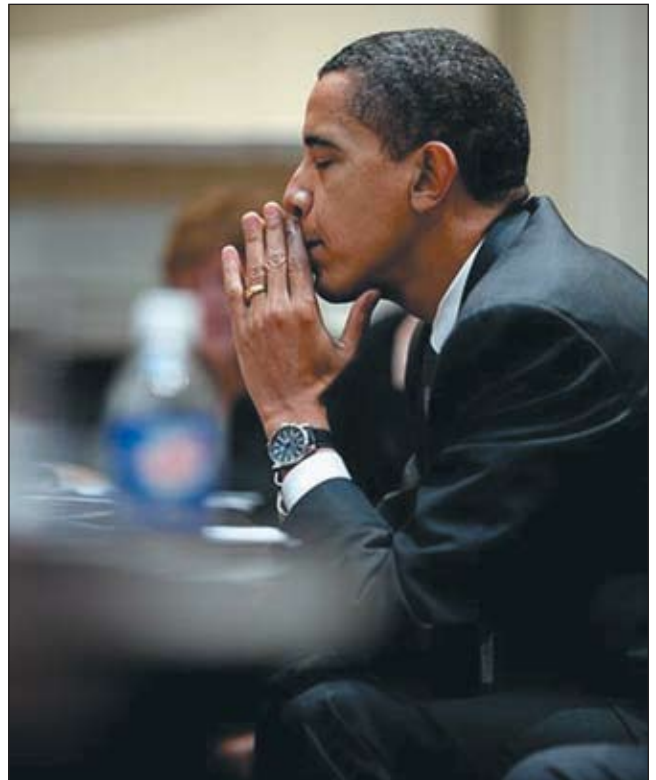
**Freeman:** And now, the last question: “Lyn, our legislature is among the many legislatures across the

nation who have taken up the Homeowners and Bank Protection Act. Although conditions now are worse than they were the last time we took this up, we are far more optimistic this time around, principally, because we believe we have a White House that's actually capable of listening. As we've discussed with you in the past, we state officials are much closer to our constituents than our colleagues are in Washington. And we often are the ones that are the first to sound the call to arms. Look at what Andy Cuomo is doing in New York State. It is what no member of Congress has been prepared to do, even though they were in a position to do it months ago.

"But basically, my question to you is this: What is next? You clearly know what you have to do, and you intend to do it. But what can we do, and what can our constituents do, to help?"

**LaRouche:** Very simply: This problem goes right to President Barack Obama. What does he need, to do his job? Hmm? Because, it's only from the President of the United States, not because he embodies some magical power, but because of the institution: We, as a people, to act in the national interest, must rally about a complex of institutions, of which the President of the United States is the apex. Every part of our system of government has as its apex, the Presidency of the United States. Now, the Presidency is not necessarily the person who occupies the office (we're still fumigating the offices from Bush). But the point is, if you want to do something, you really have to either have a President, or try to improvise the effect of a President.

But if you want to do something like we have to do now, you need to have the President take the lead. And he has to be supported! You can't say, "Hey, Mr. President, you go out, while we're ducking here in the fox-hole, you go out and fight the war." No, that's not his job. His job is to represent the people of the United States, as the Chief Executive Officer. If *he* says, "We're going to do this," and he mobilizes behind it, and gets the forces behind him, *it can work*. That's his function. That's what you're supposed to elect him for. And once in a while you actually get a President. (You get something, usually, like somebody's garbage has been dumped in your backyard.) But when you get a real President, or one who's determined to be a real President, that's it. So, it's up to President Obama, to do that. If he does it, if he decides he's going to push it, he's committed to it, and he gets his people into a room and he beats them up—.



White House/Pete Souza

*President Obama at a meeting on the budget, Jan. 29, 2009. "If you want to do something like we have to do now," LaRouche concluded, "you need to have the President take the lead. And he has to be supported!"*

See, another problem he has, he still has an unresolved administration. It's obvious to anyone looking at it. This is not yet really a coherent team. There are dissonant noises here and there. Or if they're not dissonant noises, they're simply not quite in step together, yet.

So, we don't have a clear direction into the President, from around him. He's not sure. I'm not sure he's well informed on all occasions, things like that. I'm concerned about that sort of thing.

But, nonetheless: My view is, you want to do this job, you have to get the President of the United States to be the vehicle that makes it work. I don't care about the problem in the Congress. If the President of the United States, minus Mrs. Pelosi, makes a decision to move, he's got enough clout to take the rebels in the Congress and make a mess of anybody in the Congress who tries to suppress what he's talking about. He may get legitimate resistance. But if he calls the clarion call, and says, "This is an enemy of what we're trying to do for this nation! Get this woman outta here! Put her on her broom and tell her to fly away!"

# Will AIG Scandal Trigger New ‘Pearl Harbor’ Reaction?

by John Hoefle

March 20—The United States was hit with a heavy blow at Pearl Harbor in December 1941, one its enemies expected to be decisive. What happened instead, is that the American people got mad, and channelled that anger into defeating the Japanese. That same American spirit is again rising to the fore, as the nation grapples with an assault of a different sort.

This time the enemy—the British Empire—did not send waves of bombers, but waves of bankers, carrying payloads which, in many ways, are just as deadly as the bombs. These “bombs” were the financial instruments known as derivatives, which were used to turn the global financial system into a giant casino. Resources that should have gone into improving our infrastructure and physical productivity were diverted into the casino, making the bankers and other speculators rich, while the rest of the population suffered. The rich got richer, and the nation got poorer.

The public put up with this for far longer than it should have, seduced by the promises of wealth to come, the easy availability of credit, and the lure of something for nothing. But the promises were lies, the wealth an illusion, and the “nothing” turned out to be bills far beyond the comprehension of many among us. It was a classic con job, playing on our greed, and many of us were taken in by the scam.

Now our economy is crashing around us, getting worse day by day. Trillions of dollars of taxpayer money have been poured into the financial institutions that created this mess, yet their demand for funds remains insa-

latable. To add insult to injury, the firms we have bailed out have paid—and continue to pay—huge bonuses to their employees. And, on top of that, some of these firms have not even bothered to pay their Federal tax bills.

The payment by AIG of some \$165 million in bonuses to its derivatives traders—the same guys who blew up the company and have already cost taxpayers close to \$200 billion—may be the final indignity. The public is furious, and rightfully so. The real question is whether it will dissipate that rage in mere protest, or channel it into constructive action, as we did after Pearl Harbor.

## Political Theater

This public fury already has both Washington and Wall Street scared, but it has yet to make them change their policies. The resulting dichotomy was on display this week in the contrast between the posturing in Congress and the escalation of the bailout by the Federal Reserve.

The posturing was the dominant feature at a hearing by a House Financial Services subcommittee on March 18, featuring AIG CEO Edward Liddy. Congressman after Congressman took turns pounding Liddy and AIG. Democrat Paul Hodes of New York said that AIG stood for “Arrogance. Incompetence. Greed.” Another New York Democrat, Gary Ackerman, compared the credit default swap business to two men on a sinking raft in a storm, surrounded by sharks and high waves, with one



man selling insurance to the other. It's snake oil without the oil, Ackerman said.

Liddy, the former Goldman Sachs director brought in last September to run AIG, tried futilely to defend the indefensible, claiming that the bonuses to his derivatives traders were necessary to keep its \$1.6 trillion Financial Products unit from collapsing. "It's not a failed company, it's a failing company unless we do something about it," Liddy ridiculously asserted.

"I know \$165 million is a very large number," Liddy testified. "In the context of \$1.6 trillion and the money that's already been invested in this, we thought it was a good trade."

However, the very same day this bit of political theater occurred, the Fed was busy pumping even more money into the financial system, expanding its program to purchase mortgage-backed securities by \$750 billion, doubling its purchases of agency debt to \$200 billion, and purchasing an additional \$300 billion of Treasuries over the next six months. Thus, while Congress was posturing over millions of dollars in bonuses, Ben Bernanke's Fed was committing the taxpayer to an additional \$1.15 trillion in bailout funds. Since the mid-September 2008 inflection point, the Fed has committed the nation to \$11.4 trillion in bailout funds, of which \$2.8 trillion has already been spent.

## Hyperinflation

"These actions put us on the edge of a hyperinflationary takeoff, like that of Weimar Germany in 1923," said Lyndon LaRouche, referring to the Fed's latest move. "The pumping of money by Bernanke is part of a British operation to sink the United States. Anyone who continues this thing is a traitor to our nation, whether they are witting, or not."

Even among Fed officials, a well-placed source told *EIR*, there is a growing concern that the money-pumping frenzy designed to offset the increasing deflation of financial asset valuations, might instead trigger the hyperinflation of which LaRouche warned.

Our source cited comments made last week by Dallas Fed President Richard Fisher—who has repeatedly voted against the Fed's lowering of interest rates—that he is aware that inflation "could be driven higher" by the increase in its balance sheet, but added that "we will do everything we can to prevent it," and will "unwind the stimulus at the right time." Asked what the Fed would do when it determined that the time was "right," our source said their only tool would

be a sharp ratchetting upwards of interest rates.

Fisher had made a pointed reference to Weimar hyperinflation in a speech given in Houston on Feb. 9. "Political considerations . . . and the impulse to override what might have been the purely economic judgments of Germany's central bank led to the hyperinflation of the Weimar Republic and the utter destruction of the German economy," he warned.

Adding further to the hyperinflationary pressure, the Fed kicked off its latest bailout program, the TALF, on March 19. The Term Asset-Backed Securities Loan Facility, is intended to jump-start a new securities bubble by lending money to hedge funds and other speculators to buy newly issued securities. Under the program, which the Fed said could grow to as much as \$1 trillion, the Fed will issue "non-recourse" loans to buyers of securities backed by credit-card loans, auto loans, student loans, etc. In the initial action, the New York Fed received requests for \$4.7 billion in loans, of which \$2.8 billion were for credit-card securities, and \$1.9 billion for auto-loan securities. Non-recourse means that the speculators won't have to pay back the loans if they lose money on the securities they buy.

## Pecora Commission

In his Congressional testimony, Liddy said that AIG's offices have been receiving death threats, and there have been numerous reports of AIG's offices being besieged by demonstrations, phone calls, and e-mails protesting the bonuses. The bonuses are serving as a lightning rod for public outrage over the bailout policy in general, and AIG's pompous contention that it must honor the bonus contracts do little to mollify a population which is being savagely looted—including by widespread breaking of contracts—to bail out the financial parasites.

AIG itself has been turned into another bailout facility, a conduit for passing more than \$100 billion to U.S., British, and European banks, including Goldman Sachs, Société Générale, Deutsche Bank, Barclays, HSBC, and others. The bonuses, as outrageous as they are, are trivial compared to the real crimes.

What we need is a new Pecora Commission to thoroughly investigate these abuses, so that the guilty may be prosecuted, and the incompetent purged from office. Getting mad is a good start, but justice, and an assertion of national sovereignty, are what is required.

*johnhoe fle@larouchepub.com*

# South Asian Terrorism: All Roads Lead to the British Empire

by Ramtanu Maitra

*This is the first part of a two-part series. Next week: "Baluchistan and FATA in Pakistan."*

March 20—The growing violence throughout Pakistan since the U.S. invasion of Afghanistan in the Winter of 2001, the November 2008 attack on Mumbai, India, and many other smaller terrorist-directed killings in India, and the gruesome killing of at least 70 top Bangladeshi Army officers in a plot to assassinate Prime Minister Sheikh Hasina Wazed last month, were evidence that the terrorists have declared war against the sovereign nation-states in South Asia. The only bright spot in this context is Sri Lanka, where a powerful terrorist group, the Liberation Tigers of Tamil Eelam (LTTE), better known as the Tamil Tigers, are about to lose their home base. That, however, may not end the LTTE terrorism, particularly since it is headquartered in London, where many South Asian terrorists are maintained in separate cages for future use by British intelligence, with the blessings of Her Majesty's Service.

Since none of the South Asian countries, where the terrorists are gaining ground, have, so far, shown the ability to evaluate, and thus, eliminate, the growth of this terrorism, it is necessary to know its genesis, and how it has affected the leaders of the South Asian nations to the detriment of their respective security. What is evident is that the South Asian terrorism has little to do with territorial disputes among nations, but everything to do with the past British colonial rule which poisoned the minds of the locals, so they have become disloyal to their own countries.

In this article, we will deal with the terrorism that continues to prosper in India's northeast; and the terrorism in Sri Lanka, brought about by the British-induced ethnic animosity among its citizens.

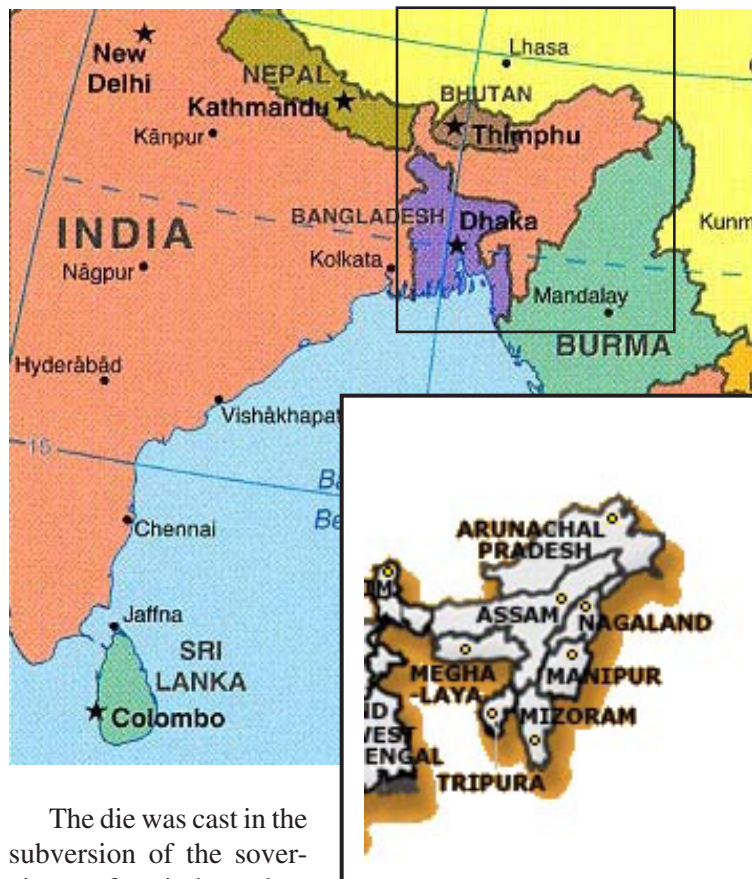
This history is the narration of a tragedy, since those who fought for independence in these South Asian nations, made enormous sacrifices to bring about their in-

dependence; many of those heroic figures turned out to be mental slaves of the British Empire, and pursued relentlessly the policies that the British had implemented to run their degenerate Empire.

## India's Northeast

Six decades after India wrested independence from its colonial rulers, its northeast region is a cauldron of trouble. Located in a highly strategic area, with land contiguous to five countries—Nepal, Bhutan, Bangladesh, Myanmar, and China—it is full of militant separatists, who take refuge in the neighboring countries under pressure from Indian security forces. Since most of these neighboring countries do not have the reach to control the border areas, the separatist groups have set up armed training camps, which, over the years, have attracted international drug and gun traffickers. As a result of such unrelenting terrorist actions, and violent demonstrations over the last five decades, this part of India remains today a dangerous place.

These secessionist groups were not created by New Delhi, although New Delhi failed to understand that the promotion of ethnic, sub-ethnic, and tribal identities were policies of the British, who had come to India to expand their empire. The British Empire survived, and then thrived, through identification, within the subcontinent, of various ethnic and sub-ethnic groups and their conflict points; and then, exploited those conflict points to keep the groups divided and hostile to each other. India and the other South Asian nations failed to comprehend that it was suicidal to allow a degenerate colonial power to pursue such policies against their nations. As a result, they were carried out by New Delhi for two ostensible reasons: One, to appease the militants, and the other, to "allow them to keep" what they wanted—their sub-national ethnic identity. The policy deprived the majority of the people of the Northeast of the justification for identifying themselves as Indians.



The die was cast in the subversion of the sovereignty of an independent India by the British Raj in 1862, when it laid down the law of apartheid, to isolate “the tribal groups.” The British came into the area in the 1820s, following the Burmese conquest of Manipur and parts of Assam. The area had become unstable in the latter part of the 18th Century, following the over-extension of the Burmese-based Ahom kingdom, which reached into Assam. The instability caused by the weakening of the Ahom kingdom prompted the Burmese to move to secure their western flank. But the Burmese action also helped to bring in the British. The British East India Company was lying in wait for the Ahom kingdom to disintegrate.

The Anglo-Burmese War of 1824-26 ended with a British victory. By the terms of the peace treaty signed at Yandaboo on Feb. 24, 1826, the British annexed the whole of lower Assam and parts of upper Assam (now Arunachal Pradesh). The Treaty of Yandaboo provided the British with the foothold they needed to annex Northeast India, launch further campaigns to capture Burma’s vital coastal areas, and gain complete control of the territory from the Andaman Sea to the mouth of the Irrawaddy River. What were London’s motives in

this venture? The British claimed that their occupation of the northeast region was required to protect the plains of Assam from “tribal outrages and depredations and to maintain law and order in the sub-mountainous region.”

### The ‘Apartheid Law’

Following annexation of Northeast India, the first strategy of the British East India Company toward the area was to set it up as a separate entity. At the outset, British strategy toward Northeast India was:

- to make sure that the tribal people remained separated from the plains people, and the economic interests of the British in the plains were not disturbed;
- to ensure that all tribal aspirations were ruthlessly curbed, by keeping the bogeyman of the plains people dangling in their faces; and,
- to ensure the tribal feudal order remained intact, with the paraphernalia of tribal chiefs and voodoo doctors kept in place. Part of this plan was carried out through the bribing of tribal chiefs with paltry gifts.

### Lord Palmerston’s Zoo

The British plan to cordon off the northeast tribal areas was part of its policy of setting up a multi-cultural human zoo, during the 1850s, under the premiership of Henry Temple, the third Viscount Palmerston. Lord Palmerston, as Henry Temple was called, had three “friends”—the British Foreign Office, the Home Office, and Whitehall.

The apartheid program eliminated the Northeast Frontier Agency from the political map of India, and segregated the tribal population from Assam, as the British had done in southern Africa and would later do in Sudan. By 1875, British intentions became clear, even to those Englishmen who believed that the purpose of Mother England’s intervention in India, and the Northeast in particular, was to improve the conditions of the heathens. In an 1875 intelligence document, one operative wrote: “At this juncture, we find our local officers frankly declaring that our relations with the Nagas could not possibly be on a worse footing than they were then, and that the non-interference policy, which sounds excellent in theory, had utterly failed in practice.”

Apartheid also helped the British to function freely in this closed environment. Soon enough, the British



Crown introduced another feature: It allowed Christian missionaries to proselytize among the tribal population and units of the Frontier Constabulary. The Land of the Nagas was identified as “virgin soil” for planting Christianity. “Among a people so thoroughly primitive, and so independent of religious profession, we might reasonably expect missionary zeal would be most successful,” stated the 1875 document, as quoted in the “Descriptive Account of Assam,” by William Robinson and Angus Hamilton.

Missionaries were also encouraged to open government-aided schools in the Naga Hills. Between 1891 and 1901, the number of native Christians increased 128%. The chief proselytizers were the Welsh Presbyterians, headquartered in Khasi and the Jaintia Hills. British Baptists were given the franchise of the Mizo (Lushai) and Naga Hills, and the Baptist mission was set up in 1836.

### **British Mindset Controlled New Delhi**

Since India’s Independence in 1947, the Northeast has been split up into smaller and smaller states and autonomous regions. The divisions were made to accommodate the wishes of tribes and ethnic groups which want to assert their sub-national identity, and obtain an area where the diktat of their little coterie is recognized. New Delhi has yet to comprehend that its policy of accepting and institutionalizing the superficial identities of these ethnic, linguistic, and tribal groups has ensured more irrational demands for even smaller states.

Assam has been cut up into many states since Britain’s exit. The autonomous regions of Karbi Anglong, Bodo Autonomous Region, and Meghalaya were all part of pre-independence Assam. Citing the influx of Bengali Muslims since the 1947 formation of East Pakistan, which became Bangladesh in 1971, the locals demand the ouster of these “foreigners” from their soil. Two terrorist groups in Assam, the United Liberation Front of Asom (ULFA) and the National Democratic front of Biodoland (NDFB) (set up originally as the Bodo Security Force), are now practically demanding “ethnic cleansing” in their respective areas.

To fund their movements, both the ULFA and the NDFB have been trafficking heroin and other narcotics, and indulging in killing sprees against other ethnic groups and against Delhi’s law-and-order machinery. Both these groups have also developed close links with other major guerrilla-terrorist groups operating in the area, including the National Socialist Council of Nagaland (Muivah)

and the People’s Liberation Army in Manipur.

In 1972, Meghalaya was carved out of Assam through a peaceful process. Unfortunately, peace did not last long in this “abode of the clouds.” In 1979, the first violent demonstration against “foreigners” resulted in a number of deaths and arson. The “foreigners” in this case were Bengalis, Marwaris, Biharis, and Nepalis, many of whom had settled in Meghalaya decades ago. By 1990, firebrand groups such as the Federation of Khasi, Jaintia, and Garo People (FKJGP), and the Khasi Students’ Union (KSU) came to the fore, ostensibly to uphold the rights of the “hill people” from Khasi, Jaintia, and the Garo hills. Violence erupted in 1979, 1987, 1989, and 1990. The last violent terrorist acts were in 1992.

Similar “anti-foreigner” movements have sprouted up across the Northeast, from Arunachal Pradesh in the East and North, to Sikkim in the West, and Mizoram and Tripura in the South. Along the Myanmar border, the states of Nagaland, Manipur, and Mizoram remain unstable and extremely porous.

While New Delhi was busy maintaining the status quo in this area by telling the tribal and ethnic groups that India is not going to take away what the British Raj had given to them, Britain picked the Nagas as the most efficient warriors (also, a large number of them had been converted to Christianity by the Welsh missionaries), and began arming and funding them. The British connection to the NSCN existed from the early days of the Naga National Council. Angami Zapu Phizo, the mentor of both factions of the NSCN, had led the charge against the Indian government, spearheading well-organized guerrilla warfare. Phizo left Nagaland hiding in a coffin. He then turned up in 1963 in Britain, holding a Peruvian passport. It is strongly suspected that the British Baptist Church, which is very powerful in Nagaland, is the contact between British intelligence and the NSCN terrorists operating on the ground at the time.

### **‘Dirty Bertie’ and the Nagas**

Once Phizo arrived in Britain, Lord Bertrand (“Dirty Bertie”) Russell, the atheist, courted Phizo, and became his new friend. Russell was deeply impressed with Phizo’s “earnestness” for a peaceful settlement. What, perhaps, impressed Russell the most is that Phizo had control over the militant Nagas, who had launched a movement in the mid-1950s under the Naga National Council (NNC) to secede from the Indian Republic. In a letter dated Feb. 12, 1963, Sir Bertrand told Indian

Prime Minister Jawaharlal Nehru, “I find it hard to understand the difficulty of coming to an agreement which would put an end to the very painful occurrences incidental to the present policy of India.”

It is believed in some circles that New Delhi’s 1964 ceasefire with the Nagas might have been influenced by the letter from Russell that was handed to Nehru by Rev. Michael Scott. Scott later went to Nagaland as part of a peace mission, along with two senior Indian political leaders.

While Russell was pushing Nehru to make the Nagas an independent country through peaceful negotiations, British involvement in direct conflict continued. On Jan. 30, 1992, soldiers of the Assam Rifles arrested two British nationals along the Nagaland-Burma border. David Ward and Stephen Hill posed as members of BBC-TV, and were travelling in jeeps with Naga rebels carrying arms. Subsequent interrogation revealed that both were operatives of Naga Vigil, a U.K.-based group. Both Ward and Hill claimed that they started the organization while in jail, influenced by Phizo’s niece, Rano Soriza. Both have served six-year prison terms for various crimes in Britain. Naga Vigil petitioned for their release in the Guwahti High Court. Phizo’s niece took up the issue with then-Nagaland Chief Minister Vamuzo.

### **Sri Lanka’s Violent Ethnic Strife**

In Sri Lanka, the Tamil Tiger terrorist group is in its last throes. Ousted by the Sri Lankan Army from almost all of its “claimed” territories, the militants are now holding on to about 19 square kilometers of land, with about 70,000 Sri Lankan citizens, mostly of Tamil ethnic origin, as their hostages. It is evident that they will be totally routed by the end of this month.

While the U.S. Pacific Command personnel in contact with New Delhi are formulating an evacuation plan for the hostages, London and the European Union are trying to protect the last vestiges of Tiger territory by urging Colombo to work out a cease fire with the terrorists.

The emergence of violent conflict between the Tamil Sri Lankans and the Sinhala Sri Lankans, which gave birth to the London-backed Tamil Tigers, was yet another product of the British colonial legacy. This ethnic conflict, which has engulfed this little island, and unleashed unlimited violence in the region for almost three decades, is, as in the case of Northeast India, due to the British mindset of the Sri Lankan and Indian leaders involved in “resolving “the crisis.

To begin with, Sri Lanka (then, Ceylon) had the misfortune to be colonized by three brutal European colonial powers—the Portuguese, the Dutch, and the British. Nonetheless, it is to the credit of the locals that they withstood these brutes and prevented the break-up of the country.

After the Dutch ceded Sri Lanka in the 1801 Peace of Amiens, it became Britain’s first crown colony. Immediately, the British colonials started setting up the chess pieces. The ruling Kandyan King, of Tamil ancestry, was ousted with the help of local chieftains of Tamil and Sinhala origin. The coup set up the British crown as the new King.

As part of the “divide and rule” policy, the British colonials promoted the Buddhist religion, resulting in the 1817 Uva rebellion. The Buddhist religion was given protection by the Crown, and the people were told that Christianity would not be imposed on the unwilling masses as had happened during Portuguese and Dutch rule. Following the quelling of the rebellion, the British did what they do best: They carried out one of the worst massacres of the 19th Century, wiping out all able-bodied Sinhalese men from the Hill Country, and 80% of the native population of able-bodied, according to one report. The Kandyan Kingdom was the kingdom of both the Tamils and Sinhalas—both these groups came from India to settle on that island.

One specific impact of the British colonial presence was the emergence of English as the local language, undermining both the Sinhala and Tamil languages. According to one historian, the two most important effects observed during British rule were: one, by the start of 20th Century, the English language became the passport to getting employment; and those who had an English education became dominant in Britain’s hand-crafted Sri Lankan society. Due to input of the Christian missionaries, more minority Tamils could read and write English, as opposed to the southern Sinhalese and Kandyan Sinhalese.

The other observed impact on Sri Lankan society of British colonial rule, was the reconstituting of the Legislative Assembly. The Assembly of 1921 had 12 Sinhalese and 10 non-Sinhalese, at a time when the Sinhalese constituted more than 70% of the population. Things changed in 1931, when, out of 61 seats, the Sinhalese won 38. This troubled the Tamils, because they had had special privileges under British, and never wanted to accept the dominance of the Sinhalese majority.

In addition, the British also brought to the island a

million workers of Tamil ethnic background from Tamil Nadu, and made them indentured laborers in the Hill Country. This was in addition to the million Tamils already living in the provinces, and another million Map-pilla Muslims, whose mother tongue is Tamil. Thus, the British sowed seeds of ethnic discord. During the colonial rule, the minority Tamils had a disproportionate representation in the bureaucracy.

### **The Role of British Assets in Independent Sri Lanka**

However, when in 1948, the British finally left the island, they left behind their assets, in powerful places, many of whom were educated at Oxford-Cambridge, and some of whom had adopted Christianity, on both sides of the ethnic divide London had so carefully created. Instead of seizing the opportunity to build the nation and set about undoing the misdeeds they were forced to carry out under British rule, beginning in the 1950s, Sinhalese-dominated governments implemented public policies that would institutionalize the majority community's dominance. Sinhala was declared to be the country's sole official language; Buddhism was favored as the state religion; and the unitary nature of the state ensured Sinhalese political domination. Major Sinhalese-Tamil riots in 1956, 1981, and 1983 further heightened Tamil insecurities.

Meanwhile, the Tamils began to press for autonomy. Political parties, such as the Tamil United Liberation Front (TULF), utilized conventional means, which included participating in coalition governments. Militant Tamils, the LTTE, sought the creation of an independent Tamil state, referred to as Tamil Eelam, which would comprise the North and East of the country. Throughout the 1980s, various Tamil rebel groups engaged in attacks against the Colombo government and its security apparatus.

However, the situation worsened on that island because of the British mindset of New Delhi, which made a number of attempts to intervene in the violent Sri Lankan situation. Besides helping the Tamils to get armed training and intelligence, New Delhi, under late-Prime Minister Rajiv Gandhi, deployed around 50,000 Indian peacekeepers (IPKF) in Tamil areas in Sri Lanka to help ensure peace. In return, the Sri Lankan government agreed to devolve power to the North and East through the creation of autonomous provincial councils. Neither Colombo nor the Tamil militants were sincere about the deal; both were looking at the Indian

troops as the barriers against their independent state. The failure of the Indian intervention led to more deaths and the assassination of Sri Lankan President Ranasinghe Premadasa, and India's Rajiv Gandhi, among many other high-level Sri Lankan officials, by the terrorist Tamil Tigers.

### **London: Break Up India into 100 Hong Kongs**

But, the British were in the middle of all this. Besides the fact that the LTTE was headquartered in London, and raising most of its illegitimate funds from Britain and its former colonies in Australia, South Africa, and Canada, within ten days of Gandhi's death, Sri Lankan President Ranasinghe Premadasa, who would be assassinated by the LTTE in May 1993, forced the hasty departure from Sri Lanka of British High Commissioner David Gladstone. The charge was that Gladstone, a descendant of the Victorian-age Prime Minister William Gladstone, was interfering in local election politics. But he had also been criticized earlier for allegedly meeting with known drug traffickers in Sri Lanka. Gladstone, who had previously spent years in the Middle East, was a known British intelligence link to the Israeli intelligence service, the Mossad, which was involved in training both the Sri Lankan Armed Forces and the LTTE.

Britain's continuing intent to break up India was also expressed openly in this political context. On May 26, 1991, only five days after the British-controlled LTTE-led assassination of Rajiv Gandhi, the *Times* of London, the premier voice for the British Foreign Office, put forward this view in an editorial entitled "Home Truths": "There are so many lessons to be learnt from sorrowing India, and most are being muttered too politely. The over-huge federation of almost 900 million people spreads across too many languages, cultures, religions, and castes. It has three times as many often incompatible and thus resentful people as the Soviet Union, which now faces the same bloody strains and ignored solutions as India. . . .

"The way forward for India, as for the Soviet Union, will be to say a great prize can go to any States and sub-States that maintain order without murders and riots. They should be allowed to disregard Delhi's corrupt licensing restrictions, run their own economic policies, and bring in as much foreign investment and as many free-market principles as they like. Maybe India's richest course from the beginning would have been to split into 100 Hong Kongs."



# Is Southwest Asia Preparing for Obama's or Netanyahu's 'Change'?

by Hussein Askary

March 20—Since Barack Obama was inaugurated as President of the United States, his administration has made serious diplomatic moves in the direction of a drastic change in U.S. policy toward Southwest Asia. Some of the most dramatic changes from the Bush-Cheney nightmare policies are the rapprochement with Syria, and the openings towards Iran, two nations that are key for any real settlement in Southwest Asia. Both have been alienated by U.S.-British policies over the past eight years, policies which placed them in the imaginary “Axis of Evil.” The Cheney-directed policy of creating a Shia-Sunni sectarian war throughout the region, with Iran and Saudi Arabia as the two cocks in the fighting pit, could also be on the way to being phased out by the new situation—if words are put into actions.

The statements made by Syria's President Bashar al-Assad in an interview with the Italian daily *La Repubblica* published on March 17, sums up, in a clear-cut manner, many of the expectations from the new U.S. policy. The U.S. State Department has opened a number of contacts with Damascus since Obama took office. But Assad's comments also reflect a deep concern about the dangers that lie ahead.

“The first signs are encouraging,” said Assad about President Obama's moves, and explained: “By disengaging from Iraq, closing Guantanamo, and by his interest in peace, he is keeping his word. But whether we are at a historical threshold, it is too early to say. Still, one thing is clear: After the dark years of the Bush Administration, there is new hope. Regarding Iran, I am ready in principle to help in a dialogue. With Israel, we had come very close to a deal.” In this latter case Assad was referencing the Turkey-brokered peace deal, which was destroyed by the Israeli government's invading of Gaza in December 2008.

He later added, pointing at the U.S. capabilities and responsibilities in the region: “America is indispens-

able in its role as a guarantor, as it is a superpower. In addition, Washington can influence Israel more than anyone else. America will still enjoy a leading role in the region, at least until the year 2030.”

Expressing his concern over the election of Israeli extremist and Prime Minister-designate Benjamin Netanyahu, Assad said:

“I don't see peace around the corner in the next few years. The idea of a Netanyahu government is not worrying, as much as the shift to the right by the Israeli society, mirrored by the vote for Netanyahu. That is the major obstacle to peace. Yet, we had already come very close to a deal.”

Asked by *La Repubblica* about the Arab Peace Plan of 2002, Assad stated: “That will be discussed by the Arab League Summit at the end of this month in Doha. The peace plan will probably be deactivated, like when you turn off the light with a switch, until there emerges a true partner on the Israeli side.”

## Obama: Sudan Is a Priority

Working intensively on a Syrian-Israeli peace agreement, engaging Iran in stabilizing the region around Afghanistan, and stopping the drug traffic from Afghanistan, are among the strong recommendations made by Lyndon LaRouche to the new Obama Administration. One more area, where LaRouche has made sharp recommendations to the U.S. President and Secretary of State Hillary Clinton, is in the case of Sudan and the Anglo-Dutch-driven operation by the International Criminal Court (ICC) to indict and arrest President Omar al-Bashir.

The President and Secretary of State of the U.S., which is not a member-party in the ICC, have refrained from taking a clear position on the ICC's arrest warrant, and focused rather on the humanitarian situation in Darfur. It is only the influence of such anglophile liberal imperialists such as U.S. Ambassador to the United

Nations Susan Rice which could become a real obstacle for a totally new policy for Africa. President Obama himself, as part of his family's direct experience in Kenya, knows what evil the British and other colonial systems represent, and should not listen to such advice coming from Rice and company.

On March 18, President Obama appointed Gen. Scott Gration (ret.) as special envoy for Sudan. "Sudan is a priority for this Administration, particularly at a time when it cries out for peace and for justice. The worsening humanitarian crisis there makes our task all the more urgent," Obama said in the statement of appointment. Gration, a former Air Force pilot, reportedly has a close personal relationship with Obama. The peace process in Sudan has been a focus as well of earlier U.S. envoys to Sudan. This continues today, as the Sudan government and Darfur rebels have started serious negotiations for settling the crisis in that region. This is a different proposition from the "regime change," and arrest of the President of a sovereign nation-state being peddled by the neo-imperialist forces in both Europe and the U.S.A. The African Union nations, with whom Obama wants to open a new chapter in relations, and the Arab nations are totally opposed to the ICC decision, and are calling on the UN Security council to defer the decision to allow the peace process in Sudan to proceed without interruption.

### Arab States Realign

The issue of Sudan, the ICC, and the peace process in Darfur will be among the main items on the agenda of the coming Arab Summit at the end of March in the capital of Qatar, Doha. In the meantime, Arab leaders, in their usual manner, are hugging and kissing each other in reconciliation, after months of quarrels and dissent. The crisis among the Arab leaders was most acute during the Israeli invasion of Gaza in December-January, when Arab nations were split between sympathizers of Hamas (mainly Syria and Qatar, who were also



Ammar Abd Rabbo/ABACA

*President Bashar al-Assad of Syria told an Italian daily, "The first signs [from the Obama Administration] are encouraging." But, with the right-wing extremist Netanyahu taking the helm in Israel, "I don't see peace around the corner," he added.*

regarded as pro-Iranian), and those who blamed Hamas for the whole crisis, and demanded that Hamas concede power to Fatah and Palestinian President Mahmoud Abbas. These countries were spearheaded by Saudi Arabia, Egypt, and Jordan. As President Obama settled in the White House, and the Israeli people voted for the fanatic warhawk Netanyahu and other right-wing extremists, Arab nations repositioned themselves to adapt to the new realities. This meant a realignment of the Arab states once again.

A mini-summit was held in the Saudi capital Riyadh, in mid-March, bringing together the leaders of Saudi Arabia, Syria, Egypt, and Kuwait, as a sign of reconciliation. President Assad had not visited Saudi Arabia since 2007; relations between them deteriorated when the Saudis became the main sponsors of the anti-Syrian Lebanese forces, such as the government party of Saad al-Hariri, son of Rafik al-Hariri, who was assassinated

in February 2005.

The blame was put on Syria by Hariri and his supporters in France, Britain, and the United States. The Saudi faction associated with Prince Bandar bin Sultan of the infamous Al-Yamamah-BAE Anglo-Saudi operation, was also undermining the position of pro-Syrian Lebanese groups such as Hezbollah, by supporting Wahhabi/Salafi terror groups fighting both the Lebanese Army and Syria, across the border from Lebanon. Saudi King Abdullah is known to be of a different inclination than that of Prince Bandar. He is more for Arab unity and solidarity, and has a strong relationship to Syria and al-Assad family.

One additional impact of the Arab reconciliation drive is the incorporation of Iran in the general process, instead of it being a rival to the Arab states, especially Saudi Arabia and the other Gulf states. On March 14, King Abdullah received the Iranian Foreign Minister Manuchehr Mottaki, who was carrying a message from President Mahmoud Ahmadinejad. Following the meeting, Saudi Foreign Minister Saud al-Faisal said that

Saudi Arabia welcomes Iran's effort to support Arab causes such as the Palestinian one, but that this should be done together, and within the Arab efforts in that direction, not as a competitor.

Mottaki, for his part, said that Iran supports the Arab countries' effort to achieve unity among the different Palestinian factions, especially the talks being held between Hamas and Fatah in the Egyptian capital Cairo. Mottaki, who made a tour to all the Arab Gulf states to reassure them of Iran's intentions, said that normalization of relations between Iran and Saudi Arabia will start with economic exchange, when the economic ministers of the two countries meet next month. If this type of diplomatic effort is allowed to continue without interruption, and with the help of the Obama Administration's openness to Iran, then the long nightmare of the anti-Westphalian Bush-Blair era would be over.

### **Get the Brits Out of There**

In such an atmosphere, where the United States is opening direct talks with the other parties, it would be entirely legitimate to rid the entire region of the British influence. The British, who always position themselves on both sides of a conflict, would not find a place at the negotiations table. They should not be allowed anywhere near such a dialogue. Their services would not be necessary there.

Just take a look at the massive provocation British Prime Minister Gordon Brown made on March 17, in attempting to set a fire between Iran and the United States. This is typical of the British method, which was used earlier by Tony Blair, in 2007, to push Iran to break all types of collaboration with the International Atomic Energy Agency (IAEA) and the West on Iran's nuclear program. Blair made an offer to Iran which he well knew would be rejected, and would push Iran into an aggressive posture, when he "offered" Iran technical help in return for stopping its nuclear fuel enrichment program.

Gordon Brown did the same this time, in anticipation of the Obama Administration's opening towards Iran. Brown gave a speech to the Lancaster House in London, where his threats against Iran sounded precisely like Blair's 2002 threats against Iraq, noted Lyndon LaRouche. Brown denounced Iran's nuclear program as unacceptable, and accused Iran of many crimes against the IAEA. An *EIR* source in the Arab

world noted that Brown had thrown an incendiary statement towards Iran that was designed to sabotage what the U.S.—post-Bush and Cheney—is doing, and will also be a big boost to Iran's Ahmadinejad in the coming election, where the Iranian hardliners will use every attack on Iran as a way to heighten tensions.

### **The Israeli Dilemma**

The other side of the danger to the security and stability of the region, and the world, is what LaRouche calls the Sykes-Picot mentality, especially among the Israeli leadership and the so-called Israel lobby, which are fixated on the idea of Greater Israel, and removing every effort to create a peaceful coexistence between Israel and the Arab nations, especially, a future Palestinian nation living side by side with Israel.

The disgusting propaganda campaign that resulted in the forced resignation of Amb. Chas Freeman, from his designated post as head of the U.S. National Intelligence Council (NIC), is typical of this mentality. The onslaught was led by an indicted Israeli spy, Steve Rosen, a "former" top official of the right-wing Israeli lobby group AIPAC (American Israel Public Affairs Committee). Other parties in this assault on the peace process included Australian press baron Rupert Murdoch, who lent the pages and editorial columns of his *Wall Street Journal*, *New York Post*, and Fox News, to conduct an unrelenting smear campaign against the appointment of the former ambassador to Saudi Arabia, China scholar, and Clinton Defense Department official. This is the type of operation that can delay, and eventually kill, any serious effort for peace in the region.

The Syrian President's warning that he does not see "peace around the corner" is justified to a certain extent, if we look at the prospects of an Israeli Netanyahu/Lieberman extreme right-wing government. Israeli threats to bomb Iran still abound, and a Prime Minister Netanyahu might actually implement these threats.

Only a forceful intervention by the United States in Israel can thwart such a threat. Forces of the Sykes-Picot in Israel, and the Anglo-Saudi/BAE terrorist potential, have to be exposed and stopped as rapidly as possible. That's what it will take to end the legacy of the British Empire in the region, once and for all. The first signs are encouraging, but no one should rest on their laurels for the moment, not the least President Obama and the Arab leaders.



## LaRouche: We Must Return To FDR's 1944 Intention

*Lyndon LaRouche made the following opening remarks to a private diplomatic luncheon in Washington, D.C. on March 19, 2009.*

As many of you know, on the 25th of July in the year 2007, I delivered an international webcast in which I warned that we were on the verge of the beginning of a general breakdown crisis of the financial systems of the entire world. And in three days after that, the process which I had forecast, began to occur.

Now, the problem is, that this is not a recent development; it's not a recent mistake. There have been recent mistakes, but they're piled upon many mistakes over decades. As a matter of fact, I could trace the mistake to the day that Franklin Roosevelt died, and that was the first mistake—he died. He shouldn't have done that! Because he gave us a terrible successor, Truman, who did much to ruin everything that Roosevelt had intended.

It's important to look back at that now, because Roosevelt's intention—

Remember what we had done: We turned the tide, because the financial establishment in the United States, as in Britain, were fascists. The British actually created Hitler, as they created Mussolini. And they had an intention: The intention of course, was to, among other things, develop a capability in Germany to have Germany organized to attack and destroy the Soviet Union. That was one of their plans.

### **Fascism and Empire**

Now what happened, of course, as I think some of you know, is that something else happened. The French fascist government, at the time, struck an agreement with the Nazis. But initially, the Germans themselves had said they were not going to attack the Soviet Union until the problem of France, at the background, was eliminated; because France was still a major military power on the continent; and the Germans didn't trust the French. So, therefore, they had an agreement with the fascist government in France. And therefore, even though the French forces were superior in military capability to the Germans of that time, what happened is, the fascists in the French government maneuvered the generals and maneuvered the troops so that the Wehrmacht was able to make an obvious breakthrough, and the country fell apart. And it fell apart, because a country that would elect a fascist government under those circumstances, will probably fall apart.

So at that point, the British had done all the work in creating Adolf Hitler, and Mussolini, beforehand. And we had in the United States at the same time, our financial establishment, under President Wilson, under President Coolidge, and so forth; and our financial establishment was just as Nazi, as the British, who were supporting the Nazis.

But, then Pearl Harbor happened, Japan's attack, which had been something originally planned by the



National Archives

*British Prime Minister Winston Churchill, President Roosevelt, and Canadian Prime Minister MacKenzie King (seated, left to right), at the Quebec conference in 1944. FDR made it clear to the apoplectic Winston on many occasions that the United States was not fighting World War II to restore the British Empire. Roosevelt's big mistake was to die—leaving Truman to adopt the British policy.*

British in the 1920s, because the British were afraid of the United States developing a naval capability they couldn't control. So therefore, they agreed, at the arms negotiations of the 1920s, to have the Japanese take the assignment of taking on and destroying Pearl Harbor. And the Japanese were happy to do that, for two reasons: First of all, Japan had been convinced by the British Prince of Wales to make a war on China, which continued, as you know, from 1894 to 1945, off-and-on warfare. So, the Japanese, who were already conducting this war against China, looked at the U.S. as an enemy who might interfere with their war on China.

So: the Pearl Harbor attack. But, the Pearl Harbor attack mobilized the American people, in a way which is somewhat similar to what happened recently in the United States, by the swindles, by these gigantic swindles which are stirring up the American people toward *hatred* against the financial community, because of these swindles.

So, at that point, Roosevelt had political control of the situation, because of the hatred against this process, and many of the fascists went underground and changed

their names and went into new organizations to come up later; and, it is that element which dominates the United States today, from the top down, especially under three Bush Administrations. And the Bush family was one of these pro-Nazi families. And it's *still* one of those pro-Nazi families!

So therefore, we have this crisis now, which was created by this kind of mess. We have, with the British financial establishment, the British Empire—it's not the British people, it's the British Empire—and this imperial force which is running most of the terrorism in the world today, and most of the drug-trafficking in the world today, has now made itself extremely unpopular. In the meantime, because of the way they ran the operation. The United States, economically, has been systemically destroyed in its physical-economic capability, since the day that Roosevelt died; Truman began to do that, immediately. Because, you have to under-

stand, that the British Empire is not a friend of the United States; and the United States as a nation, is not a friend of the British Empire. Those of us who are patriots *know, the British Empire is our enemy*. And the British know, that we, the United States, are their most deadly enemy, if we ever get organized to do something about it, as Franklin Roosevelt was prepared to do.

### **An Inevitable Breakdown of the System**

Now, we've come to a point where the world economy has been ruined; it's been destroyed. It's been destroyed especially since 1968, but the process didn't start there.

We've reached a point, where the attempt to keep this system going resulted in a hyper-inflationary development, a great hyper-inflationary bubble was generated. What I was forecasting on the 25th of July of 2007, was simply that the point had come that it was *impossible to prevent this bubble from popping under the existing system!* Now, the problem is, that most governments in the world, practically every government in the world, does not yet understand that, has not yet ac-

cepted that reality: *that this is an inevitable breakdown crisis of the present monetary-financial system of the entire planet.*

You see the chain-reaction that happens: You see what happened to China, what happened to Russia, as a result of these developments. They thought they were out of it. They thought this was going to hit the United States and not elsewhere. Then it hit Russia, it hit China, in a big way. It will hit all countries. We're going toward chaos.

We're going toward the point, the hypothetical point that if we don't stop this, you will have thermonuclear war. Not because there's a motive for war, but because in a breakdown crisis, military action will be inevitable. And in that case, the nuclear weapons will be used: for no purpose! For no real purpose, no strategic objective—out of sheer insanity, because we're going into that kind of condition.

The problem I see, the big problem I'm concerned about, is getting nations to come to their senses, and recognize there is a solution for this process. All we really have to do, is to create a credit system to replace the existing monetary system.

*We can not, under any conditions, survive under the present world monetary system.* We can not survive under the agreements which are implicit in the present monetary system. We have to put the monetary system into bankruptcy, bankruptcy reorganization, and then reorganize that with major countries and others joining it, to reorganize the system as a *credit system*, not a monetary system.

We have an imperialist condition—and most people don't know what imperialism is; they think the United States is imperialist. The United States is not imperialist. The British Empire is imperialist, it's a real empire. If you want to understand what an empire is, look at the Middle East. The Middle East is a creation of Sykes-Picot by the British Empire. The British play Arab against Israeli in the Middle East—they set that up! It's run by the British! *The British run all sides.* Except when countries come to their senses and don't play the game. And that's the situation in most of the world today.

So, what is needed is, to realize that the empire is the *existing monetary-financial system*, and the bankers and banking interests, the financial interests which control that. *This is what the problem is.*

The solution to the problem is like cutting the dagger: If you put the system—recognize that it is bank-

rupt. That is, the total amount of debt outstanding, of governments, outstanding, in the world today, is far in excess of any value, real economic value; there's no way that you could reorganize the debts of the present monetary system on some kind of reorganization of the ordinary type, and come out of this successfully.

As long as we do not *eliminate* the present monetary system, there's no hope for humanity. We'll go into a dark age, like the 14th Century in Europe. That's where we're heading.

Now, the problem of governments: They don't understand this.

They don't understand that you have to change the nature of the system. They're all committed to the idea of financial systems, or monetary systems. And they *don't work*, under these conditions. If you try to defend and maintain and reorganize the monetary system, you are going to go into the pit: No chance for you.

## Steps Toward Solution

The only solution is, and what I've proposed, is this, and I've proposed it generally: The step toward solution is, in Western and Central Europe, there's nothing; there's nothing you can do. There are some people there who are interesting and who might do something. But as long as the present European Monetary System exists, there's nothing that any country in Western and Central Europe can do. Because they've all bought themselves into this system! The Maastricht system, the British system. So therefore, you can't go to them. You go to these governments, you talk to them, but they're not going to do anything.

Germany's not going to do anything. You have some people in Italy, who are interesting people. They will think about doing something, but they won't be able to. France is probably the country most likely to break out, in terms of the Western European/continental European situation. But it won't do anything either—not to change the system. They will resist. They will come up with "good ideas." But they will not go to the core of the problem.

There are four nations on this planet which could lead, together, in forcing the change which must be made: They are the United States, Russia, China, and India. They represent a sufficient strength, combined, to force through the reorganization. And the reorganization would be to go back to a page out of Franklin Roosevelt.

Roosevelt's intention had been, in the Bretton





National Archives

*The Japanese attack on Pearl Harbor, LaRouche said, “mobilized the American people, in a way which is somewhat similar to what happened recently in the United States, by these gigantic swindles which are stirring up the American people toward hatred against the financial community.”*

Woods conference of 1944—that is, not to go to Keynes. Roosevelt was an enemy of Keynes. Truman was a friend of Keynes. Roosevelt was an enemy of colonization and imperialism. Truman was a friend of British imperialism. And he started a war, unnecessarily, with the Soviet Union—or semi-war—as a way of trying to control this process.

### How FDR’s Intention Was Sabotaged

We go back to Franklin Roosevelt’s intention in 1944. He died, of course, in April of 1945; but, go back to his Bretton Woods conference. What was his intention? His intention, as he said, on a number of occasions, as he said to Winston Churchill: “Winston, when this war is over, there is not going to be any more British Empire! The empire is going to end. We’re going to take this vast machine, war machine that we built up, for the war, and we’re going to production of wealth. And we’re going to use that production of wealth by this conversion of our war machine, our economic war machine, to develop the reconstruction of countries which are war-torn, and countries which have been colonies, or semi-colonies. And we’re going to free these nations from semi-colonial conditions, with the great power we have in our war machine, if we convert it to

necessary forms of industrial development.”

That was Roosevelt’s policy: *Roosevelt fought against Keynes*, because he knew that Keynes was a fascist. John Maynard Keynes was a fascist; he was called a liberal—he’s liberally fascist! He’s dead now, but he still stinks even though he’s dead.

So what happened was, we went into this system, this monetary system which was actually steered by the British, at a time that the United States had superior power in the world! So the United States, in a sense, under Truman, made a kind of revolution, with the help of the British, like Bertrand Russell. Bertrand Russell’s idea of a preventive nuclear attack on the Soviet Union, was a key part of this operation.

So, we went into a system, step by step: The assassination of Kennedy,

for example. Who do you think assassinated Kennedy? You think it was some lone assassin? No! It was some people from Spain, of French patronage, who were working against de Gaulle; and the same people that killed Kennedy were people who had been assigned to kill de Gaulle! And they came in from Mexico, and they came into Texas and they killed the President of the United States. And that was a change in the policy of the United States, because Johnson was terrified they were going to get him next.

So then we went through a change: We went through change of the Vietnam War, the Indochina War. The Indochina War was an act of insanity, cooked up by fraud. And so, we sank into it. We began to degenerate. Our economy began to degenerate. By ’68, we no longer had a breakeven in terms of maintaining basic economic infrastructure: That is, we were losing more infrastructure by attrition, than we were creating new. So, from ’68, we went into crisis. The British ran an operation in ’67: They sank the pound, and they used the sinking of the pound, to bring down a crisis for the dollar.

From ’68, we went crazy. Went crazy against de Gaulle, crazy against every institution; insane policies were introduced. And then, the *same fascist element*, the same elements, the same families, the same interest groups, which had been the backers of Mussolini and

Hitler, in the United States, during the 1920s and 1930s, *took over*. And they imposed a policy by which we *wrecked* the U.S. economy. We wrecked it in the latter part of the 1970s. We stumbled along until 1987: We had a collapse of Wall Street which was as big as the collapse of Wall Street in 1929.

They didn't quit: They went with an even crazier system, under Alan Greenspan. We went on and on and on, destroying our economy, destroying the economy of the world. And now we've come to the point that it's ended up, with a *great hyper-inflationary explosion, which is building up now, throughout the world*. And what you see with these figures of bail-outs, you're looking at a *hyper-inflationary explosion* already in process.

## A Global Credit System

Now, what do we do? The United States must go to Russia, and I know there are circles in Russia who don't really understand this fully, but they're open to discussing it. We have a problem with China. China needs an agreement, under which China can stabilize itself. If the United States and Russia can agree on a policy, that policy can go into effect. India—if China, and Russia, and the United States come together, India will join. If they join, countries in Asia will join.

What we'll do, simply, is this: We'll go to a system of state credit, which is embedded in the U.S. Constitution.

In the U.S. Constitution, you can not legally issue currency, except by the approval of the Congress, the House of Representatives, and the Presidency. You can not conduct a treaty agreement with the United States with any other country, except by the same kind of ar-



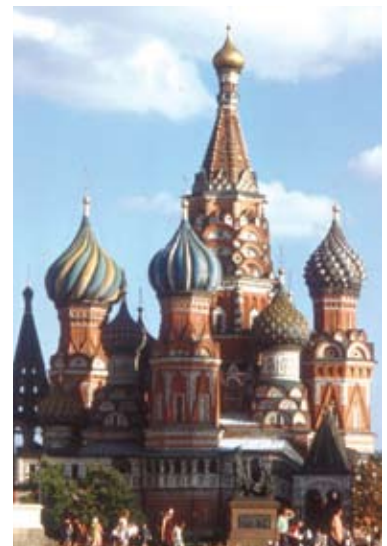
EIRNS/Guggenbuhl Archive

*India's Taj Mahal*



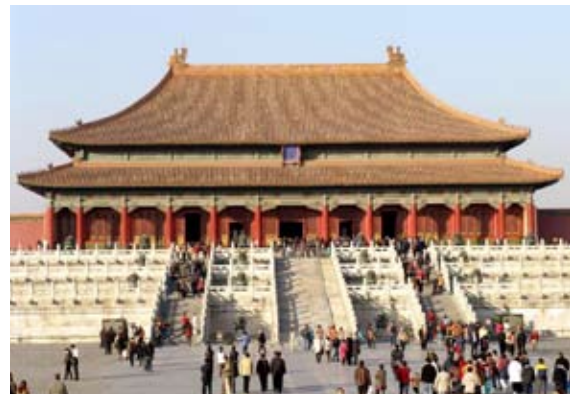
EIRNS/Stuart Lewis

*The U.S. Capitol*



EIRNS/Guggenbuhl Archive

*St. Basil's Cathedral in Moscow*



Saad Akhtar

*Beijing's Forbidden City*

*The four nations on this planet which could, together, force through the financial reorganization which must be made: the United States, Russia, China, and India. "And the reorganization would be to go back to a page out of Franklin Roosevelt."*

rangement. You make a treaty negotiation, you go to the Congress to get approval, the House of Representatives in particular. If that is approved, then it happens. You do the same thing on issuing currency, or issuing credit for currency.

Now that means state credit: a credit system which is controlled by the government, of the national government. What you have to do is what Roosevelt did, specify a fixed-exchange-rate system. You must freeze the relative values of currencies of various countries, so that you don't have fluctuating interest rates, fluctuations that cause inflationary tendencies. Then you have to agree, by treaty agreement, on long-term development projects which are necessary for humanity, and

you have to go to Roosevelt's intention to convert what *he* intended to become the United Nations, as a group of sovereign nation-states, independently sovereign nation-states, united together by a credit system—not a monetary system—in which the governments will *vote* their own support for their participation; and in which governments will meet together to balance off the credit creation, so that you don't have a runaway debt develop in this situation.

It means we will go—to build this planet again, we can't just build industry, we have to build a lot of infrastructure. For example, a modern rail system, as opposed to what we have now. This means also magnetic levitation systems. It means power systems, it means lots of nuclear power, because you can not solve many problems of this planet, without *nuclear power*. Because other forms of power are not adequate for our needs. And you will also build water-management systems, as well as mass-transit systems. We must link up the continents: Eurasia, Africa, and the Americas must be linked up by rail-type connections which will be a major link in the thing, so we can develop each part of this world in this way. And if we decide to do that, and we decided to do that today, for example, we would be in a sense, coming out of this mess that threatens the existence of nations today.

And what we need to do, is to reach that kind of agreement, in good faith. If it's initiated by the four powers I've indicated—the United States, Russia, China, and India—in an equitable agreement, other nations will automatically join. They'd be willing to join. The African nations will say, "Kick the British out"—the Africans will cheer. Because all Africa needs is an infrastructural project which enables Africa to begin to develop itself. China's made a step in that direction with some of these contracts, of putting infrastructure in, in return for raw materials. That's a sane, fair policy. We can go further with that, but the main thing Africa requires, is infrastructure: It requires power.

Take one of these helicopter studies of the African continent. This has been mapped section by section of Africa, by a special study which is available to people today: Look from the sky at helicopter level, and look at Africa! How many railway systems do you see? How many high-technology systems do you see? Africa is being exploited and looted and it has no means by which to defend itself! It has farmers and a large agricultural area. But it has no means to protect the farmer against bugs, against diseases, and against other things. So if

we assist Africa, in a system of mass transportation and power, then Africa will have the means by which to develop itself.

And that's the typical kind of mission. We need to go at the infrastructural side of this matter, and build the kind of infrastructure which is the basis for what Roosevelt intended: a planet which has no colonies, a planet which is based on sovereign nation-states, as Roosevelt intended the United Nations to become; a planet which uses high technology, in order to enable nations to develop the territory which they have, and the populations which they have; to build basic economic infrastructure, from which we will develop the technologies of the local industries and agriculture. We can do that. And if we *decide* to do that, then the crisis which threatens the planet now, will, in a sense, come to an end. It will not remove all problems, but it will stop the degeneration, and put us on the road back to growth.

And Roosevelt had the right intention, the right vision. Unfortunately, he made a big mistake—he died. And Truman took over, and Truman was a British agent. And what you see in the United States now, what you see of these vast bailouts, these swindles—you see the same organizations, which we know, from the 1920s and 1930s, the organizations in the United States, the big-money organizations that supported Mussolini and then Hitler, as the British supported Mussolini and Hitler, *this organization is running the United States right now*, has been running it under the Bush Administration.

And the American people are becoming very angry: They want to kill these guys, who took these bailouts! When a people is aroused, as these American people are becoming aroused, and people around the world are aroused, those who are optimistic are becoming more aroused quickly.

We're now in a situation where the time for a change has come: I can't tell you what date the change should come on, but I think that we, as nations, as representatives of nations, as patriots of nations, if we agree, that this is the step we must take, the kind of step we must make, then I think it will happen. But we have to have the keystone nations which represent combined great power, agree on a policy, of going to the intention outlined beforehand by Franklin Delano Roosevelt, especially in 1944. That intention, is something which people had agreed to at the time, in spirit. And if we start that going, I don't think we can be stopped.

Thank you.



# Proposals To Solve The Global Economic Crisis

*Here is Lyndon LaRouche's teleconference address to a standing-room-only audience of some 600 students, teachers, and military personnel, at the Nueva Granada Military University in Bogotá, Colombia, on March 18. The event was sponsored by the Association of Graduates of the Economics Department of the University. He was introduced by Maximiliano Londoño, head of the Colombian LaRouche Society.*

On the 25th of July of 2007, I announced that we were on the verge of the beginning of a general breakdown crisis of the world economy. That is: It's not a recession; it is not a depression like that of the 1930s. This is a general breakdown of the entire world financial-economic system.

The history of the breakdown, briefly, is essentially: It began with the death of Franklin Roosevelt, who had a policy for the post-war period, but, unfortunately, he died, and his replacement, Harry Truman, was associated with the cause of Churchill, which is a cause which Roosevelt had intended to crush. Roosevelt's intention, as he said explicitly—and he said it to Winston Churchill: As soon as this war is concluded, Winston, we're not going to have any more empire. We're going to use the means we have, the vast war machine we have, and convert it back into a civilian machine for supplying goods needed to assist developing nations, or what we call developing nations today, to find their independence and eliminate the function of empire in the world, and form a world of sovereign nation-states developing toward prosperity.

What happened was, that instead of establishing the kind of Bretton Woods system which Franklin Roosevelt had intended in 1944, at the Bretton Woods conference, what was established was a Keynesian system, as a fixed-exchange-rate system, but on a Keynesian basis, a British monetarist credit system, not a credit system of the type that Roosevelt prescribed. Also, at

the same time, Truman immediately took steps, in cooperation with London, to reinforce and defend colonialism in the world.

For example, in the case of Indo-China, the United States' OSS, the Office of Strategic Services, had worked with Ho Chi Minh, so that by the time the war was concluded—the Japanese occupation of Indo-China—the Japanese troops were imprisoned, as prisoners of war, and the United States endorsed the British going into these camps, freeing the Japanese soldiers, giving them back their weapons, and starting the re-occupation of Indo-China as a colony, which, of course, led to the consequences with which we're all familiar today.

So what has happened is, since that time, where Roosevelt had intended to convert our war machine, as a matériel machine, into the production of means of production, to transform the countries from merely developing countries under colonial or semi-colonial status, into fully independent nations, and to create a world based on what his conception of the United Nations was, which would be sovereign nation-states meeting together in institutions in which they would cooperate so we would have a world of sovereign nation-states without any empire. But what happened, in fact, is that the empire—that is, the international monetary system which was centered in Britain—took over.

## **The Post-1968 Shrinkage**

Now, for a time, up until about 1968, the United States was still the kingpin in controlling the status of this international monetary system as a fixed-exchange-rate system; but in 1968, we went through a change, especially on the basis of infrastructure, in which by 1971-73, the United States was no longer the leading power in the world in terms of financial and economic power, but rather, the British Empire and the nations drawn into its orbit. You still used the dollar, but the dollar was controlled by foreign interests, such as Saudi



EIRNS/Stuart Lewis



EIRNS/ Pablo David Rativa

*LaRouche told the overflow audience at the Nueva Granada Military University: “This kind of problem is solvable. We’ve done it before, and we’re going to have to do it now. The solution is simply: Put a bankrupt system into bankruptcy reorganization, using the standard which we have under our laws in the United States.”*

Arabia, which with London created the London spot market, which most of you know controlled the world for much of that period.

We also made other mistakes. We went to what was called a post-industrial, green economy policy. So what we did, from 1968, in the United States in particular—and this problem spread to other parts of the world—we went to a net *shrinkage* in basic economic infrastructure, from 1967-68 on. That is, the difference between new investment in basic economic infrastructure, and the loss of investment because of attrition, or because of depletion, was such that we were collapsing. Then came, with 1968-71, the green policy, the so-called anti-nuclear policy, the anti-industry policy, the anti-agricultural policy, toward a policy which was dictated by Britain, which was to reduce the world’s population, and to reduce the production of physical goods, especially goods created by high-technology means.

So this meant that, during the 1970s and 1980s, there was a progressive degeneration in the economy of the United States and also throughout most of the world, including the Soviet Union. So that, by 1987, in October, we had a crash, a stock market crash in the United States, which exceeded in relative magnitude, as well

as absolute magnitude, the Crash of 1929. However, instead of taking the obvious measures that should have been taken for reform, in came Alan Greenspan as the new head of the Federal Reserve System. And Alan Greenspan went to a wild kind of inflationary program, which has led to the collapse of the international monetary-financial system.

In other words, we have had a condition where, since the end of World War II, we have actually been shrinking economically internationally, in net effect. Some economies have grown, but others have shrunk at the same time. So we reached a point where we had tremendous debt, a debt beyond anything that could ever be paid, in terms of fictitious debt, but it was listed as debt. We also had a collapse of the productive power of labor, especially in Western and Central Europe, in the United States, and so forth. And you know the situation pretty much in the Americas, in South America and Mexico: They were essentially destroyed by these policies.

### **Put the System into Bankruptcy**

Now, this kind of problem is solvable. We’ve done it before, and we’re going to have to do it now. The solution is simply: put a bankrupt system into bankruptcy



NASA

*If we establish a new international credit system, of the type which Franklin Roosevelt had intended—for the United States, Russia, China, and India as the pivots—we can begin an immediate recovery at any time we choose to do so. Shown: a Russian Cosmonaut at the International Space Station.*

reorganization, using the standard of bankruptcy reorganization which we have under our laws in the United States. You simply put the whole system into bankruptcy; you determine those values which are not worth rescuing at this time. You *freeze* those values; you don't just bankrupt them, you freeze them. At the same time, you take the viable part of the economy, the part that is capable of physical growth, per capita and per square kilometer, and you concentrate your investment in reorganizing the economy around a program of long-term investment in those kinds of investments which will cause the economy to grow in physical output per capita and per square kilometer.

Usually, in a recovery of that type, as in the case of the United States in the 1930s, the concentration *initially* is—since you do not have factories and other things which are immediately productive in that sense—you concentrate on building up the investment in the basic economic infrastructure which is relevant to production—in other words, capital investment—and you use the credit of nations, based on an agreement among nations to recognize each other's credit, so that you can make 20- and 30-year-long investments in basic infrastructure and basic industry, tools, that sort of thing, real things, and you create a fixed-exchange-rate system of the type Roosevelt had planned at Bretton Woods in 1944.

That kind of investment will work. What is required is the will and the willing consent of a relevant number of governments to agree to cooperate in such a program of reorganization. In other words, put the system into bankruptcy. It already is bankrupt anyway. There's more debt out there, in terms of financial debt, than the world could ever pay. No one could ever work off this debt, especially the speculative debt in things like financial derivatives, that sort of thing.

Therefore, what we must do: We must save the viable banking system, which governments require as a vehicle to take state-guaranteed credit, run it through regular banks, and order the situation such that the flow of investment capital goes from government backing, through regular banks operating in a regular way, with concentration on the kinds of investments which will stabilize the social system, but which will, at the same time, build up the investment in basic economic infrastructure to be a genuine increase in the physical output per capita, per square kilometer of the planet. We can do that.

### The Four-Power Pivot

Now, what I've proposed is this. Western and Central Europe at the present time does not function, because Western Europe went into an agreement with London, which was organized around the breakup of the Soviet Union, where Germany was compelled to submit to a Maastricht Agreement. And as a result of this process of so-called globalization, there is no nation in continental Europe, which, according to existing lawful agreements among the nations of Central and Western Europe, is capable of uttering legitimate credit for the purpose of protecting and causing the economy to grow. So, at this moment, there is *no possibility* of a recovery action being initiated from Western or Central Europe.

Therefore, what we have to do, is we have to have the United States take the initiative, with the countries which represent large populations and large territory. These are largely oriented in Asia or Eurasia. They are Russia, they are China, they are India. China has 1.4 billion people, India about 1.1. Russia's significance is not so much its population, but that Russia represents the largest land area of any nation on this planet, and in Russia—especially in the Siberian area—Russia has raw materials which are absolutely essential for meeting the requirements of China and other countries of Asia.



So therefore, we have a natural basis—if we establish a new international credit system, of the type which Franklin Roosevelt had intended—simply put the monetary systems into receivership, bankruptcy reorganization, and on the basis of such agreements, using the United States, Russia, China, and India as the pivots around which we organize, to organize a system of international long-term credit, at interest rates of between 1 and 2%, or 4% on the private market, but 1-2% on government lending for large infrastructure projects. On this basis, we can begin an immediate recovery at any time we choose to do so.

We have to understand that we can not stabilize and defend the present monetary system in its present form. It is hopelessly bankrupt, and just as in any case where you have a firm, which is necessary for a national economy, or a regional economy, you don't want that productive firm to collapse. You want it to keep functioning. Therefore, the state must intervene to provide it protection of state, lawful protection, to prevent that firm from being shut down, and to make arrangements by which the firm can become solvent again. And then build on that, to expand the physical economy, to meet the physical needs of the people and to also make those investments which, in the longer term, will mean an increase in the productive powers of labor and a solution for many of the problems we have.

So, there is nothing in principle, in physical economy, which says we have to go down. However, if we try to defend—as the foolish United States has been trying to do, with no success recently—you *can not save this monetary system*. You have to put it through bankruptcy reorganization and salvage the viable portions of the system out of the system as a whole. On that basis, we can succeed.

## What Is Profit?

Now, another problem here is that people think too much in terms of price, money price. Money is not a measure of value. The problem is, we've had a habit, like a drug habit, of relying on money, and this is also in European civilization. Europe, for example, from about the time of the Peloponnesian War, was based on systems of credit—specie was used as a blackmail to control markets and goods. And on this basis, the assumption was that money was value.

Now, money has a certain value in the sense that some people have it and some don't, and that there are rules by which the monied interests prevail. But intrin-

sically, there is no relationship between money as such, and production; there is a relationship between *credit* and production. And the ideal solution for that in modern society is a fixed-exchange-rate system. That is, nations agree to fix currency values, relatively, at a certain level. On that basis, by fixing the exchange-rate of currency and regulating the currency accordingly, by cooperation among governments, you're able to ensure a permanent low rate of interest on long-term credit for purposes of maintaining and increasing production.

So therefore, what we need to do is go back to the precedent of Franklin Roosevelt, and say that we're going to cut out the Keynesian idea of a monetary system. We're going to eliminate European monetary systems. We're going to credit systems which are based on the power of the state to create and utter money, or the equivalent of money in terms of credit. We then must focus on low-cost credit, that is, reasonable credit but low cost, at a fixed rate assured over periods of one to two generations or more. By doing that, and eliminating the inflation factor in international exchange in terms of these investments, you then are able to maintain a low rate of cost on these investments in terms of interest charges. And this has to be arranged among governments.

Now, what we have to then look at is not the monetary aspect of this, but look at the physical aspect of it. What is least attended to these days, is: How does mankind generate what we can legitimately call profit? I mean, one person calls profit anything you can get a profit on, money profit. But what is profitable for a society, for a nation?

Generally what is profitable is those improvements which increase the productive powers of labor and standard of living of the population at the same time. These involve largely investments, and as society progresses, these investments become larger and larger per capita and per square kilometer. Large investments in capital improvements, both in basic economic infrastructure, and also in ordinary production and in the standard of living. We can do that by agreement among states, if we create a world system—not a globalized system, but a world system of cooperation among states which are sovereign. So you have agreements among a system of sovereign nation-states, which give up *none* of their sovereignty, but which agree, in the common interest, to certain new arrangements under which we can get the growth process going immediately again.



## Increasing the Productive Powers of Labor

Now, this involves investments which must increase the productive powers of labor. The issue is not just a money issue. The issue is, are we creating a society which, given the attrition of natural resources and other factors of that sort, and the growth of the populations—we can not operate on a fixed technology basis. We must have constant technological progress and utilized in such a way that we are actually *increasing* the productive powers of labor per capita and per square kilometer of territory. Therefore, we need *science-driver programs* and related types of cultural programs.

For example: This means we must improve education in such a way that we increase the productive powers of labor through improvement of their intellectual powers in labor. We must protect them by measures which ensure health care, because every time we lose a person from illness, to death, we're losing a person who could be productive. That is an investment also, of a certain legitimate type. So, we want to protect our population; we want them to live longer; we want them to become more productive; we want to shift away from labor-intensive drudgery into the use of productive labor through improving technology, through increasing the supply of power, these kinds of things.

Take a particular example. Let's take the case of Africa. Now the continent of Africa is essentially, really a British colony to this day, or a British victim, which is worse than a colony, and in Africa, especially in the sub-Saharan region, you have very large concentrations of valuable natural resources. But, at the same time, if you look at the map of Africa, look for railroads, look for highways, look for power stations, and take that map and look at it, as this helicopter study has shown, look at it region by region, sector by sector. Africa is largely an unimproved continent. It's unimproved because the British Empire has kept it unimproved, or accomplices of the British Empire have kept it unimproved. But yet, Africa, at the same time, its population is largely agrarian. It's capable of producing a lot of food. *But*, under present conditions, diseases—both animal diseases, vegetable diseases, and so forth—destroy the ability, per capita and per square kilometer, of the African farmer to actually deliver a net crop sufficient to meet the requirements of Africa. If we assist them, assisting them in having long-term investments in basic economic infrastructure—transportation, power, water management, these kinds of things—these poor farmers, these poor African farmers, without any

significant change in their basic education or skill at this time, can already begin to improve significantly the productive powers of their labor.

We *should* do this, because the world needs the raw materials which Africa has. They need to be able to develop them, and to use those raw materials as a way of improving their own internal economy. That's one mission.

China's got a terrible crisis on its hands: 1.4 billion people, and most of them are extremely poor. Most of them are extremely poorly developed, poor means of development. There's no way that China could survive at present, given this present crisis, merely thrown out on its own. So we have to think about the future of this nation, and we have to think about long-term development programs in China, which will enable China to solve that problem. We want peace? We're going to do that.

Now, north of China, we have in Siberia and in adjoining countries of Asia, we have tremendous natural resources which are essential for the development of Asia. Most of this is centered in Russia, which has on its tundra area, and other areas, it has these resources, but you can not simply yank these resources out of the soil. You must develop the territory, so you are developing the region which contains resources, to bring these resources to fruition. Without this cooperation involving, say, Russia and China, China can not solve its problems, because China requires raw materials to solve its problem. China has been working on trading raw materials for assistance, technological assistance, with Africa. China's done the best job of any nation, consistently, in cooperation in developing the economy of Africa. But this cooperation between Russia and China, on this issue, is essential. Similar things in other parts of Asia.

India has a somewhat different problem. India, presently, has a much lower exposure to the world market than either China, or most of the other countries, but India has a very large population of very poor people, and India's people depend on water, and so far, the water resources are the fossil water resources under the continental area of India. So, without nuclear power, which is the only way we can do this, India can not develop new sources of water which are now increasingly urgently needed to sustain the population of India.

## We Have To Correct Our Ways

So we have then two things: Stop the crisis, which we can do: If the United States, Russia, China, and India

decide to take the leadership in initiating a *global* program of bringing nations together, sovereign nations together, for creating a new international fixed exchange-rate credit system, it can happen. It can happen practically immediately. Once we do that, we bring the crisis under control. We're going to have to wipe out a lot of debts, but it's worthless debt, like speculative debt, speculative currency, not real investments. But in that case, we're on firm ground.

But *then* we have to correct our ways. We then have to increase productivity by investment in high technology, and applying it to the kinds of missions which I've indicated.

So, our situation is not hopeless. The problem is intellectual, cultural, and political. There's no reason the United States should not solve the problem. The problem now is, inside the United States, the United States is essentially controlled from London. People talk about the U.S. empire as replacing the British Empire. Not true. The United States is a victim of the British Empire, and anyone who lives in the United States, and knows how things work there, knows that.

So, what we have to do essentially, is take the United States as a power—and it *is* a power, implicitly—its people, its size, its history; it's a great power. The United Kingdom is not a great power, not by its history, not by its territory, not by its number of people or their skill. The United States is a much more powerful nation. And if we, as a powerful nation, and a traditionally powerful nation, cooperate with Russia, China, India, and other countries, in initiating a fixed-exchange-rate system of the type that Roosevelt *intended* at Bretton Woods in 1944, we can immediately stop this crisis. And I'm sure that the countries of South and Central America would agree, especially in Mexico and other countries. They desperately need that kind of alternative. And it's our job, as the major powers of the planet, to clear the way, so that other nations can join such a thing, and realize what had been Roosevelt's intention for a United Nations, not as an imperial institution, but rather, as an assembly of perfectly sovereign nation-states cooperating in their common interest. That we can do.



Mexico Attorney General

*Mexico is on the verge of being totally destroyed, LaRouche stated, through the drug traffic which is going through Mexico funneled into the United States. That must be defeated. "Without that, we don't have civilization." Shown: captured members of the Sinaloa cartel. Inset: drugs seized by the DEA during Operation Xcellerator, in February.*



DEA

The problem then becomes, how do we go from there? Because as the human population expands, as we draw down certain existing kinds of resources based on the use of fixed technology, we're running into problems. So therefore, the next step is, we must have a science driver, a science-technology driver, to increase the productive powers of labor, to compensate for the attrition caused by the passage of time. And that, for me, is the key issue before us.

### Britain's Drug Weapon

We have another problem, which may not seem economic, but it's a crucial one: The British Empire, built in the 1790s, based its growth of power on the use of drugs. A section of the United States was involved in this, but they were actually members or agents of the British East India Company. So the British East India Company, which was a private empire—it was not at that stage, England was not the empire—it was the British East India Company, a private company, which was the empire. The private company took over India, for example, and used the opium produced in India to destroy the nation of China. People in the United States cooperated with Britain in this project.

So the opium junk destroyed China, and destroyed

other countries. Since that time, the drug policy *has been the main weapon of the British Empire*, and they control it to this present day. I could give you chapter and verse on where it's done and what is done. But we must break this! We must break this because this is the one thing that can destroy every other effort to bring civilization back to a peaceful state today. We must break that drug empire.

For example, who runs most of the drugs in the Western Hemisphere? George Soros. Who is George Soros? George Soros is an agent of the British Empire, associated with Lord Malloch-Brown. He is the key who runs the drug traffic in Eurasia. He is the key that runs the drug traffic in the Americas, through his key-stone positions in the Caribbean. We have now a flood of the drug problem going through Mexico. Mexico is on the verge of being totally destroyed unless we protect it, through the drug traffic which is going through Mexico, funneled into the United States. That must be defeated. Without that, we don't have civilization. And the British Empire's main weapon, then as now, then back in the late 18th Century and now, is still the drugs.

For example: terrorism in Southwest Asia, as the recent terrorism in India, the terrorism in the area of Afghanistan and Pakistan and Central Asia, is essentially the same thing. In this case, it's opium, even though other things are going on there. The opium comes in at one price with the farmer on the borders of Afghanistan or somewhere, and it gets into Europe, and it's probably worth a thousand times more on the streets of Europe or the streets of North America. The same thing as with the cocaine. So that this drug weapon, which has been the main economic weapon of the British Empire, is *still* the main economic weapon of the British Empire, as it was in the 1790s and early 19th Century. And we know that in the United States.

So therefore, with the drug problem, we also have a morality problem. If we allow the drug traffic to proceed, then we lack the *moral* ability to realize the recovery we could otherwise have. That's one aspect of the thing.

And we have also the World Wildlife Fund. The World Wildlife Fund, which was formed by a former Nazi, Prince Bernhard [late, of the Netherlands], and the royal consort of England, Prince Philip, is again a weapon for destroying civilization. The whole thing is a fraud: *There is no such thing as global warming*; it's scientifically a complete fraud. But if we allow some-

one to come in with these green programs, which are intended to reduce the present world population—by the statement of Prince Philip of Britain—if we allow that to occur, the population of the planet under present economic trends, will be decreased rapidly from 6.5-6.7 billion people, to less than 2 billion. And this is exactly what Prince Philip has said. His objective is to reduce the world population to less than 2 billion people, as rapidly as possible. That's what he's doing. That's what the green policy is in Europe. That's what the anti-nuclear policy is in Europe and in the United States.

So, in addition to the real problems we have, given the economy, we have also these quasi-psychological problems, with the drug traffic and things like the green policy, which is a complete fraud, and which has got much influence still in the United States today. These things could be sufficient to destroy our chances of a recovery.

## Redefining Economics

At the same time, because of these things I've referred to, we have a problem in economics as a science, what should be a science. We rely too much on monetary theory, and from my experience as a management consultant in the old days and so forth, and doing studies on this sort of thing, there's no sense to that. A credit system is what's required, not a monetary system, as I indicated. But what's happening now is that we have political systems and a population which believes in the monetary theory, like the monetary theory of Keynes and people like that. This stuff is nonsense. Because we accept things like globalization, because we accept things like the green policy, because we accept things like monetary theory, our heads and the heads of our leaders in government are not clear.

You know, mankind is not a monkey. Some people should be able to recognize that. We are not monkeys. Human beings have an intellectual power which no lower form of life has. This intellectual power is the power of creativity, by which we make the discoveries which increase man's power per capita and per square kilometer, to produce, to solve problems, and so forth. These investments in technology and discovery of principles are realized through investment, largely in capital improvements, in capital improvements of the type which are related directly or indirectly to production.

For example: the organization of water systems, like major river systems, which is an essential part of this; the use of new inventions, going to higher energy flux-





EIRNS

*"Mankind is not a monkey," LaRouche declared. "Human beings have an intellectual power which no lower form of life has. This intellectual power is the power of creativity..." Shown: Members of the LaRouche Youth Movement in Bogotá display pedagogical exhibits at a school.*

density of power systems—this is the way in which we *realize* the potential for increase of the productive powers of labor per capita, per square kilometer. We are *not* gearing up our universities, our educational systems worldwide, to promote that kind of growth any more, the kind of growth which was characteristic of the progress of European civilization. Therefore, we are not making the kinds of investments in the places where we should make the investments, and the kinds of investments we should make, needed to increase the productive powers of labor. And therefore, even a good economic policy from the standpoint of housekeeping, will not succeed in solving the problem unless this includes a determination to mobilize science and technology to enable us to *increase* the productive powers of labor.

And therefore, we have to redefine the way we define the term economics. We should no longer think in terms of just monetary economics. We have to manage money, there's no question. We have to have a good money system, one that's reliable, and works. But we'll not get growth from a money system. We'll get growth by using the money system rightly, to promote investment and discovery of technological progress, to

move more and more to an energy-dense program, a capital-intensive program. That sort of thing. To increase the productive powers of labor through the education of our youth. To promoting scientific discovery and progress, and the re-experiencing of past scientific discoveries in our school systems. And also, at the same time, to cultivate a spiritual appreciation of the significance of the difference between man and an ape.

Because the things that we do that are important as human beings—the progress we contribute to society—does not occur within the span of the lifetime of a single individual. What happens is that the process of progress is one which goes from generation to generation. This used to be instinctive to us in European civilization, as extended into the Americas. We would

think, we would come into a country poor. The country is barren. We develop growth, we develop progress. Why? It occurs where the father, or the future grandfather, makes a contribution which is carried forward by the son, and a further contribution which is carried forward by the grandson.

So, the human being may be mortal, but the human being—unlike the monkey—has a commitment, a spiritual commitment, which goes beyond life and death, the commitment of a person who is living not merely to do something with their own life, in their own lifetime, but to realize the valuable contributions made by ancestors who may be dead, but whose work is valuable. And we the living, move forward with it.

We move forward by creating the conditions under which our children and grandchildren carry the torch of progress based on what we do. So, we define ourselves as we used to commonly in the United States. We define ourselves as four generations generally, immediately, one generation after the other, with a mortal life but an immortal destiny. And if we don't have that characteristic in our economy, we're not going to be able to solve the present problem.



SCHILLER INSTITUTE

## Principles for Rebuilding the Bankrupt World Economy

The Schiller Institute conference held Feb. 21-22 in Germany, featured a broad array of presentations on the subject of “Rebuilding the World Economy after the Systemic Crisis.” After the keynote speech by Lyndon LaRouche, in which the world-renowned economist discussed the need for all nations, including those in Europe, to reassert their national sovereignty in the context of the creation of a Four-Power alliance among the U.S., Russia, China, and India, the majority of contributions came from leaders of European nations.

In this, our third selection of speeches from the conference, we feature speakers from Germany, France, and Italy, all of whom present unique insights into the approach needed in their nations in order to restore the national sovereignty, and prosperity, which have been wrested from them by the British-imposed Maastricht Treaty.

In previous issues (see [www.larouchepub.com](http://www.larouchepub.com)) we have published the speeches of Lyndon LaRouche; Helga Zepp-LaRouche, founder of the Schiller Institute; Jacques Cheminade, leader of the LaRouche movement in France; Prof. Devendra Kaushik, former chairman of the Center for Russian, East European, and Central Asian Studies at Jawaharlal Nehru University in New Delhi, India; Prof. Hans Köchler of Austria, president of the International Progress Organization; and Prof. Norton Mezvinsky of Connecticut University, U.S.A.

Left to be reported in the near future are the presentation by Father Bonifacio Honings, emeritus professor at the Pontifical Lateran University in Rome, and a

panel discussion by leading members of the LaRouche Youth Movement in Europe.

In her keynote address, focussed on the creation of a new European Renaissance, Zepp-LaRouche had called upon all the nations present (there were 25!) to reach back to the highest point of their cultures, in order to mobilize itself for reshaping the world politically and economically. She said:

“The only way to get out of [this crisis], is to go back to the ideas of Nicolaus of Cusa: the idea that a concordance in the macrocosm can only be, if you have the best possible development of all microcosms, and that each microcosm takes it as its self-interest to develop the other microcosm in the maximum way. These were the ideas which went into the Peace of Westphalia. . . .

“European nations have to come back to their senses, because it is very clear, that we are in a situation where China and India will be the biggest factors in the future: These two countries alone, presently, already have a population of 2.5 billion—that’s more than one-third of the world’s population, in just two nations. . . . We have to have long-term, multi-level cooperation on joint economic programs, like the Eurasian Land-Bridge, as the cornerstone for the reconstruction of the world economy. But it has to go together with a renaissance, an emotional change, a cultural renaissance, and people really have to change! People have to value, not money, but their creativity! They have to value a fulfilled life of contributing something immortal to the next generation. And I think we can do it.”

## The Future of The Euro

*Professor Hankel, former head of the Money and Credit Department of the German Finance Ministry under Karl Schiller, and former chief economist of the Kreditanstalt für Wiederaufbau (Reconstruction Finance Agency), gave this speech to the Schiller Institute's conference in Rüsselsheim, Germany on Feb. 21. It has been translated from German.*

When the euro was introduced as Europe's common currency, one of the most eminent European economists wrote, "Now there will be no more economic crises in Europe. That is just for the Third and the Fourth World." Ladies and gentlemen, we have arrived into the Third and Fourth World.

The financial crisis that is the central theme of your conference, and that has just begun and is by no means over, did not begin in Europe, nor with the euro. But unfortunately, the euro will now hamper Europeans' efforts to re-emerge from this crisis unscathed. The euro is not a tool for crisis prevention, but on the contrary, it is a crisis amplifier. That is what I want to establish.

When the euro was introduced, the hard-currency countries, with Germany at the top, the so-called D-mark bloc, gave their European friends a generous interest-rate gift. In the countries that I will call the "Club Med countries" for short, since most of them are on the Mediterranean—Spain, Italy, Greece, and Ireland as an "honorary member"—interest rates were reduced to one-half to one-third of their previous levels. Spain had interest rates of 18%, Italy 14%. With the introduction of the euro, they all went down to the German level, which at that time was 6-7%.

This interest-rate gift was necessary, since these countries did not fulfill one of the most important criteria for monetary union, namely the convergence of eco-



EIRNS/Julien Lemaître

*Prof. Wilhelm Hankel: If political leaders don't reverse their fatal errors in financial policy, "it won't be long before we see the Eurozone falling completely apart, either through cessation of payments or through outright quitting—since every state must put its own concerns first."*

nomics development and economic policy. Overnight, a boom was unleashed in the Club Med countries, which then developed into a bubble—inflation of credit based on low interest rates. This was made possible by the "secure creditworthiness" of the old, more stable countries, as the weaker euro of the Club Med suddenly became equal to the stronger euro of the old DM bloc. A Spanish, Irish, Italian, or Greek euro had the same value, and the same guarantee of stability in all respects, as the German, Dutch, or Austrian euro. The European Central Bank was the guarantor of our synthetic "euro stability." It exchanged, and continues to exchange, all these euros of such divergent value, at the same common rate of 1:1.

To this very day, I have not found out whether the fathers of the euro had any premonition of the crisis we are faced with now. If you look inside your wallet and take out an x-denominated euro bill, you'll find a letter



www.bueso.de

*This “new deutschemark” was a graphic designed by the Civil Rights Solidarity Movement (BüSo), which is headed by Helga Zepp-LaRouche. The BüSo vigorously opposed the Maastricht Treaty’s replacement of the DM with the euro, as did Professor Hankel. The proposed new deutschemark features portraits of Clara Schumann and Friedrich Schiller.*

in front of the number designating the value of the bill. The letter X stands for Germany, the letter U for Spain, etc. You can still see today, on every euro, which central bank issued and printed it. And although the exchange rate remains 1:1 for these various euros, that does not exclude—I’ll come back to this later—the introduction of something like a new, differentiated exchange-rate policy in Europe.

But first, the introduction of the 1:1 euro in 11 countries—now there are 16—led to divergence of economic development and, even worse, of inflation rates. The OECD recently reported that the inflation lead of the Club Med countries—those I have just named—has been 20-30% by comparison with the Center, since the euro’s introduction.

This is bad enough in itself, and justifies the lawsuit that Mrs. LaRouche mentioned earlier, which I filed ten years ago before the Federal Constitutional Court (Bundesverfassungsgericht), along with three colleagues. We had sued, based on a ruling by the same court in 1993. At that time, the highest German court established succinctly, as the ruling states: “Should the euro prove not to be as stable as the D-mark, any German government could”—and I add, *would have to*—“leave the Monetary Union.”

In our suit, we had argued that 11 countries (much less the 16 we have today) could never achieve or maintain the stability of the D-mark according to the philosophy of “one size fits all.” The court then told us that a German Constitutional Court’s mandate does not in-

clude verifying the accuracy of economic theories. Meanwhile, it’s obvious: It’s happened!

Hand in hand with the disparity in inflation, however, went something whose dramatic character we had underestimated back then, namely the massive private foreign indebtedness of the Club Med countries. Investments in Greece, which is today one of the most unstable countries; investments in Ireland, which is also unstable today; not to mention Spain, Portugal, Italy, and others, had the same cur-

rency guarantee, the same protection for creditors, as investments in stable countries. The result was, and is, massive foreign indebtedness of all the former soft-currency countries. Whether it’s Ireland, Portugal, Spain, Italy, or Greece—not to mention the newly arrived “great states” such as Malta or Southern Cyprus—they are now all up to their necks in foreign debt. I am not talking about state debts, but private debts.

And now, in this financial crisis, we are experiencing how these funds are draining away. They are draining away from Ireland; they are draining away from Greece, they are draining away from all these countries. And so the specter is emerging, not only in Ireland but in the entire group: bankruptcy of the banks, plus state bankruptcy.

### **‘No Bailout Clause’ Is Irrelevant**

The EU treaty which is the basis for the euro, however, includes Paragraph 103, which provides for precisely this situation, but which, in the present crisis, appears to have been pushed aside—the so-called “no bailout clause”: Each state is responsible for its own finances, and no state has a legitimate claim on others to bail it out. And now it appears that in the current crisis the “no bailout clause” is suddenly no longer valid. For the threat of bankruptcy of the state and the banks in perhaps 10 or 11 of the 16 countries is naturally not without its effect on the Monetary Union, the euro, and the cohesion of the EU.

Hence the desperate efforts by the European institu-



tions, the Commission, and also the ECB, to organize something like a European assistance program, a stand-by system. But the question is: Where is the money to come from? And the even bigger question is, what amounts are we talking about, and who is going to cough them up? Because meanwhile it becomes clearer every day: The four surplus countries of the European Union, namely Germany, the Netherlands, Austria, and to a lesser extent Finland, are absolutely not in the situation they once were, to use their surpluses to balance out the deficits of the other groups. Thus, even in the past, the “no bailout clause” was irrelevant, since the surplus countries had been using their surpluses to finance the flows of funds into the deficit countries—a flow that consisted, and still consists, of euros, but also of foreign currencies such as the U.S. dollar.

But this role of the former D-mark bloc as “banker” has been played out. Every day it’s getting clearer: The surpluses are shrinking—in the German case, downright catastrophically, but the same in the other cases—yet the deficits of the less stable countries are rising even more catastrophically, since underconsumption and overinvestment in the Club Med countries are now leading to massive capital flight by foreign creditors.

The whole thing is an ironic arabesque: This capital flight is weakening the euro and is strengthening the dollar, and thereby the heartland of the crisis. It is certainly a safer haven than the euro. And because of this, since a few weeks ago, you have been seeing the euro going down and the dollar rising, even though the dollar really ought to be going down, too. But that’s only secondary.

The question now being posed in Europe is of existential significance: Could the four surplus countries of the former D-mark bloc, like Atlas, support the weight of the rest of inflation- and deficit-ridden Europe? Would that not overextend them?

They don’t seem to think so in Brussels, since the French initiative there amounts to setting up an economic government and floating common EU bonds. Such an economic government would do only one



EIRNS/Ilya Karpowski

*“The question right now,” Hankel said, “is how to stop the crisis from overflowing and spreading into the real economy, into what Mr. LaRouche calls the physical economy.” Here, what remains of a Berlin factory in 2006.*

thing: establish quotas for the stand-by credits required.

And one doesn’t have to be an economist to forecast that the four surplus countries are not in any condition to supply the sums required for such a common bond. For their deficits are reaching astronomical sums, and they will only increase because of the deficits of the countries that are EU members but are not yet participating in the euro, but are standing outside the door: the so-called Exchange-Rate Mechanism No. 2—e.g., the eastern Europeans, the Baltic states, Poland, Hungary, the Balkan states, etc. And the surpluses of the four creditor countries are taking a dramatic nosedive.

Europe is sinking into an orgy of threatened illiquidity of the banking system as well as of state financing, and the “banker” countries that could previously pay for it, are meanwhile seeing the same problems at home. Neither the German savings rate nor German tax revenues are remotely adequate to meet domestic obligations, much less those additional burdens that are now being demanded that Germany take on for others. European solidarity is collapsing from its costs!

We are already experiencing what will become even more intense in the coming months: The current account surpluses of the one group are going down, and the current account deficits of the other are rising. The

total deficit of the Eurozone is increasing. With respect to countries outside the EU, that means a decline in the exchange rate, devaluation of the euro, intensification of capital flight. Domestically, the crisis of the real economy will intensify, economic growth will turn negative, the crisis will smash into the labor market. Europe as a whole is threatened by mass unemployment.

The European institutions, particularly the Commission and the European Central Bank, but also EuroStat, the statistical office of the European Commission, have spared no effort to cover up the long-looming crisis. To this day, the European Central Bank has refused to reveal the bilateral current account deficits of its members. All we know is the total deficit of the Eurozone. The same goes for EuroStat. Years ago, I sent a member from your ranks to EuroStat. He came back and reported: Bilateral figures for the foreign economic performance of the individual national economies within the Eurozone are not publicized. That means that the public, and presumably also national policymakers, have been left in the dark about the slow maturation of European-wide inability to pay!

But whether that is now reflected in the statistics or not, the situation is unfortunately what it is. From one day to the next, there are increasing signs that more and more EU countries, as well as those waiting outside the “Euro Door” with a claim to be allowed in—Latvia, Ukraine, Poland—as well as those within the Eurozone—Ireland, Greece, Spain, Italy—are getting closer and closer to the brink of bankruptcy of the banks and the state. There is no rational concept of assistance. “Continue to do what we’ve been doing,” is the slogan. But that is tantamount to a political declaration of bankruptcy.

What is happening here is also a damning indictment of economic science. There is now a strong movement here that insists that currency exchange rates should be replaced by a currency region. Robert Mundell’s “optimal currency region” maintains that currency rates are superfluous. The man even got a Nobel Prize in Economics for this false doctrine, and is presumably still enjoying his prize money, though I’m sure he’s no longer enjoying the reasons why he got the prize.

## **Reestablishment of National Sovereignty Over Currency**

If we try to treat the problem rationally, it turns out that there is only one way out of the Euro-crisis: reestab-

lishment of national sovereignty over currency. It’s not for nothing that state and currency have formed a pair for 3,000 years. And the notion that an NGO—namely, the European Central Bank, a stateless central bank—could be entrusted with management of 16 currencies, surely is among the more insane ideas of our time.

We need a return of exchange rates, living, breathing exchange rates, a system of national currencies with their own regulation of the quantity of money in circulation, control over credit, and inflation risk-free interest rates. And why? Because this is the prerequisite for defending ourselves against the looming threat of state bankruptcy. Only a central bank can do that, ensuring the financial sovereignty of the state, economy, and society—possibly at the cost of later inflation. But often the prospect of later inflation—in the current crisis it is not occurring anyway—is less terrifying than unpaid wages, salaries, and pensions, and massive loss of jobs.

We must return to realistic exchange rates, and that means a complete revision of the current monetary system: a new Bretton Woods. And that, in turn, means the complete revision of the Eurozone, this subsystem which is so crucial for the stability of global financial affairs. The separation of the state from utterance of currency, and the resulting worldwide privatization of credit: These are the two fatal errors of the today’s *Zeitgeist* which have plunged us into this crisis. The sooner political leaders both on this and the other side of the Atlantic realize this and correct their error, the sooner the Western world will emerge from this crisis, and at lesser cost!

If that does not occur, it won’t be long before we see the Eurozone completely falling apart, either through cessation of payments or through outright quitting—since every state must put its own concerns first. I might add that this will be a healthy shakeout of the Eurozone, since it will be reduced back to the old D-mark bloc. Because only the D-mark could successfully be a common currency: Even early on, exchange rates in this area were structurally stable because of the intensive integration of economic activity and trade. And if you have “real,” stable exchange rates, then you can also legalize this state of affairs, by means of a common currency. But if you have rates which are overvalued in real terms, such as you have in the “Club Med” countries, which in turn bring depressed interest rates at high rates of inflation, then sooner or later you are going to



Creative Commons

*Greece, one of the “Club Med” nations, has become one of the most unstable countries in Europe, as private foreign indebtedness soared. Shown here, riots in Greece in December 2008. The threat of social explosion remains.*

punish the market. And that’s exactly what is happening right now!

And thus, either the Eurozone will shrink back into an expanded D-mark zone—which, however, Germany’s numerous “friends” in Europe don’t want. And presumably they know how to prevent it. Therefore, on this issue we should have people come up with a compromise between “as much monetary autonomy as is necessary, and as much European cooperation as is possible.” It could be with a restructuring of the Eurozone. That could be brought about by having the national central banks issue their own currency, or their own euros with the corresponding letters in front of the denomination; and then among the various national euros you could bring about a system of realistic exchange rates.

The European Central Bank would then play the role of a European International Monetary Fund, a coordination bureau, and the old euro could continue to exist as a unit of account, similar to the ecu or the IMF’s Special Drawing Rights. No longer as circulating money, but rather as an abstract unit of account and reference basis for exchange rates.

Why is this solution—the reverse phasing-out of the Eurozone—ultimately inevitable? First of all, because the states’ political and democratic responsibility toward their citizens, their well-being and their social stability, cannot be shouldered by any NGO or suprana-

tional institution. Only recently, a friend and fellow combatant appeared before the German Constitutional Court in regard to the Lisbon Treaty, and told the justices that a supranational organization such as the EU is not a state. And if it is not a state, then it can possess neither the responsibility, nor the instruments that are now required to get a crisis in hand here at home and in the other European states.

There is therefore no pathway which circumvents a return to national monetary sovereignty, since an active structural and economic policy must always stand on

two legs: monetary policy and state financial or fiscal policy.

The gap between monetary policy, which has become supranational, and fiscal policy, which has remained national, must be closed once again. Because only then will there be justified grounds for hope that Europe’s states—the 16 inside the Eurozone, and the other 11 on the threshold—can, through a great exertion of national effort, once again be freed from the stranglehold of this seemingly bottomless crisis.

That’s no utopia. In 2000, I was active as a government and central bank advisor in the now-vibrant Asiatic “tiger” countries—in China, Indonesia, Malaysia, Vietnam, and others. These countries also had to learn back then, that with incorrect exchange rates they would slide ever more deeply into crisis, ever more deeply into foreign indebtedness, since an incorrect exchange rate leads to the seductive illusion that foreign capital is cheaper than domestic capital. But when the foreign capital starts flowing out again, you see how expensive it actually is.

These countries devalued their currencies by between 20% and 30%, and are now completely stable. Since then their economies have been vibrant.

My proposal is both theoretically compelling and empirically tested, and now it will all depend on whether what I’m presenting here becomes the focus of future



policymaking. Then we can indeed hope that with a timely reorganization of the Eurozone, and with the aid of national exertions, we can be rid of the worst consequences and costs of the present crisis.

But as for what will happen if this is not done, I dare not elaborate. Because then this crisis will have even more terrible consequences here than it will in America. For one of the biggest differences between this side of the Atlantic and the other, is that the new U.S. President Barack Obama has the power to wield both instruments of crisis elimination: monetary policy and fiscal policy.

And he needs both. You only have to get a clear sense of the dimensions we're talking about: America's fiscal program is in the magnitude of \$700 billion. That's almost the same amount that Germany is spending: Eur500 billion. I.e., the fiscal burden on each U.S. citizen—public debt and then tax hikes—is only one-fourth as great as in Germany. How can they do that over there? Because the chief burden of credit supply for banks and the economy lies not with the State, but rather with the Federal Reserve System. You can debate whether it makes sense for a central bank to buy up junk

loans and release them. But the question right now is how to stop the crisis from overflowing and spreading into the real economy, into what Mr. LaRouche calls the physical economy. What's done later on, is another thing entirely. America is, in any case, further along in halting the crisis, than Europe.

That is one more reason why reasonable speculators have long come to understand that the dollar holds better cards than the euro. The euro is a fiat currency, and the dollar is not. The task at hand on the old continent is, therefore, how to minimize the damage to the real economy resulting from the failed euro experiment, and to keep that damage as small as possible. That would already be a significant victory.

This, ladies and gentlemen, concludes my analysis. I have sketched out what a future European monetary system should look like. It is and remains, of course, a subsystem of the world economy, albeit an important one. As to what a future world monetary system will look like, I leave that up to the initiators of this conference to sketch out. But my own views do not diverge all that much from theirs.

Thank you.

## Hankel's Decade-Long Fight Against the Euro

Wilhelm Hankel and three other prominent German economists challenged the constitutionality of the euro in German court, more than 11 years ago.

Hankel, Wilhelm Noelling, Albrecht Schachtschneider, and Joachim Starbatty submitted a legal initiative to the country's constitutional court in Karlsruhe, charging that at least four articles of the Constitution were violated by the European Monetary Union (EMU) and its then-envisioned transfer of sovereignty: Article 14 (guarantee of property), Articles 20 and 28 (guarantee of the social welfare system), and Article 38 (sovereign, democratic rule).

In interviews published Jan. 13, 1998, Noelling and Hankel, both former members of the German central bank council, explained why they took the

government to court. Noelling presciently told the daily *Sächsische Zeitung*: "We think that the future currency will not be a stable one."

Hankel told the daily *Tagesspiegel* that what motivated them to file the suit was concern that "probably the most important article of the German Constitution, Article 38, which means that no German government can have a mandate to govern against the nation," is violated by the government's EMU policy.

As reported in the Feb. 27, 1998 *EIR*, Hankel also referred to Articles 14 and 20, which define Germany as a social welfare state, as being undermined by the clauses of the Maastricht Treaty which banned sovereign economic initiatives, such as those to fight mass unemployment and corporate collapse. The EMU was a script for deepening economic depression and expropriation of social rights and savings, Hankel and Noelling argued. As Professor Hankel reports in his speech published here, the court rejected their arguments.

## The Crisis, or Abandoning The ‘Politique’

*Eric de la Maisonnette, Division General (2S), is the President of Société de Stratégie in Paris. He gave this address to the Schiller Institute Conference in Rüsselsheim, Germany on Feb. 21. It was translated from French.*

The financial and economic crisis that has come upon us, however important, or even dramatic it may be on the social plane, is nothing but the tell-tale sign and the symptom of a much more profound “crisis,” revealing, in reality, a change of period, as sometimes occurs in history, as during the 15th and 16th centuries with the Renaissance, and with the advent of modern times.

In such a difficult situation, we must particularly avoid confusing the forest for the trees, realizing that this crisis is masking, in part, the ongoing upheaval in the world today. If we are dealing with the end of one period of history and the beginning of a new one, then we must be careful not to be mistaken in our diagnosis, and not make too many errors in the remedies.

Obviously, the financial crisis has direct causes—political and technical—that we must be able to assess, measure, and understand. There are many lessons to be learned about the errors to be avoided in the coming months. Certainly the financial crisis has economic and social consequences that we must attempt to overcome and contain at all costs.

But most important, in order to understand the mechanism and the gravity of the current crisis, is to place it back in the historical context of the last 50 years, after the end of “European time” in 1945, and before the entrance into the “world time,” in 1990. It is that pivotal period, between 1945 and 1975, which was our “Glorious Thirty Years,” our “*Trente Glorieuses*,” when everything was at stake, and the sundry factors that brought about the present crisis were set into motion.



EIRNS/Julien Lemaître

*Gen. Eric de la Maisonnette called for a return to the concept of the politique, which he described as the “‘mast’ of our ship—its superstructure,” which, for centuries, gave meaning and strength to the nation.*

### The Inheritance

In essence, those elements all converged to debase, and then weaken, what had been for centuries in Europe the “mast” of our ship—its superstructure—that which was giving it its meaning and its strength: that is to say, the “*politique*.”<sup>1</sup>

The first of these elements to have weighed down on the *politique*, is the failure, and then, the end, of the ideologies bearing hope, the future, and also utopia. The totalitarian experiments of the 20th Century have brought ruin to most of the great ideas born of European philosophy. They have perverted the political projects these ideas had inspired.

The second element—directly linked to the first—is the seizure of power by “economists,” both those who would theorize and those who would run the economy. They have imposed on populations a solution in place

---

1. *Politique* is a specific French term from the time of Henri IV (r. 1559-1610), indicating a ruler who puts the nation ahead of his personal interests. This is reflected in the fact that Henri IV had sacrificed his Protestant belief to become a Catholic for the benefit of the unity of France.

of the disavowed *politique*, which was also a peaceful solution: peace by growth and prosperity. It consisted of attaining happiness—the utopia of ideologies—through well-being, to be inscribed within a concrete, consensual, and effective model of development. In fact, the economists offered bright prospects for achieving the ends of societies by means of permanent growth, and, as an example, for refounding a ruined Europe by means of coal and steel.

This was a pragmatic and solid approach, but starting from the “bottom,” and required therefore, in order to get to the “top,” constant aspiration and stimulation. The political idea of human happiness—the one found in the *Brave New World* of Aldous Huxley—was replaced by the practice of material well-being. In a certain way, the “world of soldiers” was going to be succeeded by the “world of merchants”; better still, the technicians were overtaking the politicians. The technicians of economy imposed this new belief all the more easily once they had relieved the *politique* of one of its royal prerogatives: the control over the currency. They did not rest in pressing their advantage until they succeeded in regulating the economy from the inside of political power. It is that surrender of the *politique* that we are suffering from today.

At all times, the *politique* has had the responsibility for a “project of society.” It had the duty of elaborating it, by embodying it, and making it work, whether because it made its own decisions under authoritarian systems, or because it was the legitimate executor in democratic systems. It is certainly within the implementation of this “project”—which was for a long time, dedicated to the survival of society and to the constitution of its geographical and cultural framework—that the *politique* abused its power and has dragged humanity from one war to another, into a sort of collapse. It is because of this failure (after 1945 especially) that the *politique* was stripped of its sovereign power—to wage war, the *jus ad bellum* (just war)—for the benefit of international authorities—a “thing,” as General de Gaulle would say, speaking of the UNO. That is why “projects of society”—utopian and dangerous—have been replaced by realistic and convincing “growth projects.”

The problem of growth plans is two-fold. First of all, they occasionally set people to dreaming and can, when they are exclusive, uncork revolts, as during May 1968. Furthermore, they contain within themselves their own failure, because growth is not unlimited, and every quantitative system runs up against contradic-



*The French term politique dates from the time of Henry IV (r. 1559-1610), and indicates a leader who puts the common good of the nation ahead of personal interest.*

tions, and in every case, one day, its limitations. Today, we have reached that stage where we are deprived of everything: We no longer have a project of society, and our growth plan is in a breakdown.

### Some Guidelines for the Future

What are we to do in such a complex and apparently blocked situation?

Outside of those remedies that are drawn up to serve as a shock absorber or a stopgap in the present crisis, and which would appear debatable as long as the “financial barrel” seems bottomless, we must rethink the essentials of how societies function, and, acting within a framework imposed by globalization, of the global society which is our humanity. Which means that it is indispensable not only to coordinate corrective measures, but also to seek a global consensus to reconstruct what is called, somewhat abusively, “the international community.”

Absorbing the shock of the crisis means, first of all, that we do not mortgage the future with a colossal debt or with demagogic measures; in both cases the tab



would be heavy. The threat of social explosions is, in fact, very real, as the recent incidents in the Antilles indicate.

We must consider how to reconstruct effective and democratic socio-political structures that permit: first of all, to reestablish a “project of society,” and, in doing so, to return the *politique* to its legitimate place; second, we must restore the technical services—important, even essential, but secondary—the various technical services, beginning with finance, and do it that much better, and faster, because those services hold the key on which our future depends, notably for the development of human potential and for the survival of the planet.

In our classical systems, these structures of society have always been vertical structures, where the “top,” that is to say, the *politique*, would impose its point of view on the “bottom.” This system has been discredited, not only because of the debasement of the *politique*, but mostly because of the emergence of the bottom, whether it is represented by the citizens in each country, or is symbolized, at the world level, by developing nations in Africa and Asia, notably China and India. It is surprising that, in 2009, these two demographic giants—and economic, in the case of China—are not admitted with full rights into the G7, the leading club of the planet.

In reality, in each of our nations, as well as on the international level, we speak of democracy with abandon, but we never put it into practice, in concrete terms. What I venture to propose is that we finally put into place the structures that would allow for the normal exercise of democracy.

This process of considering the “bottom” seems to be the only feasible way of allowing the elaboration of a new project of society. Without doubt, a project whose foundation must be that which is common to all humanity—bearing especially on the very survival and dignity of man—and based on the aspirations acknowledged as universal. And also without doubt, a project whose other aspects acknowledge the right of peoples to diversity. In all, to find a ratio of equilibrium between the numerator of diversity and the denominator of commonality.

In French society, for example, when the social bomb must be defused before it explodes, the convening of the “Estates General,” according to the formula of 1789, would permit citizens the ability to express themselves by other means than in the street, and other-

wise than the shortcut of the ballot box; they could thus pass along to the leaders a certain number of messages, thereby helping to renew the long-lost relationship between society and its superstructure.

Maybe we should imagine procedures along the same lines for the renewal of the “European project,” which has totally run aground today.

Since we are dealing with “world governance” in which the present heavy techno-structure is ineffective and is manipulated by vested interests, of course the idea of convening the Estates General might be impracticable, but we could consider Permanent General Assemblies which would permit the different peoples to come together for the purpose of defining their destiny.

Finally, this project of society, if it is to be inspired by the citizens, could not be either elaborated or activated without the reconstitution of new elites, concerned for the common good and respectful of the diversity of cultures. Populism and demagoguery, which could lead to uncontrolled exercise of direct democracy, are the worst dangers. But oligarchism and plutocracy, which we face in all of our societies, are as well.

One of the essential tasks today is the formation of a new elite, capable of simultaneously helping reconstruct the system and representing the aspirations of the citizens. Where are today’s elites “educated,” if not in the “business schools,” where, aside from management and marketing, they are taught to profit from their education at the highest price? We must base the cadres of future generations on different foundations than those of consumerism: They are worth more than this strictly material approach.

## Conclusion

These were a few guidelines, not for resolving the crisis whose accounts will have to be settled, but to reinterpret it. Contrary to the French meaning, which only underscores that the evil character, the word “crisis”—*wei-ji* in Chinese—has a broader and more “strategic” meaning; as suggested by the Greek etymology, where *crisis* is a moment of uncertainty and therefore choice, crisis is also an *opportunity*. It is a moment where everything is possible, the worst as well as the best, but the one and the other depending on choice: that is to say, on human free will. Doubtless, we will not escape unscathed, but it is up to us to prepare, without delay, the best for tomorrow. A different world just as entrancing as the current one but, we all hope, more human and more just.

# Small and Medium-Sized Entrepreneurs Are the Backbone of Italy's Economy

*Catia Polidori is a member of the Italian Chamber of Deputies from Città di Castello in Perugia, and serves on the Committee on Industry and Trade. A meeting of the Chamber, called at the last minute, prevented Mrs. Polidori from attending the conference, so her speech was submitted in writing.*

I very much wanted to participate in this event, for two reasons:

First of all, because I am familiar with the character of this movement and the importance of the work it does; and second, to present the situation in Italy, and the efforts which our government is making to revive the real economy.

Until the Spring of last year, I was the president of the Young Entrepreneurs section of the National Federation of Small Businesses. After running for Parliament in the center-right coalition led by [Prime Minister] Silvio Berlusconi, I was elected to the Chamber of Deputies, where I serve on the Productive Activities, Trade and Tourism Committee.

I do not speak on behalf of the Italian government; however, in my reflections on the Italian situation and Italy's role at this time, I would like to present some of our government's positions, and in particular those of Economics Minister Giulio Tremonti.

Regarding the crisis, I agree with the general analysis made by the LaRouche movement. The gradual divergence between the real economy and the financial economy has brought us to a dramatic situation.

For centuries, bankers collected money on trust, and lent money at their own risk, but with the advent of what can be called "creative finance," banking institutions have been allowed to incorporate that credit into new financial products. As more of the products were sold, less and less risk remained "in house." Thus, the risk-virus began to circulate through "derivatives," which, according to some analysts, were supposed to be beneficial for everyone. We have seen, though, that the reality is different.



catiapolidori.it

*Member of Parliament and entrepreneur Catia Polidori called for "an organic vision of development, for enterprises and society as a whole." Citing Italian Economy Minister Giulio Tremonti, she stated, "The evil we must fight is in the financial sphere ... and its name is derivatives."*

## The Crisis Is Systemic

This is a first, important point to stress. The crisis is systemic. Too often here in Europe, and in other areas as well, we thought that our economy was somehow insulated from the problems which have exploded so violently in the United States.

Additional damaging consequences were produced by globalization, the possibility to develop economic and financial operations outside of ordinary jurisdictions. It was said that this change was necessary in order to reduce the impact of suffocating rules. Indeed, in the United States, in 1995, 1997, 1999, and again in 2000, legislative measures were drawn up that promoted financial deregulation. We were told that here in Europe we have too many rules, a rigid system, in which the impact of the creative finance of Wall Street and the City of London wouldn't be felt. Just one year ago, many economists and politicians blissfully and irresponsibly claimed that the crisis in the U.S. would not have much of an effect in Europe. Others said that it would be confined to the financial sphere, with no effect on the real economy. In Italy, even today, the vast majority of our banks appear to be only marginally affected by the crisis.

For too long, at the highest levels of finance, people were under the illusion that money could produce more

money by itself. But, as many economists had predicted, the capitalist system degenerated, and ultimately the crash brought down managers, banks, and the many people's savings. In the mad season of illusion, of the perfect sustainability of debt, a giant house of cards grew up, which many admired, but which was profoundly fragile, and ended up triggering a chain reaction collapse.

Today, though, the naiveté of those who claimed that the crisis would only affect the few, is abundantly clear. The credit crunch affects everyone. The continuing slowdown of the real economy is hitting every country and every economic sector, and there is a real possibility that things can get much worse.

The crisis of the financial system is the crisis of the entire economy. As often happens in history, the decisions of a few involved everyone. Maybe we didn't succeed in countering these decisions in recent years because we were poorly, or insufficiently, informed.

## Effects on the Physical Economy

As an Italian entrepreneur, I am particularly sensitive to the problem of the effects on the real economy. You see, small and medium-size enterprises (what you call *Mittelstand* here in Germany) are the backbone of the Italian economy. There are large companies, of course, which have followed the trend in recent years, with outsourcing, new financial strategies, and the like. But small enterprises resisted this mirage as much as they could. Small enterprises live on innovation, skill, and a strong relationship with the local territory. Despite the incessant encouragement to be listed on the stock exchange and take advantage of the "new financial instruments," we are not part of the "shareholder value" economy, in which everything is dictated by the profits of hedge funds or other speculative vehicles.

In this sense, Italy has been accused of not being modern, of not being ready or able to survive on the market. The reality is that we have numerous important economic sectors and a solid industrial and social fabric; at least it's more solid than the paper economy in many nations in recent years.

This is not to ignore our problems, which indeed exist: There is inefficiency, an infrastructure deficit, and



EIRNS/Stephen P. Meyer

*Polidori expressed her agreement "with the general analysis made by the LaRouche movement. The gradual divergence between the real economy and the financial economy has brought us to a dramatic situation." Here, LaRouche visits an aeroponics facility in Vicenza, Italy, July 2001.*

above all, in the South, the Mezzogiorno. Giulio Tremonti often refers to the great problem of the Mezzogiorno, an area with no banks of its own, and institutions without strong links to the local territory. In short, this is a region which, until recently, has lacked a mission for development. This is why our government has begun work on the Messina Bridge between Calabria and Sicily, recognizing the importance of an organic infrastructure network, instead of isolated projects which are unable to bring real change.

I believe that it is important to recognize the common nature of this economic and social model in countries such as Italy, France, and Germany, despite certain differences.

I would like to speak of one of those differences briefly, which is currently the subject of public discussion. It is well-known that Italy's public debt is among the highest in the world, in percentage terms, with respect to GDP. On the one hand, we must acknowledge this significant problem, which is the result of decades of imbalances in which Italy was forced to raise interest rates, thanks, in part, to the "skillful advice" of the International Monetary Fund.

However, there is another side to this Italian "vice," which is the virtue of savings. Italy—along with Japan, another nation with a very large public debt—not sur-



prisingly, has one of the highest internal savings rates in the world. Our society is not indebted, unlike those countries with very high levels of consumer credit, where people take out loans just to survive.

Yes, we have a large public debt, but a considerable portion of that debt is held by Italian families. In fact, if we add up the public and private debt in Italy, it comes out to approximately 130% of GDP, which is very similar to the situation in a country such as Germany, for example, where the sum of the two is approximately 120%.

The problem is that in recent years, Italian families have been pushed to invest in mutual funds or other speculative instruments, rather than in the public debt; and thus, instead of financing our debt internally, with domestic savings, our bonds end up having to compete in the international market.

We have not had any problems financing our state bonds as of yet; the auctions have always been successful. Pressure is increasing on this debt, though, because the interest rates are set by the market, rather than by central authorities.

We would not like to find ourselves in a situation where the speculative market overwhelms us, and creates a crisis which has no reason to exist.

Therefore, while we are aware of the limitations which this difficult inheritance imposes on us, we are also optimistic concerning the possibility of managing it, provided that the international monetary context is modified.

## Facing the Monster

This brings us to the question of rules and regulations. The nature of the economy in recent years has not allowed us to make the real economy function. Companies need rules which are certain, they need infrastructure, and a market which allows them to work and innovate.

Naturally, a market which rewards short-term prof-



Stretto di Messina SpA

*The Messina Strait Bridge, connecting Sicily and Calabria, is the kind of great infrastructure project that can bring real economic development to the Mezzogiorno region of Italy. Above: an artist's conception of the bridge.*

its discourages precisely the type of economic activity which we need. A system which encourages people to trade, as opposed to produce, cannot but provoke a reduction of our standard of living.

This is why Italy intends to use its position as rotating chairman of the G8 to ask for new international rules; rules on how banks and companies operate; rules which limit all of those non-transparent operations which are at the base of the enormous holes which threaten the economy today.

Along with these rules, we have to cure the patient, before it is too late. As Tremonti says, in a metaphor he used recently, "if someone has a heart attack, you have to treat the heart, not the legs."

The required medicine is not that of merging failed banks with other failed banks; it is not found in the switch or swap between private debt and public debt, or in creating additional artificial private demand. The method of thinking to be applied in this situation is that of the Bible, and consists of separating good from bad. We must save families, industries, and the part of the

banks which is truly needed for development, separating these from the rest. A moratorium should be set on interest rates and maturities. The technical name may change, “bad bank” or Chapter 11, but the substance is the same: separating what is functional from what is speculative.

The evil we must fight is in the financial sphere, Tremonti says, and its name is derivatives. An enormous mass of speculative obligations which represent the last monster to be defeated before beginning the recovery. We cannot emerge from the crisis without facing this monster directly. Tremonti’s position is that these obligations must be frozen, removed from the banks’ books, in order to protect the real economy.

The Italian government is moving forward with specific ideas for the real economy. We need to increase investments, and as regards Italy, in particular, streamline procedures for the implementation of those investments.

### **An Organic Vision of Development**

For years we have been blocked on two fronts. The first is the issue of resources. Every crisis becomes an excuse for reducing investment, as opposed to increasing it. Thus, we need new forms of credit, including at the European level. One of the possibilities suggested by the Italian government is the use of Eurobonds, that is, European debt which would be used to finance large projects. In a situation where European rules and the economic climate do not allow us to significantly increase domestic investment, although this is urgently needed in order to deal with the crisis, such an instrument would seem necessary at the European level.

The second front is environmentalism and “NIMBY” [Not In My Back Yard]. First there was the anti-scientific decision to abandon nuclear energy at the end of the 1980s, and now, we’re at the point that any public works project requires years of negotiations and clashes with factions pushing any sort of agenda other than the common good.

In Italy, the attitude of Not-In-My-Back-Yard has reached the point that any innovation, even a simple rail line—which would reduce automobile traffic and freight on the roads—is considered an affront to nature.

We need an organic vision of development, for enterprises and society as a whole.

The Italian government has already taken the first steps for a return to nuclear power; and thus, the perspective of freeing us from depending heavily on other

countries, along with the return of large-scale projects as drivers of the country’s economic development.

In this sense, the measures taken by our government to increase investment and protect the weakest sectors of society, are undoubtedly necessary. We cannot allow the crisis to mark the end of decent living conditions for the less fortunate.

On a broader level though, we realize that measures of this type will not be sufficient without a change at the systemic level.

### **A New Bretton Woods**

Lyndon LaRouche’s proposal for a New Bretton Woods has found fertile ground in Italy. Numerous resolutions have been introduced in the Italian Parliament supporting this proposal. The motion presented by the Chairman of the Senate Finance Committee, Sen. Mario Baldassarri, at the end of last year, references the concept of bankruptcy reorganization, the need to protect the real economy from the collapse of speculation, as proposed by Lyndon LaRouche.

It is undeniable that we are going through a difficult time, but a vague reading of the situation, which is very common today, risks provoking widespread disorientation, thus feeding a dangerous cycle. To the contrary, what we must do is give new stimulus to the economy through constant cooperation among nations in order to take concrete, collective actions.

As you all may know, last Saturday [Feb. 14], the G7 Finance Minister’s meeting closed in Rome with these words by Tremonti: “Stabilize the global economy and financial markets, and reject all forms of protectionism.” According to the ministers, the crisis should be overcome through a new world economic order, but in order to make certain changes effective, globalization must be regulated and governed, not only to avoid additional, serious damage to social cohesion, democracy, and the environment, but also to maximize its positive impact.

As you can see, in Italy, we are attempting to do our part to ensure that this urgent reform takes place soon. At the same time, we are very conscious of the need to work together with other leading nations to ensure that the change is real, and not just empty words which are contradicted by the facts.

I hope that Italy’s actions as rotating chairman of the G8 can provide a stimulus for change, and that together, we can launch a new era of cooperation and development.

### *London Declares World War III*

*The Economist* Intelligence Unit (EIU) has produced a paper titled, “Manning the Barricades,” which those committed to saving human civilization would do well to take note of. As a mouthpiece for the London-based financial oligarchy, going all the way back to the U.S. Civil War, when it openly opposed President Abraham Lincoln’s war to save the Union, *The Economist*’s “study” should be read as a statement of intent for ushering in a period of global chaos, in which that financial oligarchy maintains its power over a decimated planet.

“There is growing concern about a possible global pandemic of unrest,” the report almost gloats.

The study warns that there is a 40% likelihood that the efforts to solve the financial crash, through the bailouts, will fail, and that it could lead to world war. At minimum, *The Economist* admits that the financial crash has killed globalization, and then moans that a new protectionist wave, like the Smoot-Hawley Tariff in 1930, could prolong the depression. The document attacks President Obama for allowing a “Buy America” clause to be included in the first stimulus package, and warns that he is moving in a populist direction that could cause a far worse crisis, leading to the global political destabilizations the report already forecast.

If protectionism and nationalism do fully erupt, the EIU warns, the world will face “armed rebellions, military coups, civil conflict and even wars between states.” Will we once again face “wheelbarrow time?,” the report asks, warning of global hyperinflation.

The bulk of the report deals with nation-by-nation ratings of the likelihood of countries being destroyed. The EIU projects that Britain will be in the front line of nations shaken by social upheav-

als that will topple governments. In Britain, “popular discontent and anger are likely to rise, and populist sentiments to strengthen. The news of big personal payouts to bankers who have failed spectacularly has incensed public opinion.” Overall, 95 countries are ranked as being at “high” or “very high” risk.

The top of the list coincides with countries already targetted by Lord Mark Malloch-Brown’s and George Soros’s destabilizations: Zimbabwe, Chad, the Democratic Republic of Congo, Cambodia, and Sudan. Three European countries are among the 27 rated as “very high risk”: Ukraine, Moldova, and Bosnia and Herzegovina.

As for Britain, the EIU points to immigrant labor as a possible flashpoint for unrest. A *Financial Times*/Harris poll says that almost 80% of British adults believe that immigrants should be asked to leave the country if they do not have a job, and a majority believes that social chaos will lead to the deployment of the British Army onto the streets. Clearly, such a scenario is not limited to Britain alone.

How can such a wish list/scenario be subverted? In fact, only by the very measures which *The Economist* excoriates—a revival of national sovereignty which leads to cooperation among nations for a new international *credit* system (not a British monetary system) geared to global economic reconstruction. That means war *against* the British imperialists—to prevent them from destroying us all. Left to their own devices, the Brits will resort to their longstanding doctrine of “permanent war/permanent revolution,” a doctrine forged during the World War I period by British agent Alexander Helphand (“Parvus”), and earlier, by Lord Palmerston’s Jacobin duo, Karl Marx and Giuseppe Mazzini.



# Keep Up with 21<sup>st</sup> CENTURY SCIENCE & TECHNOLOGY

Featured in Fall-Winter 2008

- A REPORT FROM THE 'BASEMENT TEAM'

## Human Creative Reason As a Fundamental Principle in Physics

by Sky Shields

Bring back the concept of cognition as an independent organizing principle in the universe!

- On the 150th Birthday of Max Planck:

## On Honesty Towards Nature

by Caroline Hartmann

Nature and the universe act according to lawfully knowable rules, not by the accidents of statistics and probability.



Special Report:

## THE NUCLEAR POWER REVOLUTION

- Modular High-Temperature Reactors  
Can Change the World

by Marjorie Mazel Hecht

- Interview with Linden Blue,  
Vice Chairman, General Atomics

- Interview with Jaco Kriek,  
CEO, PBMR

- Who's Trying to Strangle  
the PBMR?

by Gregory Murphy

- Space Exploration  
Momentum Moves East

by Marsha Freeman

- The Evidence for Gamma  
Ray Photosynthesis

by T.D. Luckey



## Subscribe!

Electronic subscriptions are

\$25 for 6 issues,

\$48 for 12 issues.

Single electronic copy is \$5.

Available at

[www.21stcenturysciencetech.com](http://www.21stcenturysciencetech.com)

or send check/money order to

## 21st Century

P.O. Box 16285, Washington, D.C.  
20041

# See LaRouche on Cable TV

## INTERNET

- BCAT.TV/BCAT Click BCAT-2 Mon: 10 am (Eastern Time)
- LAROUCHEPUB.COM Click *LaRouche's Writings*. (Avail. 24/7)
- MNN.ORG Click *Watch Ch.57* Fri: 2:30 a.m. (Eastern Time)
- QUOTE-UNQUOTE.COM Click on *Ch.27*. Tue. 6 pm (Mtn.)
- SCAN-TV.ORG Click *Scan on the Web (Pacific Time)*. Ch.23: Wed. 7 am Ch.77: Mon. 11 am
- WUWF.ORG Click *Watch WUWF-TV*. Last Mon 4:30-5 pm (Eastern)

## INTERNATIONAL

### THE PHILIPPINES

- MANILA CH.3: Tue 9:30 pm

### ALABAMA

- UNIONTOWN GY Ch.2: Mon-Fri every 4 hours; Sun Afternoons

### ALASKA

- ANCHORAGE GCI Ch.9: Thu 10 pm

### CALIFORNIA

- CONTRA COSTA CC Ch.26: 2<sup>nd</sup> Tue 7 pm
- COSTA MESA TW Ch.35: Thu 5:30 pm
- LANCASTER/PALMDALE TW Ch.36: Sun 1 pm
- LONG BEACH CH Analog Ch.65/69 & Digital Ch.95: 4<sup>th</sup> Tue 1-1:30 pm
- ORANGE COUNTY (N) TW Ch.95/97/98: Fri 4 pm

### COLORADO

- DENVER CC Ch.56 Sun 10 am

### CONNECTICUT

- GROTON CC Ch.12: Mon 5 pm
- NEW HAVEN CC Ch.23: Sat 6 pm
- NEWTOWN CH Ch.21: Mon 12:30 pm; Fri 7 pm
- NORWICH CC Ch.14: Thu 7:30 pm
- 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

### LOUISIANA

- ORLEANS PARISH CX Ch.78: Tue 4 am & 4 pm

## MAINE

- PORTLAND TW Ch.2: Mon 1 & 11 am; 5 pm

## MARYLAND

- ANN ARUNDEL CC Ch.99; FIOS Ch.42: Tue & Thu: 10 am; Fri & Sat: midnight
- P.G. COUNTY CC Ch.76 & FIOS Ch.42: Wed & Fri: 6 pm
- MONTGOMERY COUNTY CC/RCN/FIOS Ch.21: Tue 2 pm

## MASSACHUSETTS

- BROOKLINE CV & RCN Ch.3: Mon 3:30 pm; Tue 3:30 am; Wed 9 am & 9 pm;
- CAMBRIDGE CC Ch.10: Tue 2:30 pm; Fri 10:30 am
- FRANKLIN COUNTY (NE) CC Ch.17: Sun 8 pm; Wed 9 pm; Sat 4 pm
- QUINCY CC Ch.8: Pop-ins.
- WALPOLE CC Ch.8: Tue 1 pm

## MICHIGAN

- BYRON CENTER CC Ch.25: Mon 2 & 7 pm
- DETROIT CC Ch.68: Irregular
- GRAND RAPIDS CC Ch.25: Irreg.
- KALAMAZOO CH Ch.20: Tue 11 pm; Sat 10 am
- KENT COUNTY (North) CH Ch.22: Wed 3:30 & 11 pm
- KENT COUNTY (South) CC Ch.25: Wed 9:30 am
- LAKE ORION CC Ch.10: Mon/Tue 2 & 9 pm
- LANSING CC Ch.16: Fri Noon
- LIVONIA BH Ch.12: Thu 3 pm
- MT. PLEASANT CH Ch.3: Tue 5:30 pm; Wed 7 am
- SHELBY TOWNSHIP CC Ch.20 & WOW Ch.18: Mon/Wed 6:30 pm
- WAYNE COUNTY CC Ch.16/18: Mon 6-8 pm

## MINNESOTA

- ALBANY AMTC Ch.13: Tue & Thu: 7:30 pm
- CAMBRIDGE US Ch.10: Wed 6 pm
- COLD SPRING US Ch. 10: Wed 6 pm
- COLUMBIA HEIGHTS CC Ch.15: Tue 9 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 6 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: Wed 9:30 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

- BOULDER CITY CH Ch.2: 2x/day: am & pm
- WASHOE COUNTY CH Ch.16: Thu 9 pm

## NEW HAMPSHIRE

- CHESTERFIELD CC Ch.8: Wed 8 pm
- MANCHESTER CC Ch.23: Thu 4:30 pm

## NEW JERSEY

- BERGEN CTY TW Ch.572: Mon & Thu 11 am; Wed & Fri 10:30 pm
- MERCER COUNTY CC Trenton Ch.26: 3<sup>rd</sup> & 4<sup>th</sup> Fri 6 pm Windsors Ch.27: Mon 5:30 pm
- MONTVALE/MAHWAH CV Ch.76: Mon 5 pm
- PISCATAWAY CV Ch.15: Thu 11:30 pm
- UNION CC Ch.26: Irregular

## NEW MEXICO

- BERNALILLO COUNTY CC Ch.27: Tue 2 pm
- LOS ALAMOS CC Ch.8: Wed 10 pm
- SANTA FE CC Ch.16: Thu 9 pm; Sat 6:30 pm
- SILVER CITY CC Ch.17: Daily 8-10 pm
- TAOS CC Ch.2: Thu 7 pm

## NEW YORK

- ALBANY TW Ch.18: Wed 5 pm.
- BETHLEHEM TW Ch.18: Thu 9:30 pm
- BRONX CV Ch.70: Wed 7:30 am
- BROOKLYN CV Ch.68: Mon 10 am TW Ch.35: Mon 10 am RCN Ch.83: Mon 10 am FIOS Ch.43: Mon 10 am
- BUFFALO TW Ch.20: Wed & Fri 10:30-11pm
- CHEMUNG/STUEBEN TW Ch.1/99: Tue 7:30 pm
- ERIE COUNTY TW Ch.20: Thu 10:35 pm
- IRONDEQUOIT TW Ch.15: Mon/Thu 7 pm
- JEFFERSON/LEWIS COUNTIES TW Ch.99: Irregular
- MANHATTAN TW & RCN Ch.57/85 Fri 2:30 am
- ONEIDA COUNTY TW Ch.99: Thu 8 or 9 pm
- PENFIELD TW Ch.15: Irregular
- QUEENS TW Ch.56: 4th Sat 2 pm RCN Ch.85: 4<sup>th</sup> Sat 2 pm
- QUEENSBURY TW Ch.71: Mon 7 pm
- ROCHESTER TW Ch.15: Sun 9 pm; Thu 8 pm
- ROCKLAND CV Ch.76: Tue 5 pm
- SCHENECTADY TW Ch.16: Fri 1 pm; Sat 1:30 am
- STATEN ISLAND TW Ch.35: Mon & Thu Midnite. TW Ch.34: Sat 8 am
- TOMPKINS COUNTY TW Ch.13: Sun 12:30 pm; Sat 6 pm

- TRI-LAKES TW Ch.2: Sun 7 am, 1 pm, 8 pm
- WEBSTER TW Ch.12: Wed 9 pm
- WEST SENECA TW Ch.20: Thu 10:35 pm

## NORTH CAROLINA

- HICKORY CH Ch.6: Tue 10 pm
- MECKLENBURG COUNTY TW Ch.22: Sat/Sun 11 pm

## OHIO

- AMHERST TW Ch.95: 3X Daily
- CUYAHOGA COUNTY TW Ch.21: Wed 3:30 pm
- OBERLIN Cable Co-Op Ch.9: Thu 8 pm

## OKLAHOMA

- NORMAN CX Ch.20: Wed 9 pm

## PENNSYLVANIA

- PITTSBURGH CC Ch.21: Thu 6 am

## RHODE ISLAND

- BRISTOL, BARRINGTON, WARREN Full Channel Ch.49: Tue: 10 am
- EAST PROVIDENCE CX Ch.18; FIOS Ch.25: Tue: 6 pm
- STATEWIDE RI INTERCONNECT CX Ch.13; FIOS Ch.32 Tue 10 am

## 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

- BRATTLEBORO CC Ch.8: Mon 6 pm, Tue 4:30 pm, Wed 8 pm
- GREATER FALLS CC Ch.10: Mon/Wed/Fri 1 pm
- MONTPELIER CC Ch.15: Tue 10 pm; Wed 3 am & 4 pm

## VIRGINIA

- ALBEMARLE COUNTY CC Ch.13: Sun 4 am; Fri 3 pm
- ARLINGTON CC Ch.69 & FIOS Ch.38: Tue 9 am
- CHESTERFIELD COUNTY CC Ch.17; FIOS Ch.28: Mon 1 pm
- FAIRFAX CX & FIOS Ch.10: 1<sup>st</sup> & 2<sup>nd</sup> Wed 1 pm; Sun 4 am. FIOS Ch.41: Wed 6 pm
- 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.77: Mon 11 am, Wed 7 am BS Ch.23: Mon 11 am, Wed 7 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

MSO Codes: AS=Astound; BD=Beld; BR=Bresnan; BH=BrightHouse; BS = Broadstripe; CV=Cablevision; CB=Cebridge; CH=Charter; CC=Comcast; CX=Cox; GY=Galaxy; IN=Insight;

MC=MediaCom; TW=TimeWarner; US=US Cable. FIOS=Verizon FIOS-TV.

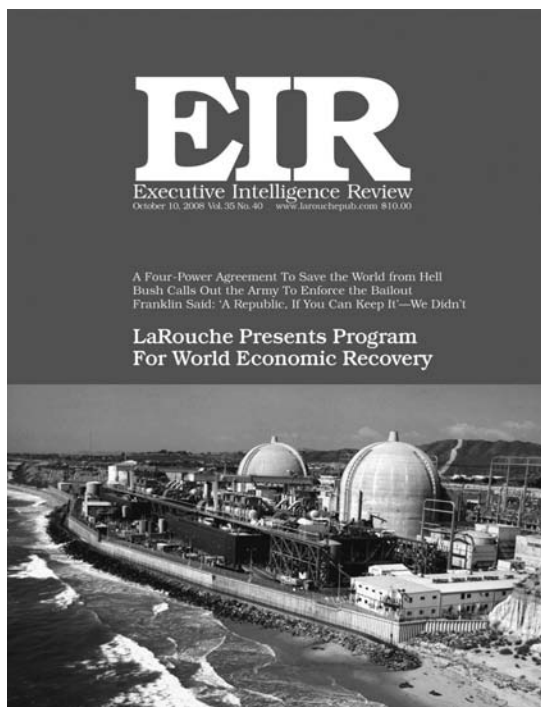
Get The LaRouche Connection on your local cable TV system! Call Charles Notley 703-777-9451, Ext. 322. Visit our Website: [www.larouchepub.com/tv](http://www.larouchepub.com/tv).

[ updated Mar. 2, 2009]

SUBSCRIBE TO

# EIR Executive Intelligence Review

## EIR Online



**EIR Online** gives subscribers one of the most valuable publications for policymakers—the weekly journal that has established Lyndon LaRouche as the most authoritative economic forecaster in the world today. Through this publication and the sharp interventions of the LaRouche Youth Movement, we are changing politics in Washington, day by day.

## EIR Online

Issued every Tuesday, EIR Online includes the entire magazine in PDF form, plus up-to-the-minute world news.



I would like to subscribe to **EIR Online**

(e-mail address must be provided.)

☐ **\$360** for one year

☐ **\$180** for six months

☐ **\$120** for four months

☐ **\$90** for three months

☐ **\$60** for two months

☐ Send information on receiving **EIR** by mail.

—EIR Online can be reached at:

**www.larouchepub.com/eiw**

e-mail: **fulfillment@larouchepub.com**

Call **1-800-278-3135** (toll-free)

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Country \_\_\_\_\_

Phone ( \_\_\_\_\_ ) \_\_\_\_\_

E-mail address \_\_\_\_\_

I enclose \$ \_\_\_\_\_ check or money order

Make checks payable to

**EIR News Service Inc.**

P.O. Box 17390, Washington, D.C. 20041-0390

Please charge my ☐ MasterCard ☐ Visa

Card Number \_\_\_\_\_

Signature \_\_\_\_\_

Expiration Date \_\_\_\_\_