

# EIR The Hamilton Legacy

## On the battle for a 'True Fourth Development Decade'

by Warren A.J. Hamerman

*The following was a presentation to the Schiller Institute conference on Dec. 7-8, 1991 in Arlington, Virginia.*

We are living at a singular moment in world history.

The Schiller Institute's proposal for a True Fourth Development Decade entered the world a little over two months ago at the opening of the U.N. General Assembly on the same day that the then-seemingly invincible George Bush, lighting his own pathway through the darkness in the afterglow of the Gulf war and the collapse of the former Soviet Union, declared before the United Nations in New York that history had ended and that all should stand in awe of his not-so-beatific vision of a new world order, a *Pax Universalis* for centuries to come.

Two months later the entire world economic system is in perceived shambles and there is a general appreciation of the rapid demise of Bush and the Anglo-American Establishment. Their once-famed "control" over the disintegrating process is becoming the subject of ridicule in political cartoons around the world. The liberal Adam Smith financial pallbearers at the recent Marxist economics funeral are themselves now in their final death throes. Neither system has proven capable of providing food, clothing, shelter, and basic health care for the billions of people who live under their sway.

### Unprecedented economic breakdown

There is a complete world economic breakdown crisis unprecedented in human history. The world's debt is unpayable. The external debt for the developing sector alone is

over \$1.4 trillion and accelerating rapidly.<sup>1</sup> The debt of developing nations has nearly quadrupled since the 1982 debt crisis.<sup>2</sup> The eastern European debt is unpayable. The West is in financial chaos.

Simultaneously, the world's population today stands at 5.4 billion and should increase at least 1 billion by the year 2000; some 95% of this increase will be in the underdeveloped countries where the per capita income fell drastically throughout the 1980s; in South Asia, for example, the per capita income is only \$320 and collapsing rapidly.<sup>3</sup>

This is the unique climate in which the True Fourth Development Decade proposal suddenly and unexpectedly entered into the sharp debate on what to do in the midst of the unsolvable world debt and economic crisis and polarized opinions around the world.

### A moment of opportunity

Now is a moment of golden opportunity under the conditions of perceived global economic collapse and the political demise of George Bush. This year was supposed to be the beginning of the U.N.'s Fourth Development Decade, the one leading into the twenty-first century, yet virtually every major official agency had written off development as impossible and infeasible given the magnitude of the world financial crisis.

The Schiller Institute proposal, prepared under the direction of Lyndon LaRouche, is the only positive global proposal on the table and has already demonstrated the potential to become a worldwide rallying point for a definitive challenge to "the system" by linking up a coalition of the South and the

East with the anti-free trade, pro-infrastructure forces in the once advanced sector.

Two diametrically contrasting reactions to the proposal demonstrate this effect.

The first reaction is from Dr. Kofi Nyidevu Awoonor, who is the ambassador and permanent representative of Ghana to the United Nations. He is also chairman of the Group of 77, which represents the more than 100 developing sector nations on earth. His remarks to the International Conference of Schiller Institute in Berlin stated, in part:

"I would like to indicate my deep appreciation of the work of the Schiller Institute for presenting to the world in its proposal for a *True Fourth Development Decade* a clear institutional alternative for a life more satisfactory for the developing world.

"The world cannot continue to have peace if so vast a part of mankind is poor, starving, and suffering.

"I also believe that it must be emphasized that the concerns and focus of the advanced nations must be turned and focused on the questions of improving the conditions of the poor. Therefore, I am deeply grateful for your work in struggling to bring this about.

"Finally, I am highly appreciative of the Schiller Institute, for drawing the attention of the advanced world to the deprivations of the developing world and suggesting certain concrete proposals for ending poverty and misery everywhere with programs of education and economic growth.

"I also call on our brothers from East European nations who have just thrown off the shackles of communist imperialism to join with us in building a New Just World Economic Order based on development for all."

### Organizing a 'new game'

In total contrast, in Geneva, Switzerland recently, a top official for one of the United Nations' leading economic agencies cut me off when I began to explain that the only solution to the world economic breakdown crisis lies outside the collapsed institutions. He explained, "The prevailing view at the top of the institutions—the U.N., Unctad, IMF, World Bank, General Agreement on Tariffs and Trade, et al.—is the exact opposite of yours. Everyone else is running around trying to keep the game going. When eastern Europe won its freedom there was a general fear that they wouldn't enter the game, that they would link up with the developing sector and challenge the game. Fortunately, they decided to be good little boys and play by the rules of the game. That means that the developing sector won't be rekindled to challenge the game either." When I asked, "What game?" he responded, "Bretton Woods of course. . . . You're the only ones running around and trying to organize a new game."

The actual breakdown of the functioning Bretton Woods system occurred back in the period 1968-72, and was caused by the collapse of the Anglo-American financial system. The breakdown began with the collapse of the British pound in

1967, the disastrous decision by President Richard Nixon to take the U.S. dollar off the gold standard in 1971, and the failure of the monetary conferences leading into 1972.

It would, therefore, seem self-evident that the solution to the world's financial crisis lies in creating a new world monetary system outside the remains of that Bretton Woods system since it actually collapsed over two decades ago.

Imagine an extremely oppressive prison containing an ever-growing multitude of prisoners. One day, the prison walls collapse. Yet, the prisoners stay and remain prisoners under control of the guards. New wardens are periodically appointed over the years. Eventually, outside shipments of food and supplies to the prison end; many starve and die; others fight each other; even the guards are weak and dying. It would seem natural for the prisoners to march to their freedom. They could easily go out and find fields in which to plant crops or produce for their human needs. They all long for freedom. Yet, 20 years later the prisoners still march inside the formerly walled-in area in fear of the armed guards as if the prison still existed.

Indeed, the elements of resistance to the International Monetary Fund (IMF), and what Malaysia's Prime Minister Mahathir Mohamad and his African colleagues call the "new religion" of free trade and free enterprise abound everywhere. What the True Fourth Development Decade proposal uniquely brings to this singular moment in history is the only path that can succeed because it proceeds from Lyndon LaRouche's primary policy premise for over two decades—the Bretton Woods/Versailles system is a decayed carcass and has to be brushed aside for history to proceed. All attempts to make reforms and improvements in the conditions inside Hell are certain failures.

### The malthusian agenda

It is also the only concrete alternative on the table to the Four Horsemen of the Apocalypse—famine, disease, war, and death—which the desperate old powers are scrambling to impose in order to establish an equilibrium at a lower order without nation-states and with several billion fewer people on earth through malthusian genocide.

Let us look at the deadly consequences of such policies in their human totality—their fate on the world's children:<sup>4</sup>

- Approximately 40,000 children die every day from malnutrition and related diseases.

- Wars have killed nearly 2 million children in the last 15 years; more than twice that number have been physically disabled.

- Seven million children are growing up in refugee camps because of war and natural disasters; a slightly larger number have been uprooted from their homes in their own countries.

- Approximately 80 million children work in often monotonous, repetitive, and dangerous jobs; in some countries these exploited children earn wages of five to seven cents an

hour.

- Fifteen percent of the world's 2 billion children under 15 years of age live under what Unicef terms "especially difficult circumstances." Millions, for example, live in the streets of socially exploding Third World cities, resorting to theft, drug trafficking, prostitution, and other desperate measures to survive.

- AIDS will produce an estimated 10 million orphans in this decade in Africa alone.

### **Kissinger promotes eco-fascism**

In a recent national column entitled "What Kind of New World Order?" Henry Kissinger, the architect of the infamous National Security Study Memorandum 200 genocide policy, proposed to impose even more brutal conditions. He stated that idealistic conceptions such as "national sovereignty" and "domestic governance" would have to be replaced by "genuinely global" solutions to the crisis in population, environment, and nuclear proliferation (the latter is a globalist code word for "excess" science and technology in the developing sector.)<sup>5</sup>

The United Nations has a full agenda over the next years just to achieve these results. Early in February of next year, the Unctad VIII conference is scheduled to worship the "new religion" of free trade in Cartagena, Colombia. A few months later in Rio de Janeiro, Brazil in June, the infamous UNCED conference on the environment is scheduled. Its intent is to use the pretext of saving the environment to cut back technology and production through imposing green conditionalities on the world. One year later, in June 1993 in Berlin, there will be an international United Nations conference on human rights; and then in 1994, an international U.N. conference on population. Through these events, national sovereignty is scheduled for extinction as areas of the world are taken over by the global authorities who will impose their malthusian agendas under the pretexts of protecting the environment and human rights and curbing excess populations.

### **Principles for true development**

We propose, instead, to place this entire conference agenda in deep freeze, and in its stead hold a Preparatory Meeting for a Fourth Development Decade Conference to organize a new world monetary system. The aim of the new world monetary system is to foster credit mechanisms in accord with national sovereignty, since credit is created and regulated at the level of sovereign nations. National credit systems, organized through a national bank along the design of the post-colonial, new American republic during the late eighteenth and early nineteenth centuries—not over-reliance on borrowing from abroad—is the foundation of productive economic investment and output.

A True Fourth Development Decade is based upon a desire to end the spread of chaos through the world monetary

system by returning to a threefold policy of:

- 1) generalized debt moratoria for the usurious debt which the old institutions imposed on nations as a means to loot their productive wealth;

- 2) long-term, low-interest new credit rates for investment in large-scale development projects;

- 3) stable parities among currencies based upon a gold reserve (not gold standard).

These aims can only be achieved through returning to the principles of Christian economics based upon the historic ideas of development and economic justice developed by the opponents of radical free market approaches—Leibniz, Colbert, List, Hamilton, Carey, Witte, and Sun Yat-sen—and carried into the modern era by the school of physical economy associated with Lyndon H. LaRouche, Jr. The overall quality of these economic principles draws its strength from its absolute commitment to the belief that all men and women are created equal, each the sacred child of a loving God.

The substantive content of the development decade is to build, plant, and produce the food, medicine, clothing, and shelter which mankind desperately needs. This can only be achieved by dumping the "post-industrial society" policy which has wrecked the Anglo-American economies, and returning to the traditional approach of enhancing productive output in agriculture and industry through a combination of large-scale water development and transport infrastructure projects on every continent, and technology transfer.

### **The necessary projects**

The True Fourth Development Decade proposal encourages consideration of the following development proposals which were developed by Lyndon LaRouche and his collaborators over the past two decades:

- 1) The Productive Triangle Proposal for western and eastern Europe: the unleashing of the economic development potential in the "triangle" between Berlin, Vienna, and Paris as a productive "engine" for the world economy. Through the construction of high-speed rail lines, the economic output from this area will be transferred via radiating arms from the triangle into eastern, southern, and northern Europe as well as the Middle East and the Maghreb.

- 2) An Oasis Plan for the Middle East designed to "green the deserts" through large-scale water purification and irrigation projects. The plan includes the creation of artificial rivers and peaceful nuclear energy-driven desalination projects for revitalizing the entire economy of the region.

- 3) A series of Great Projects for Africa including: the construction of a trans-African east-west railway from Dakar to Djibouti; transforming the Qattar Depression into a man-made lake; connecting Lake Chad with a man-made lake on the Zaire River for the purpose of greening the Sahara; completion of the Jonglei Canal in Sudan to turn that region into a breadbasket.

4) The Ibero-American Integration Plan which includes the following projects: a second Panama Canal; a Northern Mexican Water Development Project; the "Polygon of Development" to construct a canal system to connect the Amazon Basin with the Rio de la Plata across Brazil, Argentina, Bolivia, and Uruguay; and an east-west railway across the continent through Brazil, Bolivia, and Peru.

5) A series of Great Projects for Asia including: the Pacific and Indian Ocean Basin Project; the Ganges-Brahmaputra development project for water management; the Mekong development project; and the construction of the Kra Canal in Thailand.

6) The United States requires a vast program of urban, agricultural, and industrial infrastructure revitalization which has as its aim the realization of Martin Luther King's dream of economic justice for *all* its citizens. Specific programs for the U.S. would include the North American Water and Power Alliance plan for water and power increase; building a rapid-transport system through maglev and other technology systems; rebuilding cities, basic industries, and capital goods export capabilities.

### Advanced technologies needed

The development project orientation outlined above includes the construction of new cities founded around nuplex complexes in each area, and is vectored toward a commitment to encourage a space program with the aim of colonizing Mars and incorporating the Moon into man's economy in the first third of the twenty-first century.

The moment is propitious to realize such ambitions because of recent promising scientific breakthroughs in the fusion energy field, the same energy means which safely powers the Sun.

That this overall development perspective would be more desirable for most of mankind during the rest of this century than what the malthusians have on their agenda, is undeniable. Even more, it will shape the character of future generations for centuries to come. Hopefully, our descendants will look back proudly from the beautiful new Renaissance cities they have built, at our humble efforts in these primitive times in the midst of the greatest global crisis mankind ever faced, with gratitude that we were able to give each one of them and their children, on whatever continent or planet they may inhabit, the opportunities to live lives worthy of the sacred creations of God.

### Notes

1. Report of U.N. Secretary General Javier Pérez de Cuellar, July 1991.
2. German Economic Institute (DIW), December 1991.
3. Pontifical Institute of Sciences, November 1991.
4. Unicef, as reported in "Putting Children and Families First: A Challenge for Our Church, Nation, and World," a statement by the U.S. Catholic Bishops, Nov. 14, 1991.
5. *Washington Post*, Dec. 3, 1991.

# Time to nationalize the Federal Reserve

by Lyndon H. LaRouche, Jr.

*The article which follows was edited from the message sent by Mr. LaRouche on Dec. 8 to the Schüller Institute conference in Arlington, Virginia, and remarks he made in a presidential campaign statement of Dec. 13.*

A few leading political figures in the Democratic Party, including, of course, Gov. Mario Cuomo of New York State, have picked up on my suggestion that a recovery package for the United States requires a return to the Kennedy-style investment tax credit program.

However, on the fundamental issues, no visible Democratic competitor of mine for the presidential nomination, nor any Republican, so far seems to grasp the reality of our situation. Yes, it's good that people do go as far as understanding that we need a Kennedy-style investment tax credit program; but that is not going to solve the problem by itself. That is a very important *add-on* to what's needed.

But without the main theme, nothing works. There will be no recovery from the collapse into a continuing deep economic depression worse than the 1930s, unless and until my proposal for the nationalization of the Federal Reserve System, to transform it into a constitutional, United States Bank, is adopted. Without the replacement of British-style finance monetary central banking policies, by American System policies of the type that were instituted under George Washington, the United States Bank policy, there is no possibility of a U.S. recovery.

I wish to emphasize that people who suggest that we can cut this, cut that, cut out welfare, cut salaries, cut out business, cut out programs, cut off hospital care: These people are dangerous idiots. That will not work; that will only make the collapse worse.

*They have to bite the bullet.* We need a United States National Bank, operating on the basis of state-created credit. Unless that policy is followed, nothing is going to work; it's waste of time. Tsongas and the rest of them won't face up to the fact, that what we need to do is scrap the Federal Reserve System in its present form, in the most expedient way, without disruption.

And there's only one way to do that: under emergency provisions, citing the fact that we have an economic depression, *nationalize* the Federal Reserve System, make it a body no longer in violation of the Constitution. Make it a National Bank as Alexander Hamilton, George Washington's Secretary of the Treasury, defined the First National Bank, or as