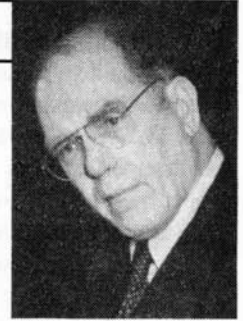


Interview: Lyndon LaRouche

Integrate Scotland into the 'Productive Triangle'



The following is part of an interview with American economist Lyndon LaRouche in Rochester, Minnesota, where he is held political prisoner. The interview was conducted on Feb. 6, 1993 by Katharine Kanter for Scolag, a Scottish legal news bulletin; Alan Clayton, a Scots nationalist; and John Carroll, a well-known Glasgow criminologist.

Q: Just how American are you? I mean, how much are you affected by this "Center of the World" mentality which afflicts most Americans?

LaRouche: I don't feel personally much restricted by it. I've been called by my friends the only European American sometimes. But I think that is not unique in American history. Not because people came here from Europe, as such, but because anyone who has had a classical education, or the equivalent, is conscious of being part of European civilization. My closest friends are people who live in my mind, because I have re-experienced their discoveries—people such as Gottfried Leibniz, Pierre Fermat, Johannes Kepler, Nicolaus of Cusa, or Leonardo da Vinci, and so forth—in many fields. And these are people I know, who are closest to me, whose minds I know internally much better than people who would be considered my next door neighbors.

If you eliminate the false, popularized history, the United States was formed by people who represented European ideas, not the myth created about the American frontier. One should remember that the original colonies, in the 17th century, such as the Massachusetts Bay Colony and the Commonwealths of Pennsylvania and of Virginia, were created as autonomous agencies of self-government accountable to the British Crown. They represented European political cultural movements—mediated largely through Britain; to some degree the Netherlands; Germany, to a large degree; and France—which is the principle that the ideas of the Americans which led to the American War of Independence, were the ideas of people associated with Jonathan Swift and Leibniz in England during the late 17th and early 18th centuries. But the strength of the United States comes from that and related kinds of experience, and anyone who is really, culturally educated, who is not off in some chauvinist, existentialist fantasy, is very much aware of this and is very much emotionally attached to the issues of Europe of the 15th, 16th, 17th, 18th, and 19th centuries.

A true American, who is not deprived of a proper educa-

tion, is actually a European; though he have affinities for Asia, he is actually a European. Unfortunately, I admit that there are all too few of us.

Q: Was your decision to base the "Productive Triangle—Paris-Berlin-Vienna" program on Europe, rather than America, due to strategic or economic considerations? Do you see it as an attempt to break the Anglo-American stranglehold on central European economic development?

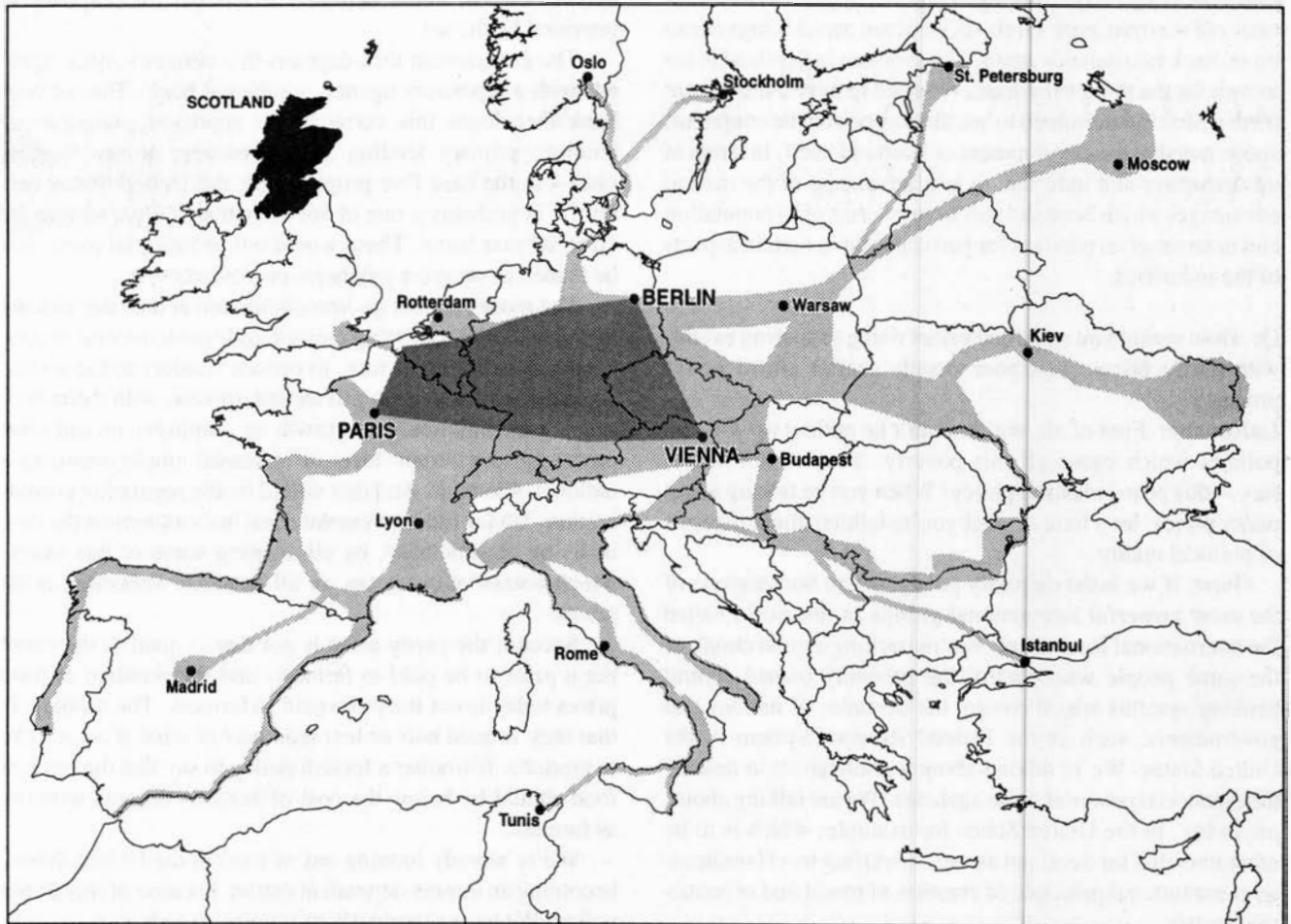
LaRouche: We want to reformulate the problem. First, we go back to the 8th and early 9th centuries. Europe, in its best current form, developed around the influence of Charlemagne, Charlemagne's court. That court prescribed, in particular, a number of development projects involving canals and so forth, which, with all the ups and downs, shaped the development of Europe thereafter. To such effect that, if we take a triangular area from approximately Paris, down to Vienna (I might call it Charlemagne's Vienna), up across Bohemia to Berlin, and through the Ruhr, by way of Lille, again to Paris, we have an area of the world which represents the greatest concentration of accumulated cultural and physical economic potential on earth today.

The other significance of that triangle, is that it is contiguous to the greatest center of world population, Eurasia—most of the world lives in Eurasia. Across the Mediterranean is Africa. Most of the world is greatly underdeveloped. In order to get the greatest number of people involved in development, it was necessary for technical and logistical reasons to focus development on the place in which the highest rate of production and development can occur to spill through communications and transportation into the rest of Eurasia.

If we wish to develop technology, in order to provide the machine tools and other modern technologies to other peoples at the most rapid rate, the place to concentrate development is in the triangle, the area where you get the greatest payoff in terms of technological development per nickel of investment.

Then you must look at the specifications of what I call the spiral arms, which are links of transportation routes for the conveyance of freight especially, by way of inland barges, sea waterways, or by rail to other parts of Eurasia. And to get the most rapid rate of development in Eurasia, and in the world in general, you would use spiral arms radiating from this. This is a historically determined, physical,

Scotland's position in relation to the European 'Productive Triangle' and its spiral arms



logistical reality. It happens that the United States is somewhat broken down; people in the U.K. know better than I what a pile of wreckage, what a formerly industrialized place the U.K. is—neither of these nations are self-sufficient. The United States is a net importer of food at this point.

The U.S. economy is collapsing not because the Japanese or the Europeans were unfair, unless you consider it unfair of the Japanese and the continental Europeans not to be as stupid as we've been for the last 30 years, in going to a post-industrial society. To revive the United States, we have to supply an economic mission to the United States, in terms of other countries, and the United States is not capable autonomously of that mission except as a part of a European development. So the United States, through its own misconduct, has reduced itself so that it must accept the role of merely a partner, although a very important one, of the continent of Europe.

Obviously, the U.K., these islands, must themselves accept the role of partnership, and to some degree a subordinate role, in a general European effort to bring this whole world back into order.

Q: Would Scotland be marginalized?

LaRouche: That is not to be feared if you have rational people running the show. In Scotland, we have people who have some education, some training, some skills, and contrary to the popular delusion, we have a great shortage of skilled labor power in the world today. Scotland also has, and should have more infrastructure. If you wanted to stick some industries in there to produce things, and produce not with some foolish free trade theory but in real terms, you would say that an area like Scotland is needed.

First, we have a great advantage. Let's take two points of reference, because of the relationship to sea travel: the Edinburgh area and the Glasgow area. We can produce today, or will be able to produce very soon, sea-going craft powered by electrodynamic use of water, i.e., forms of propulsion which take seawater passing through a tube or something, acted on by electromagnetic fields, with a number of superconductivity magnets, which will move freight very efficiently and at very high speeds. So if I could produce something near the coast of Scotland, and most of Scotland is near the coast someplace,

get it to a port, we can move products, particularly high-tech products, at a greatly advantageous price, because of the economies of sea-transport. High-speed ocean travel brings ocean travel back into balance again. The problem in Scotland is not to wait for the thing to happen. We need to have a movement there which is determined to see this happen on the continent, and to marshal the development of Scotland itself, in terms of infrastructure and industry, to take advantage of the natural advantages which Scotland will have in terms of its population and in terms of its position for participating in certain aspects of the industries.

Q: How would you stop food prices rising to such an extent, with parity prices, that poor people cannot afford to eat properly?

LaRouche: First of all, we shouldn't be putting up with the policies which cause all this poverty. They're not necessary—this post-industrial policy! When you're talking about parity prices, let's look at what you're talking about in terms of political reality.

First, if we insist on parity policy, we're bucking one of the most powerful international groups in the world called the international food cartel. We're bucking a great chunk of the same people who control the privately owned central banking systems which control the destinies of nations and governments, such as the Federal Reserve System in the United States. We're talking about a political act to destroy the dictatorial power of these agencies. We are talking about, implicitly, in the United States for example, which is to be recommended for Scotland as well, reverting to a Hamiltonian constitutional principle of creation of credit and of monetary power.

This experiment was initiated in the Commonwealth of Massachusetts, a colony back in the 17th century, which worked quite well, though many of us have forgotten that valuable lesson. Currently, the way you get money and new credit in the United States is that some commercial interests will discount paper through the Federal Reserve System. The Federal Reserve System discounting at, say, 3%, will then issue a check to the person who discounted the paper. That check is processed like an ordinary check, for clearing. It is ultimately cleared back to the Federal Reserve Bank, which then puts in the banking system the requisite number of bank notes of Federal Reserve issue. For this creation of money, out of thin air, the financial system pays 3%. To finance our deficits of corporations, of governments, the banking system will then turn around and buy government bonds or similar things, at 4.5% to up to 8%.

So, in order to get money into circulation, we put the federal government into debt, by way of its buying at gross prices, money which is created out of thin air. This is already quite a swindle. The point is that the federal government, under our Constitution, is supposed to issue currency, according to an act or enabling legislation of Congress, which

allows the government to issue certain currency, in certain denominations, under certain restrictions, for purposes as provided by the act.

The government then deposits this currency, once printed, with a repository agency, a national bank. The national bank then loans this currency for approved categories of lending, primary lending of this money, at low interest rates—in the case I've proposed for the United States currently, at probably a rate of not more than 2% per annum for 10 to 20 year loans. These would not be financial loans, but be loaned as progress payments on construction.

The money would go into circulation at the rate (or less) that new wealth was being created, as loans to federal or state agencies for infrastructure, to private vendors to these state agencies, and to certain private enterprises, with the aim of causing an inflation-free growth in employment and total profit, up to a certain level of increased employment, as a national objective. And that would be the regulating consideration. Under those circumstances, we can reduce the cost of living considerably, by eliminating some of this usury, which comes out as a tax on all products imbedded in all prices.

Second, the parity price is not a price paid to the cartel but a price to be paid to farmers, and the problem of food prices today is not the price paid to farmers. The problem is that they're paid half or less than half of what it costs them to produce. It's rather a foolish policy to say that the price of food should be below the cost of keeping farmers working as farmers.

We're already running out of food in the United States, becoming an import-dependent nation, because of this stupid policy. We have a world which is going to go hungry because of this policy. We simply have to adjust our priorities, and apply the parity principle to all prices, and have a policy which encourages sufficient investment so that we don't have this abundance of poverty.

Q: Where would a small country like Scotland get the cash to import the capital goods and equipment necessary to initiate such a project? Do you believe that other countries and organizations will have enough confidence in the Scots pound, or do you think that we should have a siege economy where we try to do everything ourselves?

LaRouche: Cooperation. A program like the Productive Triangle would involve exactly that kind of cooperation. The first thing we do is we start from government expenditures; that's our first point of reference. Only the national governments or local governments can provide essential infrastructure for industry and trade. This consists largely of water management, sanitation, and other things which go with water management; of power production; and of major transportation. It also includes things like a school system, because we require an educational standard, and a health system, which may be partly private, but which should be integrated

with a public concern for everyone to have health care as it is needed.

That generates a certain amount of private as well as public employment activity, and reduces costs to the economy as a whole, which is essential. Then we look at the requirements of the global population. Major export projects, which our region can produce, agreements with other countries—we'll do such and such a product for your market, in such and such a quantity, let's make a five-year agreement. And we'll make certain guarantees, and you'll make certain guarantees.

It's not all done necessarily by governments, but it'll be facilitated by governments, by government intervention into credit insurances and things like that to make sure this trade occurs. It's like bidding on contracts, in which a government acts to facilitate its qualified private firms in going abroad and bidding on contracts, where the government acts in a sense as a helper in getting these contracts. The concern of government should be to try to get the contracts for its own industries, and then on the basis of the contracts, we try to get some credit generated, which is negotiable in the international markets for what we're going to produce.

As a practical matter in the case of Scotland, there are a number of things which the Scots are well able to do, or could be able to do as well as anybody else, and that's the area in which the Scottish factor in international trade should be considered.

On the basis of calculating what the national income is, we can see what the Scots standard of living is, and we can get an estimated budget for national, domestic production—how much we have to import, how much we have to produce locally—and come out with some kind of a sensible result. Then we can get our industry people together on that sort of basis, and sit down and talk about a 7-year, 10-year, 15-year perspective, because our objective is to encourage long-term investment. The function of government in this respect is to negotiate the conditions, and to mediate the establishment of a consensus which creates a long-term consensus and relevant agreements, a climate for those things which we think are suitable long-term investments. Thus, people can invest with confidence, go out and begin to buy the things which represent long-term investment to build up the industries.

One of the problems at present, particularly with the so-called myth of utopian free-market deregulation, is that it is impossible for any entrepreneur, virtually, unless there is some kind of monopolistic or corrupt influence, to make long-term investments. They don't know what the markets are going to be next year or two years from now, and we have to think about creating rationally an agreement about what would be sensible long-term investments and say, okay, that's a national policy, let's stick with encouraging that, and we set our tariff rates, our tax rates, our credit policies accordingly to facilitate the private industries to do just that. And we say go ahead, get on with it boys, now go and do it, if you fail, you fail, but if you succeed, you can succeed.

Danes back Maastricht under economic threat

by Poul Rasmussen

In a referendum on June 2, 1992, Danish voters greatly upset the European elites when they rejected their plans for a monetarist European Union, the so-called Maastricht Treaty. However, rather than immediately embarking upon a plan to obliterate this obstinate land of only 5 million souls from the surface of the earth, which undoubtedly was the initial inclination of the ruling European circles, it was decided to give the Danes a second chance. So finally, on May 18, Danes succumbed to the immense international pressure, and voted in favor of the Maastricht Treaty.

Before the first referendum on Maastricht, *EIR* reported that the treaty would destroy national sovereignty: "National governments and parliaments lose their entire influence over the future of their countries' economic, financial, credit, trade, and budgetary policies. . . . The control of the principal economic parameters by a supranational power structure is total" (see *EIR*, May 22, 1992, pp. 4-7).

One of the major problems in giving the stubborn Danes their second chance to please the establishment, was how to come up with a plausible reason why a second referendum should be held at all. Therefore, at the December European Community (EC) summit meeting in Edinburgh, a set of cosmetic amendments to the Maastricht Treaty was devised solely as an excuse for the Danish government to present the same treaty to Danes for a second time. According to this "Edinburgh Agreement," Denmark would be exempt from the projected European citizenship, closer police collaboration, common defense policy, the European Monetary Union, and the common currency.

Since all of the Danish exemptions actually belong to the second or third phase of the European Union, the Maastricht Treaty was left unchanged. According to the treaty itself, the final formulation of the common European defense policy, the final decisions concerning the Monetary Union, and the time schedule for the implementation of a single European currency, will not be made until 1996, when a new governmental conference is to be convened. Therefore, the Danish "exemptions" as they are formulated in the "Edinburgh Agreement," are exemptions to a policy that does not yet exist. To complete the absurdity, it also means that if and when the policies for the second and third phase of the union are formulated in 1996, the Danes will have to have a third