Nothing can save the current system

by Lyndon H. LaRouche, Jr.

The Schiller Institute and the International Caucus of Labor Committees met in Kiedrich, Germany on Dec. 14-15, 1996, for a conference on the theme, "Our Future: The Eurasian Land-Bridge Economy." The 400 people in attendance represented over 30 nations, including from along the northern, middle, and southern routes of the Eurasian land-bridge, as well as Africa. Lyndon LaRouche delivered the following keynote speech on Dec. 14. Due to technical problems, our transcript contains some gaps, indicated by ellipses.

This address should be received as a word of optimism, because when you have old, stinking clothes, the announcement that you're about to get rid of them, should come as a blessing. I was recently in Italy, at an occasion in Busseto, which is the birthplace of Verdi, Giuseppe Verdi, to celebrate the publication in Italian of a first volume, the first book of a Music Manual which is the fruit of a project which I began, or initiated, some 15 years ago. The affair was organized by Maestro Arturo Sacchetti, a famous organist who had been formerly the head of the Vatican radio music program. The event was hosted by Carlo Bergonzi, the famous tenor, who runs a school in Busseto, and we had the participation of Piero Cappuccilli, the famous baritone, and others.

The theme which oppressed us in celebrating this publication, is that, from the standpoint of developments in this century, in the past two centuries, but particularly this century, and especially the past 30 years, in speaking of the great music of Europe and the methods of composition associated with it, we're speaking almost of a dying art.

If you look at the percentile and numbers of the population which participate in this art, and the changes in the participation in that art over the past 30 years, you would say we have a dying culture.

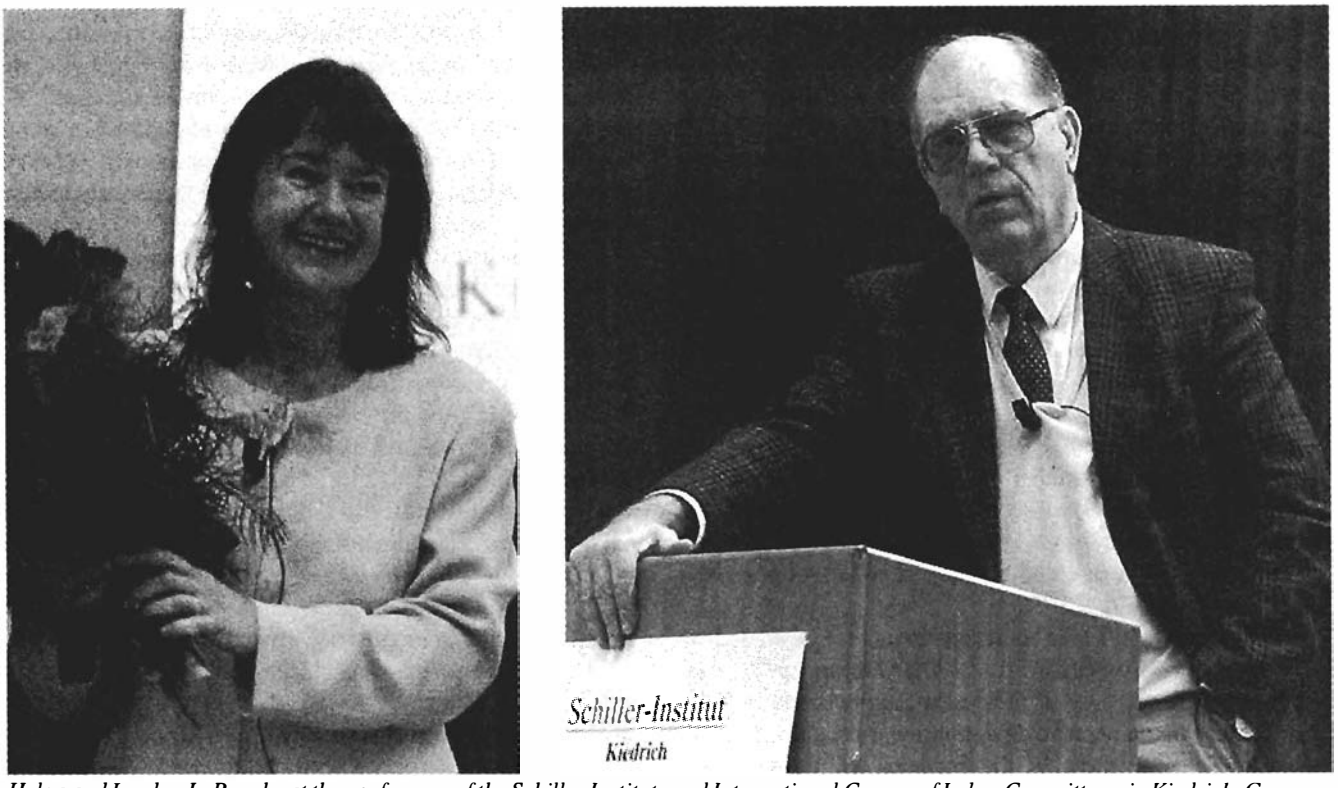
If you look at the quality of education in Europe or North America, in particular, which used to be the heartland of economic strength of the world, the quality of education today places people who are today under 35, almost as a different species than their grandparents: those who benefitted, say, in Germany, from a Classical humanist education prior to the Brandt reforms.

You see the scores, you see the results, you see the illiteracy of university graduates, in the United States in particular. Many university graduates, perhaps the majority of them, would not have qualified in literacy as secondary school graduates 40 years ago. You see, in every aspect of our life, *rot,* typified by the rock-drug culture in many parts of the world.

But, these are only symptoms of a dying culture. And now, that culture which is dying, is about to come to an end. Not in the distant future. It is already dying. And the death will come violently and abruptly. And, one way or the other, it will be soon.

Think of this culture, this world culture or the dominant world culture, as like the famous unsinkable ship—British ship, naturally—called the *Titanic.* Now the *Titanic* is sinking. The unsinkable is sinking, this world economy in its present form. The question is *not,* at what minute is it going to sink, or even what hour it's going to sink; but, do the passengers have the intelligence to get off the ship before it does?

So, all of us who are sentient, shall we say, who can recognize the fact that the economy is collapsing, the system is collapsing, can take hope from the fact that now we are pre-



Helga and Lyndon LaRouche at the conference of the Schiller Institute and International Caucus of Labor Committees, in Kiedrich, Germany on Dec. 14, 1996.

sented with an opportunity to correct many of the errors which have made this world increasingly unsafe over the past 100 years, especially the past 30 years.

The 'Big One' is coming

The collapse of the culture will come, as it is coming now, in the form of financial, monetary, and economic earthquakes. And, referring to the famous Richter Scale for earthquakes, we have already seen earthquakes on the scale of 3 on the Richter Scale, some of which are not reported in the press, but they've happened, some equivalent to 5 on the Richter Scale, some equivalent to 7, and one big one, equivalent to 10 or more.

The little ones involve major plunges in financial markets, the wipe-out of large denominations of monetary financial values. The slightly bigger ones, which are between 3 and 5 on the Richter Scale, are collapses of major banking systems, such as the banking system of France, which is ready to collapse faster than you can say "Crédit Lyonnais."

The German banking system is propped up, but it is in no better condition, essentially, than that of France. It used to be in better condition when Alfred Herrhausen was still alive. But with the changes in policy which have been introduced since the assassination of Herrhausen and Rohwedder, the German banking system has gone insane, and is probably about as rotten as most other nations' banking systems.

The United States banking system is propped up by the political power of the United States, not by any intrinsic value in it. We're among the most rotten.

If the British Isles were not the base of a successful parasite which sucked blood from most of the world, the British banking system would have collapsed a long time ago. As a matter of fact, it's headed for several kinds of *Major* collapse in the immediate future. The good news is, Major's going to go; the bad news is, he will be replaced by Tony Blair.

Italy has been destroyed, ever since the royal yacht *Britannia* called in the financial and political lackeys of Italy to meet their master, the representative of the Queen on the Queen's yacht. They were instructed by the Queen to destroy Italy, and they went back, and proceeded to do so, with the so-called "Clean Hands" operation.

A chain reaction implosion

Now, the big crash which is going to come, is not simply the collapse of *a* national banking system, nor will it be the collapse, the financial collapse of *several* national banking systems taken together. It will be the collapse of the greatest financial bubble in history, the *most lunatic* financial bubble in history, sometimes referred to today as the "derivatives bubble." At the point that a collapse of the derivatives bubble

occurs, it will begin with reverse leverage on the bubble, as it's called, financial reverse leverage, probably caused by a collapse of one of the banking systems, or something of that sort.

Once that collapse starts, it will proceed like an explosion. The formulas for a chemical explosion would be the appropriate mathematical model for the collapse which will occur. An accelerating chain reaction, not of *ex*-plosion, but *im*-plosion. If that collapse proceeds without change in the system by governments, then, within a period of probably not less than three days nor more than five, *virtually every financial institution of the Americas and Europe will disintegrate, vaporize.* Not close their doors because of bankruptcy, but disintegrate. Because the ratio of financial obligations, the liabilities which are embedded in derivatives speculation, especially including the unrecorded off-balance-sheet derivatives speculation, is vastly greater than all of the nominal financial assets which could be used as collateral presently existing in the world.

For example, let's take some figures for the United States. During the period 1956 to 1970, of 100% of the annual foreign exchange turnover, each of these years, approximately 70%, more or less (by very small deviation), was accounted for by imports and exports, that is, the financing and payments on accounts of imports and exports.

After the beginning of the floating exchange rate monetary system, with the collapse of 1971 and the Azores conference of 1972, this percentile collapsed, rapidly, so that, in 1976, of 100% of U.S. financial turnover annually, only 23%, instead of 70%, was now represented by import-export transactions. In 1982, after the Volcker measures, this percentile had dropped from 23%, to 5%. Over the course of the 1980s, this percentile dropped from 5%, to 2%. Today, that percentile is *less than one-half of 1%*. And, this is typical of the trends and figures around the world.

U.S. economy is contracting

Now, as to the U.S. economy: Contrary to all official U.S. government and related reports, there has not been a single year since 1970 in which the U.S. economy had net growth. Not a single year! In point of fact, the U.S. economy has been contracting consistently since 1970, by a margin of greater than 2% in each and every year.

And, a measure of that: The way in which one can measure the actual growth of an economy in physical terms, is the following. First, we make a list of those kinds of physical products which are necessary, not only to household consumption, but to infrastructure, to agriculture, to industry, to physical distribution of goods, and to education, health, and science services. We measure these goods in market baskets, market baskets of consumption by households, family households, by infrastructure, maintenance and development of infrastructure, by agriculture, by cost of agriculture, by cost of industry, and so forth. We measure these in terms of per capita of labor-force, that is, what does the average member of the labor-force produce of these market basket contents? We measure these in terms of consumption and effective output by the labor-force members of family households. We measure these in terms of costs, necessary costs, per square kilometer of land area.

We hope, in a healthy economy, that the output from production of the contents of these market baskets, will be greater than the cost of consumption. That is, the output should be greater than the input. That output is a margin of growth which can be called macro-economic profit. And, a healthy economy is one which is growing because the output of the content, at least necessary content of these market baskets, is greater than the required inputs.

By those standards, the U.S. economy today, per capita of labor-force, per family household, and per square kilometer of land area, is half, approximately, what it was 25 years ago.

Parallel trends around the world

Now, we have somewhat different but parallel figures, or parallel trends, for all of the world. The worst case since the 1966-72 period of transition, is Africa. Africa was the first part of the world, especially sub-Saharan Africa, to be redlined; that is, to be put out as a basket case, like a goat tied in the forest, waiting for the tiger to eat it. And, Africa has been systematically destroyed and has experienced *no net growth* since that period, despite localized growth in some areas.

Generally, in the developing sector, development, in the sense that the First and Second United Nations Development Decade proposals specified, has ceased to exist, in net effect, since 1967. We have seen the economic destruction of what once was the Comecon, a recent development. We see a positive trend in China, in recent times, with problems involved in it. But, overall, the picture I gave for the United States, and for Europe, is representative of the world.

For example, in Europe, you look at Italy, you look at France, you look at Germany, and elsewhere in western Europe, and, almost every morning, you will look at the obituary column, you'll find the name of another major or crucial firm on which the prosperity of the economy of that national economy formerly depended. What happened to Deutsche Aerospace? What has happened to AEG, in Germany? And so forth and so on.

The great firms on which, for over a century, the economic power of Germany depended, are shot. The export industry is shot. The great shipyards are being shut down. The machine tool industry is being allowed to rot. The machine tool industry, which is the gut of the German economy, is allowed to rot, while major manufacturers, under the influence of idiots, resort to outsourcing of products from cheap labor areas of the world.

We have a general decay. We have cultural decay, we

have economic decay, we have financial decay, we have collapse of life expectancy. We have increases in general morbidity within the population. We are now systematically, each year and more frequently, calculating how many more people to kill. How do we do that? Very simply. We take away those economic factors upon which the sustenance of life depends: cut medical care, cut assistance to senior citizens, cut assistance to those who are in economically unfortunate circumstances. You increase the death rate, cut the use of nurses in hospitals, put the doctors under the management of a computer, instead of their own conscience and skill. The result will be an increase in the death rate, the kind of increase which came with a shock in Russia over the past five years, where the life expectancy of Russia in general collapsed, as a result of IMF conditionalities: the greatest, most murderous invader of Russia which ever existed, was the IMF. It killed more people than all other invaders combined.

You look at what's happened in eastern Europe, to similar effect. You look at the collapse of life expectancy rates, the increase in child and infant mortality rates and similar things, in South America, Central America, Africa, and parts of Asia, and you get the same picture.

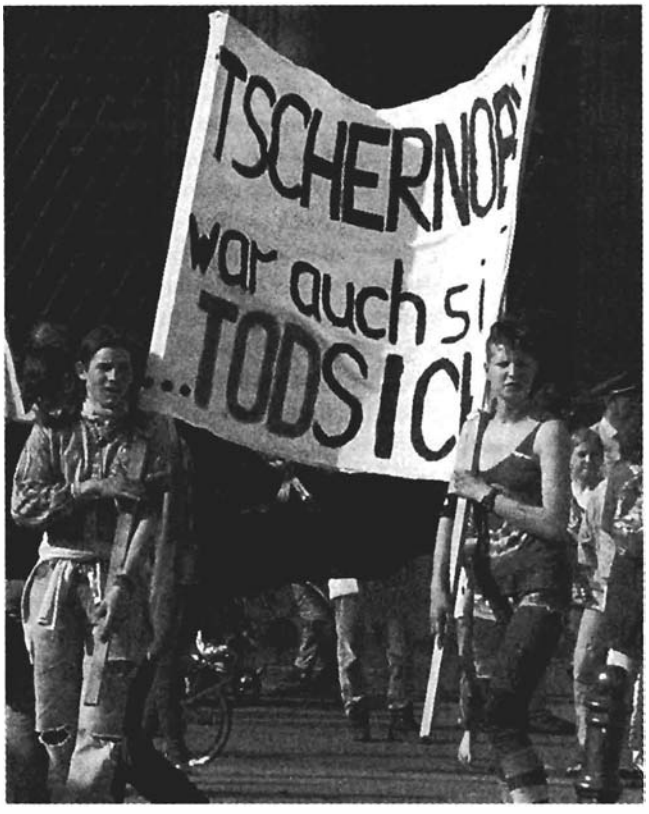
The collapse of social structure

Look, for example, in the United States, at another factor: social structure. Twenty-five to 30 years ago, the standard of cultural living of the employed person was a family household which depended chiefly on the income obtained by one employed member of the family. That employed member of the family would support a household with their income, would support children, would often assist the children into higher education, as well as through public school. That household provided a cultural nourishment for its members, for the children. It provided a family unit. It helped to create a sense of community in neighborhoods, and so forth.

Look at what has happened in the past 25 to 30 years. Now, in the United States, a household, to attempt, unsuccessfully—that is, I'm talking about the lower 80% of the income brackets in the United States—to attempt to maintain, *unsuccessfully,* the kind of material standard of living which they enjoyed, the same kind of household enjoyed 30 years ago, three persons, not one; or three jobs, not one, must be used by that household, to not quite successfully support that household.

The result on the children, the result on the community of this social change is disastrous. If you do not have family nurture of children, you proliferate emotional problems. You have a poor base for education. You foster the degeneration of some of the poorest parts of urban communities, and others, into hellholes of adolescent violence.

In the United States, for example, as in Europe, the worst violence, the worst crime overall, is perpetrated by adolescent youth. *The most dangerous criminal class in the United States and in parts of Europe, is adolescent youth;* our own children, who have been turned into that, by two things. First of all, no family nurture, because the parents, the older members of the family have to maintain two or three full-time or equivalent employments, which means there is no time for family life. The family meal has been replaced by that McDonald's, where you can eat your favorite kangaroo, or whatever. There is no cultural life. The educational system is terrible.



Anti-nuclear demonstrators in Wiesbaden, Germany, April 1996. The sign reads: "Chernobyl was also dead certain." The adolescent youth of Europe and America have been turned into freaks and even criminals, by the decline of family nurture resulting from the economic collapse, and by the terrible educational system.

The vital issue of education

Now, also very important to children, is good education. Not merely to qualify them for life, but for their emotional development, for their maturity and emotional development. What is a good education? First of all, a good education means good teachers. But, we're against that now. We want other kinds of teachers. Good education means a classroom size of not more than 15, 17, or 18 pupils. Why? Because a good education is not teaching children to learn answers to questions which will come up on examinations. Many of you who perhaps remember what a good education was, know the difference.

In a good education, the pupil would almost never, in an examination, be exposed to a question to which the pupil has been provided the answer. The basis of good examination in education, is to ask the pupil, in an examination, to find the answer to a question which they had never thought about before, and to which they never received the answer. These questions are designed on the basis of the *knowledge* which the child, the pupil should have acquired in the course.

On the basis of this knowledge, and development of their mental powers, the teacher who is experienced and so forth, could rightly expect the children who had mastered this knowledge, to be able to solve certain kinds of problems about which they had not thought, perhaps, before. Because, they knew the *principle of discovering solutions.* And, therefore, you would examine children on the basis of their ability to create valid new solutions, or approximately valid new solutions, to problems which they had not thought about earlier. That was a good examination.

Today, the child is told a formula, by someone who generally does not know the subject, called a teacher, sometimes called a facilitator. The child is expected to work through an example of this gobbledygook, I guess you'd call it, recited by the teacher. The teacher says some piece of nonsense: "This is a concept. It's called a concept." It's *not* a concept. It's a shibboleth. The child is then given an example of what the teacher purports to mean by this shibboleth. The child is then, later, given an examination, usually a multiple-choice questionnaire examination, in which the child's problem is to identify and remember the procedure, the protocol which was taught to him, by virtue of learning these phrases, and going through, working through this example.

If the students were confronted today, with a question for which the answer has not been prepared in instruction, the students in many schools would riot, saying the teacher had cheated them, because a question had been asked, for which the answer had not been provided in the previous course.

What that means, is that we are not treating children in schools as if they were human beings. We're treating them as if they were parrots, or monkeys. We're saying, "Learn a procedure, learn a behavioral response." *We are denying the child the conception of being human.* Because the human mind, its cognitive process, is capable of creating solutions.

What the child requires, is some knowledge of the great discoveries of the past upon which modern civilization is based. The child, in order to understand these discoveries, must *relive* them, as we used to do with the Greek Classics. The child must be given a problem, an anomaly; a paradox. And, the child must understand that that was a paradox faced by some great discoverer, who is duly named, hundreds or thousands of years before. The child is then asked to meet the challenge, with some help or discussion, of discovering, in their own mind, what had been the original successful solution to that problem, hundreds or thousands or dozens of years ago.

Therefore, the child is given the building blocks of civilization, which consist of validated discoveries by great discoverers, which are replicated by people who come after them. Those discoveries constitute the heart of culture.

The nature of discovery: an example

When a child relives an experiment—just take one example that I often use. Let's take the case of Eratosthenes' discovery of an estimate, a *good* estimate, for the length of the Earth's meridian, in the Third Century B.C. Eratosthenes, of course, was a man from a part of North Africa, Cyrenaica, who was a student and became a teacher, or leader in Plato's Academy of Athens, and was called, because of his great fame and skill, to educate the young pharaoh in Alexandria. He later wrote, and he was chief librarian of the Alexandria Library, and made a number of very impressive discoveries. He was one of the great discoverers, parallel and comparable to Archimedes, and was a correspondent of Archimedes at that time.

What he did, which is what we've replicated a number of times as a pedagogical device for children under 12, through 12, is to ask the children to relive the act of Eratosthenes' discovery of the estimated size of the Earth, a measurement from Syene, now called Aswan in Egypt, to Alexandria, which was a measured distance at the time (see **Figure 1**). And, the children simply use the angular differences in the shadow of the Sun at various points along the meridian, to see, by analogy, that the Earth is a spheroid. And, by simple means of similar figures, the child can estimate the size of the Earth, which Eratosthenes estimated, at about 50 miles error from the polar circumference.

Now, there are two things that are important about that example. First of all, instead of being *told,* as would be done today, that Eratosthenes made a measurement which came out with the right answer, the child will be asked to go through the experience of re-enacting the discovery. Then the child would be given a real zinger, as we say in the United States. You say, "All right. Children, you agree that Eratosthenes measured the curvature of the Earth, or estimated the curvature." The children will say, "Yes." "But how did he measure that," you ask the children, "if no one had ever seen the curvature of the Earth?" which poses the fundamental question of cognition. And, many of the simple things which come from the Greek Classics, for example, which are well known to us, has the same effect.

The child then begins to discover, in his or her own mind, that there is a power which is lacking in the animals; that all human beings, all children have this, that we can discover and transmit ideas which we can validate. And, the civilization and the mastery of nature, is based on these discoveries. The child responds to such education, unless the child is emotionally disturbed, the child responds to such education, with happiness, because the child has experienced the thrill of beauty

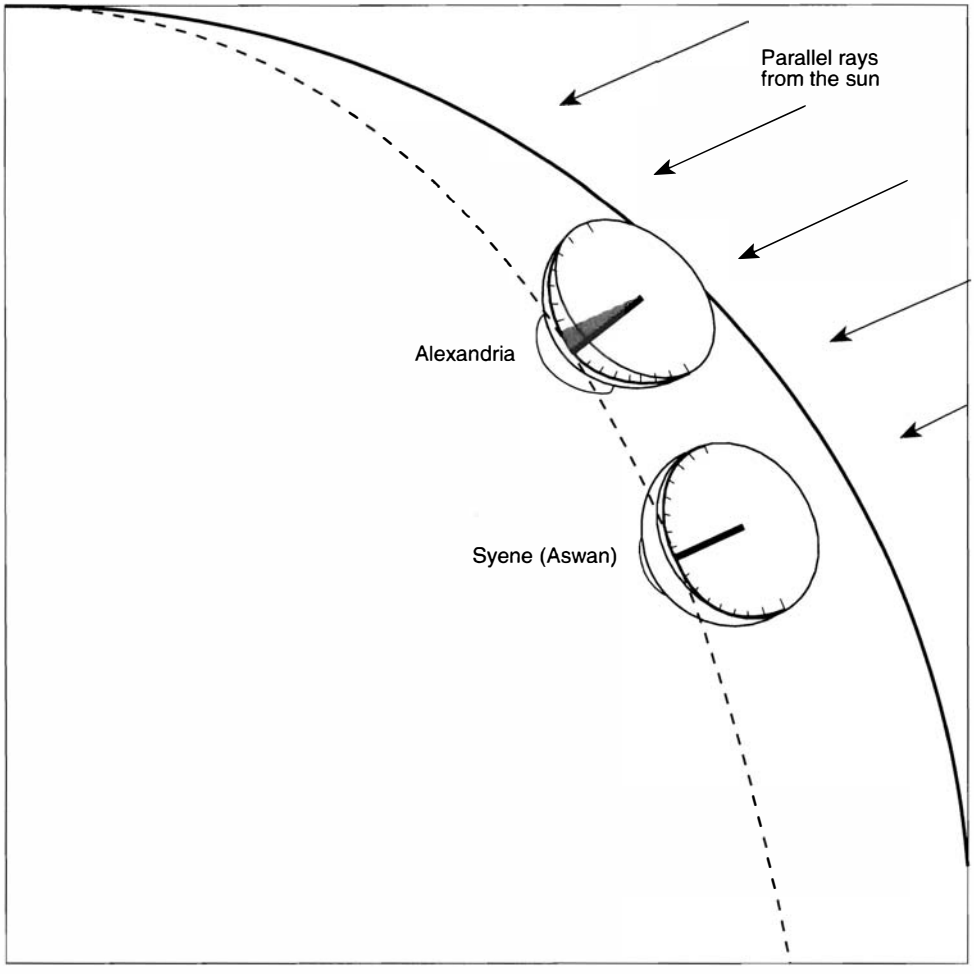


FIGURE 1

Eratosthenes' method of measuring the size of the Earth

Eratosthenes (Third Century B.C.) focussed on the difference between the angles of two shadows cast at different latitudes. Two hemispherical sundials are placed on approximately a meridian circle at Alexandria and Syene (Aswan) in Egypt, at noon on the day of the summer solstice. The gnomon in the center of each sundial points straight to the center of the Earth. The gnomon casts no shadow at Syene, but a shadow of 7.2° at Alexandria. By knowing the distance between the cities (~490 miles), Erastothenes was able to calculate the Earth's circumference to be ~24,500 miles—which is accurate to within 50 miles!

in the child's own mind: the act of discovery. The child will respond, if he has some parents at home, about what the child has learned that day in school. "We learned an exciting new thing! We did this!" The child is happy, the family is happy, at the growing maturity of the child's mind.

Then you have the citizen who, when facing life, the problems of life at later times, approaches this with the memory of the experience of re-enacting many discoveries. The child knows the method, or becomes familiar with the method of thinking by which the child has re-enacted solutions to problems represented by great discoveries for mankind in the past. The child now has confidence in the validity of a method which the child knows, which now exists in the child's mind.

The child is faced with a new problem: The child is excited! Not angry, but excited, particularly if the problem is within reach of the development of his creative mental powers. It's a challenge! The child will try to solve problems, the way an athlete will try to climb a higher mountain.

This makes a great civilization, a great society. The development of European civilization from the Fifteenth Century on, was premised upon this cultural principle, as in the case of France, which was the first modern nation-state, France under Louis XI, between 1461 and 1483. The basis of France's transformation from a feudal monstrosity into a modern nation-state during those 20-odd years, was, number one, the fostering of Classical humanist education, typified by the methods of the Brotherhood of the Common Life, which were Classical methods of the type to which I've alluded. Second, was to provide the opportunity for children receiving such an education to find a changing, growing, developing economy, an increasingly urban economy in which the opportunities for expression of this quality of mind they had acquired could be used.

By that great act, Europe lifted up all mankind, despite the evil things that had been done then, in that period. Because, prior to that, over 95% of the human race in every part of this world, lived in a relatively brutalized condition, akin to serfdom or slavery or worse. That is, of great deprivation. And, Europe provided, by this relationship between nation-states controlled by the intelligentsia of its own people, in the interests of the people—the nation-state committed to universal education of its children, a nation-state committed

to scientific, technological, and cultural progress and to opportunities for meaningful activity for all of its members—contributed in the constitutional nation-state, opposed to both landed aristocracy, and opposed to financier oligarchy, created a new form of society, which, despite all the evils that have come out of European and related nations, had, until 30 years ago, catalyzed or directly caused a net improvement in the life expectancy, the conditions of life, for all mankind on this planet.

The right to technology and science

For example, when I was in the service in the last war, and coming out of Burma by way of India, before returning to the United States, the poorest, most meanly paid coolie in the streets of Calcutta, could come up to me, and the question that would be foremost in his mind, is: "When you soldiers return to the United States, *will you cause the United States to send us the machinery which will enable us to develop our economy the way yours has been developed?"* Illiterate coolies, who couldn't speak English, and they would get some student to translate to the American soldier.

This was typical, as we saw in the Development Decade proposal that passed through the UN, both the first one and then the last one that U Thant announced in 1967. The aspiration of the developing countries, was for the *right* for full access to sovereignty, to scientific and technological progress, to education, and to the improvement in the condition of life, which had then previously been considered the special right of the European nations or North America. That was prior to 30 years ago; now, this has changed. It's gone in the other direction.

So, therefore, on the one hand, we had a great culture, with all its imperfections, a culture in which all humanity aspired to participate, *to claim its right to participate in ideas.*

Thirty years have gone by. What's happened, and what is happening now; not something that's going to happen, it's already happened. We have come to the end of a civilization, the end of, if I can be specific, 400 years of a very special kind of European civilization, which emerged to dominate this planet.

Now, the reason I'm addressing you in these terms, is the same reason that I write many articles dealing with aspects of this subject, the reason why I am so *mean* to the mathematicians—and I am mean to them, they need it—is because we have come to a point where you can not fix the old *Titanic.* Do not come up to the bridge and say, "Captain, I have a suggestion as how we can save the *Titanic."* Throw that person overboard, for their own good! And for the good of their fellow passengers. The question is: How do you get off the *Titanic,* and survive? How do you prevent a major loss of life, while you're trying to make the transition from the *Titanic* to some other mode of existence?

That means that there are certain underlying assumptions built into the culture, the way it's presently operating, which are causing the culture to destroy you. In that case, what you need—it's like an automobile which is not long for the world: You've got to get out of it, and get into a new conveyance. And, you use your experience, as with the case of the collapse of the old automobile you bought at the used car lot, your experience with the old vehicle, comparing its usefulness and, also, its failure, in the selection of the new vehicle; which means you have to look at the underlying assumptions which caused you, *for all too long,* to tolerate a culture which we should not have tolerated in its existing form.

We are now coming into a period, which is characterized, for the past 15 years or so, by the collapse of two systems. We have seen the collapse of the Soviet system, which is more or less like a train wreck. We are now seeing the disintegration of the system which survived the Soviet system, the system of western Europe.

We see the deliberate destruction of the nation-state, by things like Maastricht and other schemes. We see the destruction of the nation-state by proposals for "global free trade," "global economy." We see the ruin of things which are successes.

The German-American connection

Let's take the case of German industry, AEG, for example, and Siemens: what they were, where they came from, what they are today.

In the early Nineteenth Century, there was a man in the United States, the great-grandson of Benjamin Franklin, the great scientist Benjamin Franklin, who was a serious scientist, contrary to what some people have said. His great-grandson was called Alexander Dallas Bache. Alexander Dallas Bache, in the course of time, studied at Göttingen University, and became closely associated with the circles of Carl Friedrich Gauss. He became, then, also associated with Alexander von Humboldt, and became a key link between Germany and the United States. For example, the U.S. Coastal Geodetic Survey was established on the basis of the geodesy of Gauss, through the mediation of Alexander Dallas Bache. Representatives of Gauss participated in the United States, including members of his family, in setting up the U.S. Coastal Geodetic Survey.

The interchange in that period between German universities and U.S. universities was intense. Germany was the nation, in that period of the Nineteenth Century, closest to the United States on the cultural level. Not necessarily the monarchy, but these institutions.

Now, later, in the course of time, Alexander Dallas Bache did a number of things. One thing, on the basis of his study of the Humboldt reforms in education in the United States, he introduced something similar in the United States, starting with a model secondary school called a high school, in Philadelphia, Pennsylvania. That high school, established by Alexander Dallas Bache, based on consideration of the Humboldt model, was the basis for the entire system of high school education in the United States thereafter. It was based on the

German model.

But, there was reciprocity. Alexander Dallas Bache was among the sponsors of a man called Thomas Alva Edison. And, Thomas Alva Edison made some inventions, which he had to fight to introduce into the United States, because the British didn't want them introduced in the United States. But, through Rathenau and Siemens in Germany, we had the rapid electrification, in both the United States and in Germany, within a relatively few years, as a result of this collaboration, the collaboration between the ideas of Edison and the implementation of Edison's designs by people like Rathenau and Siemens, who, in that period of the Nineteenth Century, were functioning as a team, with a division of labor, in terms of electronics.

Well, where are those great firms today? Where is the tradition of Edison in the United States? Gone! Where is the tradition of the high schools set up in the United States on the models of the Humboldt reforms, by Alexander Dallas Bache? What happened to AEG? What has happened to Siemens? And, similar stories can be told throughout the U.S. and other parts of Europe.

Now it comes to the main question: What's wrong? What happened? What happened in the past 30 years?

I can assure you, that every textbook, and every course in economics, in virtually every university in the world today, is axiomatically incompetent, worse than incompetent. This has been the case, for most of the Twentieth Century, in every part of the world. And yet, the collapse of the world economy from its previous rates of growth, occurred only about years ago. How are these two things related? Then you begin to see what the problem is.

Thirty years ago, we entered a period of deindustrialization (I'll come back to that, how that came politically about), in which we deemphasized investments in energy, in energy density. We deemphasized investment in infrastructure, we deemphasized investment in technological progress. It started in 1966, with the first program through the United States government, which began to take down the U.S. space program. We had a mass shutdown of sections of the aerospace program in the years 1966-1967, from which that program has never recovered to the present day. The space program today is a joke, compared to the space program of 30 years ago, even though some good things are being done.

But, look at the economic doctrines that are being taught today, and which are used by governments to justify policies of governments and banking institutions, which are, generally, fairly described as lunacy. It is fair to say that the leading policies of every government in the world today (we'll leave China out, that's a special case); that the leading economic, monetary, and financial policies of every government in the world today, is lunatic, absolutely, clinically insane. That is, it's not the kind of thinking which enables a species or nation to survive. . . . If you believe it, you're not going to exist as a species. You have denaturalized yourself, in the process of natural selection.

The bankruptcy of textbook economics

What's the great error in all these theories? They leave out man. *There is no economic doctrine generally taught in any textbook or university today, which takes into account the existence of man as human.*

Now, since economies involve the work of a lot of human beings, that might seem a little bit absurd. It is! How do they do that?

There are two theories of economy today, from the textbook standpoint, which are accepted by governments and other institutions throughout the world. One, is fairly called that "commodities are produced by commodities." The assumption is, that if you put in a certain number of commodities, including labor as a commodity, into a system, that you'll get so many commodities out of a system. Every economic theory taught on the basis of operating an economy, including an industrial economy, especially mathematical economics, is based on that assumption.

There's a worse version of the same thing, which is that it is not the commodities, but the *money* that produces the wealth. In other words, in all existing theories, it is taught that the use of commodities, the produced commodities is the basis for profit, and growth in macroeconomy. In the worst version of the theory, it is taught that money invested in the economy earns profit, and that is the source of wealth.

So, it leaves out of consideration the fact that in any such mathematical model, you can not have growth. Because the model would be intrinsically entropic; that is, it would tend to erode. Where does the growth come from? Well, *the growth comes only from one thing.* And, you look at the entire history of mankind, and the prehistory of mankind, of which you have a fair indication, going back many years. Human progress, from the life expectancy and population density of a baboon, to present-day man, is based entirely on the basis of discoveries, and transmission of those discoveries, in the form of culture from one generation to another. The source of these discoveries is one place: the mind of the human individual. In the case of economy, the same thing.

Let's take, for example, the German economy, when the German economy was successful. In the case of the success in the German economy, it was not based on the big firm, as such. That was not the secret of the economy. And, many Third World countries, so-called, suffer, because they have the impression that, by putting an industry, a manufacturing industry or something down in their territory, they're going to have economic growth. And, they don't. Why not? Because it's the wrong economic theory. The big firm by itself does not produce economic growth.

The role of the 'Mittelstand'

Look at the German industry. How does Germany prosper? Germany prospers with a special section of what was called the *Mittelstand,* and Lothar Komp has written a report on this subject, which we're publishing in English in the

The steel works in Bochum, Germany. The Schloemann-Siemag company (SMS), maker of one of the machines shown in the picture, is an example of the kind of small and medium-sized company that composes the Mittelstand*—a kind of conveyor belt from the scientific laboratory and university, into the practice of machine tool design.*

United States in *EIR* [see p. 39].

The *Mittelstand* is what? Some of you know what it is. It is generally a relatively small firm, headed by a scientist, or engineers, or people of similar talent. The function of these firms is not simply to produce machine tools, *but to design and produce machine tools.* They design machine tools. How does this work?

The *Mittelstand* is a kind of conveyor belt of the discoveries of science from the scientific laboratory and university, into the practice of machine-tool design, so that when a large firm employs the services of this kind of *Mittelstand* firm, as a vendor, the firm, unlike Lopez's Volkswagen, is not stealing ideas, designs. *It is actually developing a flow of constantly improving technology, into the firm's operation.* The products become better, the designs of the products are improved, the productivity of labor is improved, and, therefore, there is a constant growth, an advancement in technology and productivity in those firms.

It is not the big firms that produce the growth. It is the big firm's *use* of the *Mittelstand,* the machine-tool-design sector, constantly, in effecting the constant flow of changes in the mode of production and productivity. And, the reason the Third World countries have so much trouble in trying to imitate the developed sector on this account, is, that without a machine-tool sector, and without infrastructure, industry doesn't work.

But, look at the case of the machine-tool designer as such. What is happening here? What you have, is the development of discoveries, discoveries of scientific principle, and, also, cultural principle, which is reflected in the process of education, and the relationship between a humanist quality of education, and scientific and related research.

The scientific and related research and education, working together, produce a highly qualified labor-force, or a labor-force of highly qualified potential. The flow of discoveries form the scientific aspect of the educational process, then produces the leader of a firm like the *Mittelstand* one: the gifted engineer, the gifted scientist, who leads, in causing his or her firm as a personal invention of his mind, so to speak, to produce improved machine-tool design, which revolutionizes the quality of products and the quality of technology and production, to increase the productive power of labor.

So, in economy, what do we have? As in the German economy, the same thing could be done to the economy of northern Italy, or the United States. The same principle. What does it demonstrate? It is the human mind, the flow of the education of the mind of the prospective labor-force member, the prospective member of society in general, and, also, the

Mittelstand, in the ability to make and implement some fundamental scientific discovery which revolutionizes for the better, the quality of life and production.

The mind, the mind; the mind of a human being. But, look at these theories. Look at the theories of derivatives speculation, for source of profit. Look at the theories that are taught in every textbook and every classroom, virtually, in the world. The mind of man is left out, because it's an inconvenience to bad economic theory and bad mathematical theory. Because the mind produces transformations which are contrary to the simplistic, mechanistic theories which are taught in modern economics or modern mathematics courses today.

Then, how did we ever have a good model? Well, we had an approximation of good economic theories, first in Leibniz, and then from people like Franklin and Alexander Hamilton in the United States; List, here, who was the product of the American System of Franklin.

But, during the Twentieth Century, virtually every economic textbook is incompetent. How did we have a successful economy? Because we had an economy which was oriented to the production of technological progress and wealth.

How production was organized

Now, how was that organized? It was organized by production managers. Production managers, of course, deal with products over a period of about a quarter of a century to 30 years maximum. If you want to run production, you have to think about, you have to know what you've got to work with, that is, the capital investment with which you're beginning, much of which was made 10, 15, 20 years ago, or 30 years ago. Plants, equipment, machinery, processes, and so forth.

If you're going to run one of these plants, you have to think at least 10, 15, 20 years ahead. You have to plan the flow, and institutionalize the flow of development of technologies, *into the future.* Do you know how long it takes to make and design a machine tool, to design a process, to organize the flow of production when you create a competent product, and market a product based on that work? This is a work of from 5 to 15, 20 years.

For example, even in agriculture, if a farmer wishes to plan a new crop program, the farmer may have to think at a minimum of a three-year cycle before he can begin to pay out the investment in developing that crop program. If a farmer wishes to develop a herd of high-quality cattle, milk cattle, that may be an investment of 25 years of development in that herd, before the herd becomes a self-sustaining economic [basis] of production.

So, people who manage production, whether in agriculture or industry or other things, must think in terms of past, and they must think in terms of the future.

These people were called the production managers. In any typical American firm back in the 1950s or 1960s, you would find two opposing political forces, in any competent firm. On the one side, was the production manager, and that's that. On the other side, were the idiots, the finance officers and the accountants. And, when it came to production, they were both idiots, even though they may have performed a useful function, if they stayed in their place.

Because the production manager was a power, as in Germany. You had the alliance of Hermann Abs of the German banking system, together with the big firms, and the *Mittelstand;* and they understood something about production. And, they would fight to say that anything that violated the interests of production, was contrary to the interests of the German state—because Germany existed by 40% of its products being exported. So Germany, as a high-technology exporting nation, which relied upon the machine-tool process, particularly the automobile industry and other industries—a breadth and a head above other nations, in quality and in product design, and in productivity, was its essence.

German labor was not cheap. It was not a cheap-labor market. It cost more, for an hour, to employ German labor, or did, than it does in some other countries. But, that's justified, because German labor had a higher technological potential, and a higher productivity. Therefore, higher pay was better for Germans. And, the industrial manager *understood it.* And the bankers who worked closely with him, *understood it.* And they were a political force.

The same thing was true in the United States. Similar things were true in northern Italy. The forces around de Gaulle, in the development of the French economy out of the mess it was in the 1950s, reflected the same thing. In Russia, in the military-industrial sector, you had a similar recognition of some of these principles, as practical matters of policy.

The problem of 'Maoism'

So, despite the fact that, in former times, we had a society in which economic theory was insane, as it is today (maybe not quite as insane, but essentially insane); nonetheless, the economies functioned, because you had a functional feature of the economy, a powerful one: The production manager and what was associated with him, as a political force, kept the hyenas, called the accountants and financial mangement, in check, and the economics profession in check.

You would have economics conferences by these professors from various universities, babbling absolute nonsense. But, nobody paid any attention to them, because the production managers and their faction were in control. These were called the "Ivory Tower" people, who would get together and gabble like geese over corn, and you expected them to do it. But, nobody paid much attention to them. And, there were good economists.

In 1966, you had a change. Someone said, planting this idea, first, among the Maoists, who are old university students' children. When the Cultural Revolution occurred in China, it was bad there. But, it also occurred in western Europe and North America, 1966 to 1968. It is Maoism which

is destroying Europe from within today, not actually imported from China, but the Maoism which we've had in western Europe and the United States, particularly in the United States. That is a key part of the problem. But, they were used.

Why did people allow a bunch of unwashed lunatics, sodden with dope, babbling nonsense, not knowing which end of their body to pull their pants on, to shape the culture of North America and western Europe, and elsewhere, during the late 1960s and early 1970s? Why did that happen?

Because somebody from the top decided to do it. The reason we have modern society, over the past 400 years, is because those who opposed the nation-state, the forces of wealthy landowners, landed aristocrats, the forces of financial oligarchs, such as the Venetians, or the London financiers, or the Netherlands financiers, even though they hated and opposed the idea of giving political equality and intellectual equality essentially to the entire people of nations, were up against the problem which was identified by Niccolò Machiavelli, during the early Sixteenth Century: that the modern form of society, the modern urbanized industrial/agro-industrial form of society, first coming to the surface under Louis XI in France in 1461, by developing the society, and developing it in a way in which it could utilize and develop technology, had created in the populations of such societies, a potential military force which was superior to the forces of the oligarchy.

Therefore, the Sixteenth Century was a great struggle, led by Venice, against the new order of society, the nation-state, and the system of scientific and technological progress which developed from that. But, this failed; because, despite all efforts, it was demonstrated that the nation-state was superior in every respect, including military respects. Because the quality of population, including the technological attributes, the ingenuity, and the technology which the nation was able to deploy per capita, was the basis for a winning potential in general warfare.

Therefore, as long as this planet faced the possibility of general warfare among nation-states, any force that wished to survive, even a financier-oligarchical force, or a landed aristocracy, must resort to the methods of the nation-state to gain the simple military power to withstand the superior powers of the nation-state economy.

But, the people who were determined to destroy this system of society, did not give up. At the end of the Sixteenth Century, led by a very evil, sulfurous gentleman by the name of Paolo Sarpi, the follower of William of Ockham, a new system of thought in politics was introduced into Western European civilization, which was called later the Enlightenment.

Now, the Enlightenment denied the essential thing, that man is made in the living image of God. That was the big fight. Because if man is made in the living image of God, then every human being must be recognized and treated accordingly. Society must be designed accordingly, to foster the development of those creative powers which distinguish man as made in the image of God, to provide the opportunities in life which fit an individual personality made in the image of God, to foster the life of that individual, to foster its productivity, to foster the conditions of environment which are necessary for such a being.

But, the opposition said, "No, that's wrong." They say, as Lord William Rees-Mogg, sometimes called Greased-Hogg, of London, said, "No. Ninety-five percent of the population should not be educated at all. We should go back, essentially, to feudalism, or the worst forms of financier-oligarchism, and keep 95% of the population in bestial backwardness. Therefore, we refuse to admit what the Renaissance emphasized: that the nature of the individual human being is the individual human mind's creative educable potential, the potential for individual discovery."

So therefore, Paolo Sarpi created a system, known as the system of Galileo, the system of Francis Bacon, the system of Thomas Hobbes, the system of John Locke, of Hume, and so forth, which became known as the Enlightenment. The Enlightenment denies the existence of a creative power of human mind, just as Kant does, for example, or as the German Romantics, such as Karl Savigny in the last century. The denial of the connection, the efficient connection, between art and science, that they represent the same state of mind, the same creative powers, is an example of this.

So, therefore, wherever the Enlightenment prevails, you had theories, such as bad economic theories, such as those of Quesnay, for example, which insisted that you must design society in such a way that you do not admit that the creative power of the human mind is the source of the increase of the population potential density of mankind, the source of the improvements in life expectancy, the source of the improvement in man's power over nature.

So, what we had, therefore, is we had a two-part society. We had a victim, which was the nation-state. On its back, there was a succubus, the relics of the old reactionary forces, the relics of the tradition of landed aristocracy, the tradition of financier oligarchs, the tradition of usury, the tradition of Descartes and Voltaire.

But, since we had nation-states and they were a powerful force in the world, and war was likely, these parasites could not get rid of the nation-state, nor could they rid themselves of this process of production, or the production manager. Therefore, you will find that in this process, generally, these nations developed their economies, as in the case of the United Kingdom, reluctantly. *From 1714 on, the British economy, the economy of the United Kingdom, never made an effort at technological [development], except to prepare for war.* The British economy lived by sucking on the blood of most of the world, in the form of colonial raw materials.

But, there was never a period—for example, 1811 to

1820: Britain was the most backward nation in Europe, in terms of economy, and in terms of science, especially science. England was behind Russia in science, behind the United States in science, behind Germany in science, behind France in science. So, the English said, "This is a danger to us, a military-strategic danger." Therefore, through the formation of the British Association for the Advancement of Science, Britain went into a science and economy boom.

The British Navy at the end of the century was eminently sinkable. It was only good for sinking, not for fighting. So, under Admiral Fisher, the *Dreadnought* was created. Why was the *Dreadnought* created? Because they were afraid of the United States. Why were they afraid of the United States? Well, I'll just take a little side trip here, to mention something which most of you don't know, I suppose. But, it's good fun.

Lincoln's plans for Britain

Abraham Lincoln, the President of the United States, knew that the Confederacy and the Civil War had been organized by the British and the French, the early Entente Cordiale. And, Lincoln realized that, at the end of the Civil War, the United States must prepare to deal with its mortal adversary, Britain. Lincoln devised a war plan, a war plan for the defense of the United States against any future threats from Britain. Part one of the war plan was: occupy Canada. Part two, was to send a fleet of a kind of ship, which was a warship which had been developed by Ericsson, the man who made the famous *Monitor.* These warships were called ocean-going *Monitors.* That is, they were the kind of larger *Monitor,* a steam-powered *Monitor,* which could sail across the ocean. And the way Lincoln was going to deal with the British, was to occupy Canada, to eliminate that problem, and then send a fleet of ocean-going *Monitors* to blockade every major British port, and to bring the British economy to its knees. Because the British had nothing which could resist such *Monitors.*

So, as a result of that fear of the United States, which was a concept of the United States; the British were always afraid that the United States would develop effective war capabilities at that point. The British came up with what was called the "Dreadnought Policy," as expressed by the first battleship, called the *Dreadnought,* the *HMS Dreadnought.* And, the British mobilized industry to produce, beginning the late Nineteenth Century, to produce and prepare for what became World War I. In the postwar period, after World War I, very little developed. Again, the same thing: The only British development of any significance, in the period after World War I, is preparing for World War II and the effects of it afterwards, that is, the conditions which existed for Britain after World War II. You've got a similar thing in France, to which de Gaulle was an exception.

But, the general history is that nation-states, under the influence of the Enlightenment, would mobilize technological progress and economic progress, *only to prepare for war.*

Now, there was a danger, as long as Roosevelt was alive, Franklin Roosevelt, that Roosevelt would do to Britain, what Lincoln had intended to do. As a matter of fact, Roosevelt at the time was thinking in those directions. But Roosevelt died, and Truman was a lackey for the British. It's a simple fact.

The postwar nuclear world

So, what the British did, in order to try to control the world, the postwar world, was to set up a nuclear confrontation between the Soviet Union and the Anglo-Americans. And, thus, from 1945, when the two nuclear weapons were dropped on Japan without any reason to do so, until 1989, the world was dominated by a so-called East-West nuclear conflict, even before nuclear weapons existed. The name of this doctrine of nuclear conflict was set forth publicly by Bertrand Russell in an article published in a magazine he controlled, *The Bulletin of the Atomic Scientists,* in September 1946. Every policy, including every policy of Henry Kissinger and so forth, is based upon that Russell doctrine.

The purpose of the doctrine, as Russell said, was to eliminate the nation-state, and to form world government, in order to eliminate war, is what he said. The point was, as I've said, was that the oligarchy could not rid itself of the nation-state institution, without bringing about a state in which the danger of general warfare would not force the nation-state back into existence.

In 1962, we had a missile crisis. In the aftermath of that missile crisis, with the personal intervention of Bertrand Russell, between his enemy John Kennedy and his friend, Khrushchov, agreements were reached which became known as the détente agreements, or the détente process of agreements.

Those in London and elsewhere who were aware of this, believed that the introduction of détente, meant that war was not eliminated from this planet, but that a general war, a general nuclear war in particular, between the forces of the Soviet Union and the West would no longer occur. That warfare thereafter would be limited to limited warfare, and, especially, surrogate warfare. By limited warfare they meant, generally, warfare below the threshold of nuclear exchange. And, those of us who remember, will remember that, in 1970 and 1980, every military exercise in which the *Bundeswehr* participated in Germany, would always break down, because it would always be deployed, in which the conflict in Europe would lead to situations in which one side or the other would have to use nuclear weapons, to avoid nuclear war.

Surrogate warfare

So, the idea of warfare only below the threshold of nuclear conflict, the use of third-party warfare; you set a party directly between the powers, you would pick a couple of third parties, and they would fight a war, and you would orchestrate that. The last war of that type, in the period of life of the Soviet Union, was the Afghanistan War, which was set up by the

U.S.-British establishment, in order to entrap the Soviet Union into a prolonged war against mountain warfare in Afghanistan, in which the U.S.-British side of the war, run out of London, was run through northern Pakistan, through the bases of what became known as the drug-money-funded operations of Margaret Thatcher and George Bush, funding the mujahideen, who were the agency sent into Afghanistan.

That was a surrogate warfare, just as the Vietnam War earlier was a surrogate war, a war to adjust diplomatically the relationship between superpower blocs, or superpowers, by fighting out a war under diplomatic cover, with third parties.

So, when that came, then, suddenly, the oligarchy, the friends of Bertrand Russell and others who permeate the Establishment—as the Frankfurt School here exemplifies that, as a lot of institutions in Germany are that. If you look at Yugoslavia today, you can not explain what has happened in former Yugoslavia today, without tracing out the links of Bertrand Russell's organizations; that is, the Bertrand Russell Peace Foundation, or the offshoot of that, called Praxis, which is a Frankfurt School-Bertrand Russell joint operation.

In the United States, you can not find any part of this operation of the counterculture operation, of the spread of the rock-drug-sex counterculture, which does not come out of Bertrand Russell and his associates, from as early as the 1920s or even earlier.

So, the people who felt they had gained a victory, by using a 1962 missile crisis to force through the détente process which Russell had laid out earlier in 1946 as the plan for bringing about world government, these people began to move toward world government. They began to move toward the *destruction* of those institutions of the nation-states. . . .

So, therefore, what we see here, in the past 30 years, since 1966, is a devolutionary phase within a form of society which has existed in Europe and North America, and beyond, for about 400 years, based on a symbiosis between the nation-state form of existence, which is the highest form mankind has known so far, and a parasite, a reactionary parasite, from the bowels of the past, the parasite known as financier oligarchy, usury, a landed aristocracy, which, since the end of the Sixteenth Century, has demanded to infiltrate, to dominate, and to corrupt the institutions of the nation-state.

Prince Philip founded the Greenie movement

What we've come to, is the point where the elimination of industrial progress, the so-called Greenie movement, has destroyed the character of the nation-state. It's a combination of the rock-drug-sex counterculture, and the Greenie movement, internationally. The Greenie movement, by the way, is founded by Prince Bernhard of the Netherlands and Prince Philip of England in 1961, called the World Wildlife Fund. And, all the Greenie movement since then is organized out of funding conduits under the World Wildlife Fund, or called today the World Wide Fund for Nature, including the Club of Rome.

These institutions have destroyed the political power of the great firms, the production managers, the bankers who were associated with the production managers, have destroyed the influence of sanity in our government, in our economy. The idiocy which has lurked in the economics departments of our universities, in the form of "commodities produce commodities" views, or pure monetarist views, have come out rampant, have taken over the classes. There has been what Nietzsche proposed, a "transvaluation of values," in the direction proposed pretty much by Nietzsche—has occurred on this planet, most of this planet throughout the past 30 years.

So, therefore, the parasite which was within us, has taken over. And, the takeover of these corrupted institutions which we had before, by the parasites within them, has led, as I suppose in the case of most infectious diseases, to the imminent death of the subject.

Eliminating the parasites

Now, the obvious thing to understand, is that there were many good things in European civilization earlier. There were, obviously—obviously—many bad things. Many things which, in this form, have led to the destruction of our culture. The object today, must be to sort that out, and quickly: What were the foundations of the great contributions of European civilization to humanity, actually? What were the aspects of European civilization which were the parasite, which were the evil, the destructive force, that has brought this planet into chaos?

We must quickly establish institutions, or salvage institutions and reestablish them, which are based on the former, on the good, and purge ourselves, as we would of a dangerous cancer, of those tissues of policy and institutions which have brought us to our doom. We must use, as the doctor does many times, we must use the *shock effect:* where the patient is suddenly facing death, or possible death, to bring the patient to his or her senses, to stop doing that which is leading to their death.

And, therefore, we must look at the situation before us, as a very dangerous one, as a perilous one. But, nonetheless, we say we needed it. Because without the great shock which warned us that we could no longer continue doing as we have done, we will not survive. We won't make the decision which will enable us to survive. If nobody tells the passengers that the *Titanic* is sinking, nobody will be saved. If nobody warns that the system is doomed, no one will be saved from the Dark Ages and the collapse of the system. And, we will not be saved, unless we can distingush within our institutions, those aspects of our institutions which are viable, and those aspects which must be weeded out.

We look to the East, to Moscow, in particular, and we see an example of that. As I wrote recently, the problem the

Helga Zepp-LaRouche (second from left) visits a farm in China, May 1996. With an ecumenical approach in matters of statecraft, we can transform the planet, in the interests of all nations.

Russian today faces, or the Ukrainian, or the Belarussian, or others, is to realize, that, in Russia's Twentieth-Century history, two Russian systems have collapsed. The old Tsarist system, and all its leading institutions, collapsed because they were too rotten to survive, morally rotten. The engagement of Russia, in alliance with France and Germany, the Entente Bestiale, to make war against Germany, committed Russia to its own self-destruction. And so, from 1905, 1907, until 1916, 1917, Russia, Tsarist Russia, walked with death. And, *every leading institution of Tsarist Russia participated in the rotten, the guilt of doing that.*

The corruption of the Tsarist institutions, created a vacuum, which a revolutionary of some particular *Entschlossenheit,* Lenin, exploited to establish a new Soviet society. The Soviet society, for different but also for distinguishable reasons, also collapsed. . . . We warned of precisely what was going to happen, before it happened. And, it did happen.

The problem in Russia today, is that, though there are many people who are making these inquiries as to what to do, nonetheless, the fact is, the system has not yet faced the reality. A simple question. We have gone, in a sense, in Russia, we have gone through a collapse of two successive orders, social orders, both failed. We can not simply jump wildly into a third order, brought in by that pirate George Soros, or Jeffrey Sachs. We must reconcile what was good in the old, salvage what was good in the old, to mobilize people around those things which are recognizably good, in order to build a foundation for what must be constructed to replace the disaster which has befallen us.

We must recognize in Western civilization, what was good, in modern European civilization. The Renaissance, which is essentially a creature, institutional creature of the Council of Florence, 1439-1440: that is the good. The rallying of our history, our previous experience, to recognize the importance of the nation-state, a nation-state which is designed, which was created out of the influence of the same personalities who organized the Council of Florence. . . .

The nation-state was good. The commitment to the principle that every human being is sacred, that every human being has the capacity, is in the image of God, which is the Augustinian Christian view, and that each person is also *capax Dei,* as well as *imago Dei.* And that we will construct a society, a form of society, which recognizes and is particularly consistent with those things. The fostering of universal education, and of a humanist form of education, that is, one in which we learn to reexperience the great discoveries of our predecessors, in which we develop our minds, in which every individual is given the opportunity to utilize their self-development, to have a meaningful life. . . . We must pass on the talent which is given to us at our birth, to those who come afterwards, enriched; which used to be what we took for granted. We had to make things better for our descendants, than they were for us. That was our commitment.

That is good. The production system is good. Scientific and technological progress is good, the great Classical cultural tradition, is good. . . . Those must be celebrated and

upheld and preserved. And, those things which we can recognize were the enemy of the system, this good system; those which we recognize as the evil within, which we tolerated much too long, which we've tolerated to the point that it has virtually destroyed the entire human race: *That must go.*

The solution is going to be obvious.

The United States must react

My problem is, that I think the United States' decision on how it will react to this crisis, will determine the opportunity immediately faced by most of humanity. My concern is that the President of the United States, and the people around him, who are responsible, are willing to act properly at the moment of crisis. And, I don't think they are. Because they're cowards. They lack what Clausewitz called the quality of *Entschlossenheit.* . . .

To react in such a way, that the United States takes leadership in saying that the present monetary system and financial system shall be put into bankruptcy under government supervision. *The only way you can prevent chaos on this planet, is by the action of government, of sovereign government, to put the relevant financial and monetary institutions into government-supervised bankruptcy reorganization.* If you do *not* put these into government-supervised bankruptcy reorganization, then the nations will not survive, because chaos will result. And, in modern industrial society, that kind of chaos can be genocidal in its effects very rapidly.

Most nations lack the courage to do this. Most nations are too weak to initiate such measures without support. If the United States joins Britain in the effort to suppress any effort to declare international bankruptcy of these institutions, then most nations on this planet might be crushed, by the force of those forces. . . . Most governments are not quite as insane as they appear to be. They just fear the consequences they get from the Anglo-Americans when they don't do it, especially since the so-called Desert Storm war of 1991. People have learned what the British can do when they get a dumb American President to do whatever the British want, to make a horrible example of some nation on some pretext.

So, nations are terrified of this power. The Russians are terrified of this power. They may not admit it. . . . But they are terrified of the political power behind the IMF.

An ecumenical program

If the United States disowns the IMF, and says it's bankrupt, and that we must put the institutions which are bankrupt into receivership under government supervision to prevent social chaos, and we must immediately act to create a new monetary system, a new credit system to wipe out the old trade agreements and create new ones, and certain governments at least must meet to establish such a, shall we say, a "new Bretton Woods," immediately. Under those conditions, this planet can survive.

And after all the trouble we go through in a short period of time, we will come out much better for the rest of the decade than we have been for the last 30 years. What is needed is some unifying objective . . . the unifying objective which engages most peoples of this planet and most nations in some great good which is to the substantial benefit of all, whether indirectly or directly. I propose that this exists in the relationship of Europe to West, Eastern, and Southern Asia, in what is called the "Productive Triangle" program, and what is called in China the "New Silk Road."

Apart from India, virtually no nation in South and East Asia, except Japan . . . has a significant machine-tool capability. I have identified that very clearly, the kind of thing, like the machine-tool design capability of the *Mittelstand,* and so forth. The problem of Asia is, it has a vast population. The majority of the human race is located in Asia. . . . Therefore, in terms of any per-capita growth on this planet, [this] will be reflected in the highest rates of growth, in South and West Asia. But apart from India, there is no significant machine-tool capability adequate for that purpose in any part of Asia.

Europe and the United States, and Japan to some degree, represent a marginal machine-tool capability needed to make this great project work. Therefore, Europe must accept as its destiny the Triangle approach, the mobilization and reintegration of Europe as what it was in the Nineteenth Century, and later in the Twentieth Century, as the machine-tool design center for the world: a role the United States once represented. . . . And to utilize that machine-tool potential that we have, to make possible the economic success, as well as physical success of the Silk Road development . . . which is the rallying program, or, shall we say, a moral replacement for war, as the driving force of industrial and agricultural development on this planet.

If we do this, then we will find . . . in South and Central America, which has a cultural potential based in European civilization, [support for our effort]. . . . And in Africa, which is one of the richest potential areas of growth. . . .

What we should aim for culturally, is probably best described with the term *ecumenical.* We have a world which is partly Christian, although some Christians don't know what real Christians are. We have Buddhists, we have a large Islamic population in the world, and so forth. And therefore, in dealing with the fundamental principles of culture, we must have an ecumenical approach in which the differences in the cultures are deemphasized and the points of agreement are emphasized, particularly if they pertain to the matters of statecraft, the matters of cooperation between sovereign states. And we must make that ecumenical commitment to the transformation of this planet, and to the exploration and conquest and colonization of nearby space. We must make these goals, shared among nations participating, . . . the moral replacement for war as the motivating force for the development of industrial and agricultural potential.

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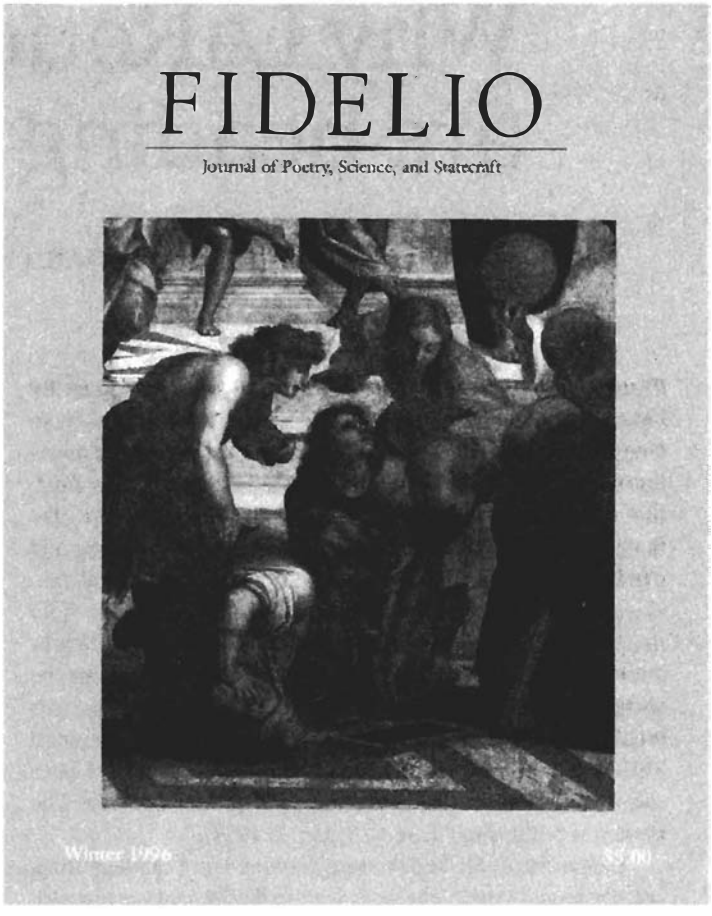

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