

LaRouche: Economic reform is a question of political will

In his weekly radio interview with “EIR Talks” on May 10, Lyndon LaRouche was asked for his evaluation of a series of articles in the French press by Nobel Prize-winning economist Maurice Allais (see p. 16). Allais blasts the free marketeers as the gravediggers of Europe, the real cause of Europe’s growing unemployment. Here is Mr. LaRouche’s reply.

As far as he goes, Maurice Allais should be considered the only sane man who ever won a Nobel Prize in economics. He is one of the leading economists in the world today. What he is saying about the [speculative financial] bubble and the “Casino Royale” kind of economy, as far as he goes, is absolutely accurate; and people who are not paying attention to him, who don’t believe in his credibility in these matters, are behaving foolishly.

The problem with Maurice, as far as I’m concerned, is that he doesn’t go far enough. In all of his writings so far, even though nearly everything he has said is true and useful, he has acted like an Aristotelian pedant in standing aloof from the population and throwing down declamations of great truth to them. What Allais has failed to address and what must be addressed today, more than anything (which I’m afraid I’m going to have to do myself), is that the average person in the street does not wish to believe in what is about to occur. It may occur this month, it might occur in the fall, it might occur next year. But it’s about to occur soon. What is inevitable is a *complete breakdown* of the entire International Monetary Fund-dominated, Federal Reserve-dominated global financial and monetary system. There is nothing that can be done to stop that system from collapsing, unless we were to shut it down earlier.

When the breakdown comes—and it will come soon—we’re going to have to start from scratch and build a new monetary system, a new banking system, and a new credit system generally. We can do that; governments can do that. The United States government has some experience with that, beginning with our first federal government under George Washington, when we took a bankrupt United States with a bankrupt credit system, virtually no banking system worth mentioning, no currency worth mentioning; and within a short time, under George Washington and Alexander Hamilton, we were on the way to being, relatively, the richest and most powerful nation on the planet.

So, we’ve done that before, we could do it again.

The problem is, the average citizen is frightened, does not wish to believe this could happen, and then is told it never will happen.

The first thing that has to be done, to have good politics in the United States, to have a White House that can function, is to explain to the American citizen, in terms which any intelligent, even if poorly educated, person can understand, exactly what it is about the present system that dooms it to an unstoppable early collapse. Once the citizen realizes that the ship *Titanic* is sinking, the citizen is going to start doing some intelligent thinking about lifeboats, instead of trying to get himself a better stateroom on a sinking ship.

And that’s what Maurice Allais has refused to do. He has not faced that political reality, that if we’re going to solve this problem, we’re going to have to convince the average citizen of the reality of the problem that faces us. Then that citizen will turn back to us, and say: “What do you propose to do to solve the problem? Where is the lifeboat?” And we can deliver the lifeboat.

De Gaulle and Rueff

I had a conversation in the middle 1970s with the chief financial adviser to President Charles de Gaulle of France, Jacques Rueff. We met for an extended period, for the purpose of discussing some proposals I had on international monetary reform. Jacques said to me, “You’re right. But the problem is a problem of political will.” He explained that, back in that period of the early Fifth Republic, he had gone to President de Gaulle and made his proposal for what was called the “heavy franc” reform. De Gaulle had had contrary advice from other circles, banking and so forth. He turned to Rueff and said, “What guarantee can you give me that your system will work?” Rueff said to him, knowing that he was speaking to a man whose mind was that of a strategist, “Mr. President, I stake my entire life’s reputation upon its success.” With that information, de Gaulle acted in accordance with Rueff’s instructions, and it worked.

There were two reasons it worked. First of all, de Gaulle and Rueff had the *political will* to do what was necessary. They were able to do what was necessary, because the French citizens of that period, in the 1950s, had had their bellyful of a disgusting, bankrupt Fourth Republic. So today, our citizens have had a bellyful—as have citizens of other countries—of this rotten, disgusting, Federal Reserve-dominated system which is ruining us all, and other things.

They are ready to act if they know they must act; and they will expect their political leaders to take the necessary action, the appropriate action, to get us out of the mess. And therefore, someone has to do what Allais has not done. It is not enough to say the situation is bad, to warn about it, to make academic posturing about it. It is necessary to convince the citizen: That is our problem. And when the citizen tells us, he or she wishes us to act, then we can act and solve the problem.