

LaRouche Interviewed: U.S. Like Roman Empire

The July 19-26, 2002 issue of the Russian weekly newspaper Vek ("The Age") contains an interview with Lyndon LaRouche, in which the American economist and Presidential pre-candidate addresses the systemic nature of the current world financial crisis, and indicates the way out. The interview is posted in the electronic edition of Vek (www.wek.ru), and in the print edition, under the headline, "Lyndon LaRouche: 'The Fate of the Roman Empire Awaits the U.S.A.'" It is the lead article in the economics section of Vek online.

The questions of Vek journalists Stanislav Stremidlovsky and Galina Borzikova all dealt with aspects of the global economic collapse, that are of burning concern in Russia. Vek is a widely read publication, founded in 1992, and known for its attention to economic developments. Here are excerpts of the interview.

Vek: The American economy is being shaken by scandals around financial abuses by major corporations, like Enron, WorldCom, and Xerox. What is behind these scandals? Are they a coincidence, or do they reflect a general tendency?

LaRouche: The corruption is systemic; it is intrinsic to the present U.S. economic system as it has degenerated, at an accelerating rate, over the course of 1966-2002. The change was from an economy based on the principle of a physically productive national economy, toward an imperial consumer society, echoing the moral degeneration of Rome from about the time of the close of the Second Punic War.

My widely circulated "Triple Curve," illustrating the divergence among U.S.A. financial, monetary, and physical-economic aggregates over the interval 1966 to the present, corresponds to the moving-average of trends to date. The 1995-2002 statistical reports purporting to show U.S. net growth, were all fraudulent. The system has now entered a terminal phase, and is ripe for a total collapse of the system in its present form. Thus, the system has entered a "boundary layer," an interval of accelerating turbulence, like a shock-front. The waves of bankruptcies merely express the bankruptcy which has been prevalent among U.S. firms and real-state interests during the recent seven years.

Vek: British analysts forecast a fall in the exchange rate of the U.S. dollar, which they believe will mean troubles for the world economy. Do you share this opinion?

LaRouche: Yes. The world system is now in the throes of an onrushing general breakdown crisis. All European, Japan, U.S.A., and most other currencies are presently falling at accelerating rates. Which one falls the most during any period is an important, but not decisive matter. Obviously, the U.S. dollar is at the brink of a fall, a collapse which is long overdue.

Vek: How can an ordinary person protect his savings at the present time? In which currency should one keep accumulated funds — the dollar, the euro, or is there another way?

LaRouche: Some persons, chiefly within the upper 1% of U.S. family-income brackets, have prospered because they wisely dumped their investments in financial markets to invest in tangible assets. The rest in the upper 10% of family-income brackets behaved almost exactly as the French fools, during the early 18th Century, who invested in the John Law financial bubble. Those in the lower 80% of U.S. family-income brackets, have suffered increasingly over the entirety of the 1977-2002 interval to date. The imminent collapse of the system will create a condition in which only the intervention of the state could create stability in any economic sector.

Vek: Do modern nation-states have the power and the possibility to manage the economy?

LaRouche: In principle, yes. Approximately half of the total investment in a sound economy must occur in the form of state-controlled investments in basic economic infrastructure. These must occur either as direct public investments, against tax revenues, by national, regional, and local governments, or as government regulated, but privately owned, public utilities of regions and municipalities. These are matters of the tax and expenditure matters of the state as such.

In addition, the present global breakdown-crisis in progress, will compel the abandonment of the control of finances and monetary affairs by privately owned central banks in the Lombard tradition. The national government alone must issue currency, and regulate the private banking system of the nation through a national bank, as conceived by U.S. Treasury Secretary Alexander Hamilton.

The rest of the national economy, the so-called private sector, should be based chiefly on protected categories of small to medium-sized entrepreneurs in agriculture, manufacturing, and related functions. Such enterprises, on which the larger enterprises depend for partners, require protection against "free market" excesses.

A nation also needs an adopted sense of economic mission, around which economic policy should be shaped.

Vek: Is it possible to carry out a monetary reform in the United States? If this happens, at whose expense will it be?

LaRouche: Yes. To be successful, the Franklin Roosevelt precedent must be followed. The interest served must be nothing but the general welfare, as Roosevelt recognized this.