

LAROUCHE WEBCAST

## The Old Economics Is Dead, the New Economics Must Begin

*Lyndon LaRouche addressed an international webcast on “The Old Economics Is Dead, The New Economics Must Begin,” in Washington, D.C. on Jan. 11, 2007. The proceedings were moderated by Debra Freeman.*

**Freeman:** . . . Obviously, with the paint barely dry on the walls of the new Congress, we have come into a very important moment in American history. And I think that there is little question that what we do, over the course of the next days, will determine not only the immediate future of the United States, but in fact, the future of the world. We have a new Congress, one that many of the people gathered here in this room, and people who are gathered around the United States participating long-distance in this event, played a critical role in bringing about. It’s a new Congress, which is full of promise, and hope, and optimism. But whether or not we can deliver on that is yet to be determined. Clearly, last night, the American people got something of a flavor of what the other side has to say [in President Bush’s address to the nation]. And I think that it’s fitting that today, the American people will have the opportunity to hear a more historically American voice, on what the future should hold.

There’s a lot more that I could say, but I really think that these people have been so anxious to hear what Lyn does have to say in this new period in American history, that the best thing to do, is simply to ask you to join me in welcoming Mr. LaRouche.

**LaRouche:** Thank you.

I think we should begin by declaring this the Year of *Bel Canto* Choral Singing [applause] which is one of the more important weapons available to us, to change the world, and to transform people who look glum and miserable on the streets, into actually smiling and happy human beings.

But we have to justify that happiness at the same time. We can proclaim it, we can declare for it, we can call for it, but we must make it possible.



*The surrender of British General Cornwallis at Yorktown, Oct. 19, 1781, depicted by John Trumbull. The ideas that formed the United States, LaRouche said, were against the oligarchical tradition. "We had to build a republic for the sake of all humanity, which was as free as possible, and as far distant as possible, from the European oligarchical tradition."*

Now, what has to be done to save civilization, global civilization, not just here, must be done largely within a span of the coming 90 days, or less. Of course, the first thing we must do, in order to do the other things which we must do, we must put the Vice President into some form of retirement, involuntary or otherwise, and we must put the President of the United States under compassionate care. Because, without the removal of these two impediments, civilization will not continue. You see this madman, who's the unshackled husband of a terrible wife—they have such things in history—you're going to have war. You're going to have a war spreading throughout the entire region from Turkey and so forth, into Somalia, and beyond. The whole world will blow up.

We are entering a period of the greatest financial crisis in all modern history. Because this time, while there are comparable regional cases, such as the 14th-Century New Dark Age, never before has the entire planet been threatened by virtual extinction of its culture and mass depopulation, as now. So therefore, this is unprecedented.

What we're going to have to do, is what the Congress, in general presently, hasn't the slightest intention of doing. But it must be done, if the nation and civilization are to survive. There is no force outside the United States, which has the intellectual capability and influence to do what must be done,

in reorganizing an international monetary-financial system and economic system, which is bankrupt beyond repair. The world will not continue as a civilized world under the present international monetary-financial system, and the prevalent policies which have evolved in the world, as from the United States and elsewhere, over a period from about 1970 to the present time.

### **Oligarchy vs. Republicanism**

We went, during that period, from a nation, which, despite all our errors and follies, still had a residue of the legacy of President Franklin Roosevelt—. For example, look back at the historical setting which leads into the present: When Roosevelt came into the Presidency, virtually with a couple of exceptions, every President since the assassination of President McKinley, had been a national disaster. We allied ourselves with our traditional worst enemy, the United Kingdom, the Anglo-Dutch Liberal system. The killing of McKinley opened the gate, by bringing in the nephew of a Confederate traitor [James Bulloch], Teddy Roosevelt, into the government. Roosevelt marked the change. You had an intervention of a Taft Presidency which was not so bad, but the legacy of Teddy Roosevelt held over that. Then you had a man who was a passionate advocate of the Ku Klux Klan, and who re-



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*We depend on the new Congress to fix what must be fixed in the United States, working through the major committees of the House of Representatives, within the next 90 days, LaRouche stated.*

launched the Ku Klux Klan's building as a mass movement from inside the White House: Woodrow Wilson.

So from 1901 to that time, you had a degeneration of the U.S. political scene, and of the mentality of our people. This was reflected in the 1920s, by the so-called Flapper Age. While the U.S. economy continued to stumble along into the middle of the 1920s, it actually was on the way down, and by the time of 1929, the whole thing began to collapse.

So from 1901, with the date of the assassination of McKinley, until the entry of Franklin Roosevelt into the White House in early March of 1933, our country was run, largely dominated by a corrupt clique centered on London and what was called Wall Street. These were the guys who, at the time that Roosevelt went into office in 1933, the leaders in Wall Street, such as the grandfather of the current President of the United States, were pro-Hitler! It was Prescott Bush, the granddaddy of George W. Bush, who signed the paper issued to a bank in Germany to release U.S.-controlled funds to revitalize financially the Nazi Party in time for Hitler to be made the dictator of Germany. This was typical of the wealthy families associated with Wall Street, all tied to London.

And they weren't doing it on a U.S. initiative. The initiative came from the Bank of England, from the head of the Bank of England, Montagu Norman, in which the British intended to set up a new geopolitical war, on the continent of Europe, focussed upon the issue of an attack on the Soviet Union, and this war was to demolish Continental Europe, as it had not been thoroughly demolished during World War I.

This was a geopolitical move by the Anglo-Dutch financial Liberal circles of Europe. And we had, on Wall Street, and in our political system, we had the patsies who were going along with that.

Roosevelt changed that! Franklin Roosevelt returned the United States to the tradition of the Founders. Among the Founders, of course, was his ancestor, Isaac Roosevelt of Wall Street; an Isaac Roosevelt who was an ally, collaborator, of the Secretary of the Treasury, Hamilton. And that is the Roosevelt tradition. It is not a Roosevelt, as such, tradition, *it's the revival of the principle of the U.S. Constitution*, which had emerged in particular, in response to 1763, when the British Empire was first created at the Peace of Paris in February 1763.

So, this is a *long* American tradition. It goes back to the time that my first ancestors landed on these shores! From England, of all places! And some came by way of Canada, from France, in 1648. So, when my ancestors arrived here, they arrived not because they were running away from something as such, but they were coming to take European ideas, the best European ideas of that time, to bring them to a place at a relatively safe distance from the European oligarchies, in order to plant these ideas on these shores, and develop a new nation, a new civilization. That is our heritage: a heritage expressed by the American Revolution, by the formation of the Constitution, by the all-powerful, superior policy of our Constitution, the Preamble of the Constitution, which is the *fundamental law of our nation for all true patriots!* Because



*Members of the LaRouche Youth Movement at the webcast. The principle behind the LYM, LaRouche said, “is to equip a coming, young adult generation, in the 18 to 35 age-group, to become self-consciously responsible, for the future of humanity.”*

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it’s a commitment, which I referred to, of course, in this recent paper I’ve written on the question of Capital Budgets [“The Lost Art of the Capital Budget,” *EIR*, Jan. 12, 2007].

All right. So, what Roosevelt did, was to respond to a deeply embedded tradition. Now, some of us know that we weren’t born yesterday. That’s not talking about our biological youth, it’s the fact that our culture is transmitted, and enriched from generation to generation, as a body of ideas which belong to the specific qualities of the human mind, not to the physical characteristics of the body. And these ideas, which reach far back in history, in the form of the transmission of language and other things, determine what is lying within us. So that you could have a period where, of generations, from 1901, with the assassination of McKinley, to 1933, with the entry of Franklin Roosevelt into office in March, you have a period, a span in which the most *rotten kind of ideas*, the most *rotten cultural things*—like the *Charleston*, of all things! It’s the orthopedic surgeon’s income-promotion game.

But the ideas, which were planted in the United States in particular, in New England and then in Pennsylvania and elsewhere in the 1630s, around the Winthrops and later the Mathers, these ideas which were the ideas that formed our Constitution, with fresh enrichment from Leibniz and others from Europe, these ideas are the ideas of the United States. *This is our soul. This is our character.* We are the perfect sovereign, who, despite the fact we have a lot of fat oligarchs in our country, we do not have an oligarchical tradition. You

don’t bow when Von So-und-So comes by your house! You don’t fall in awe, when someone says, “The Queen!” You say, “I know people with that sexual preference,” you know.

You do not, because you have a sense: *We are an independent people.* The personality of the individual is sacred, and that personality has an equal opportunity. *That’s us!* This European stuff, which we moved to get away from, that is, we had to build a republic for the sake of all humanity, which was as free as possible, and as far distant as possible from the European oligarchical tradition. And that’s what we are. And whenever you have, in a time of crisis, an able leadership, our people have, so far, been able to respond to an able leadership, to rebuild this nation, even after it has spent drunken decades in a gutter of liberalism.

And here we stand today. And we have people who have entered the Congress. We now have the majority in the Congress, and the majority consists not only of Democrats, but also Republicans who are more inclined to share the general perspective needed to save our nation. Not is either a Lieberman, a so-called Democrat, or McCain, who is out to “raise McCain”—these clowns, I say, advisedly, “clowns,” otherwise if you think of them as bozos, you don’t have to hate them, you ridicule them; and it’s a much better thing to ridicule than to hate.

So therefore, we have a nation which is not accustomed to leadership. We’ve had some leaders of importance, in the post-war period after Roosevelt’s death. Eisenhower tried to

do things. He was actually a product in a sense, a very significant sense, together with Douglas MacArthur, of the Roosevelt machine of the 1930s. He understood these things. But he also understood, when he became President, he was operating within limitations of the time, and had to work within the limitations imposed upon him by things like Arthur Burns and so forth, at that time.

Also, we had Kennedy: and Kennedy promised to be a great President, with some fits and starts. For that, he was killed. Johnson was terrified. And since that time, the time that Johnson was terrified, after the killing of Kennedy, knowing that the fellows who killed Kennedy were on top in the United States at that time, Johnson was cautious, and went into the Indo-China War.

### **Destruction of the Presidency**

So, thus, we had 1968: 1968, the British had collapsed the British pound-sterling in 1967. And the way this had happened, is Macmillan, the British Prime Minister, had been kicked out of his post by an orchestrated Profumo scandal. And after an indecent interval, Harold Wilson's first administration was brought into the prime ministership in England. The Wilson Administration destroyed the English economy, physically, to the degree that in 1967, in the Fall of 1967, the British pound collapsed. And because the United States was being *drained* by this crazy war in Southeast Asia, because of that and the 68ers, Nixon and what he represented, and Henry Kissinger, came into power in Washington.

And from that time, despite what Bill Clinton tried to do—he didn't *touch* effectively, the core of the problem—despite that, we've now reached the point, of another long siege of corruption, of one sort or another, in which the objective of the enemy, from London, from the Netherlands, and even among us, has been to destroy the United States, as a force, because we represent a threat to the kind of empire called globalization, which the Anglo-Dutch Liberal financier interests, the same ones that brought Hitler to power in Germany, are determined to accomplish today.

So therefore, we have a government which has not been trained by experience to live up to the measure of its responsibility on this crisis occasion. We have no President in sight. We have a "thing" called a President. A sick man, who's called a President. A sick, *wicked* man who's called a President. We have a Vice President, who should be called the President of Vice. He's a criminal. He's evil. But he's only a stooge for his wife, who is more evil. If you really look at what she is, and what she represents. They represent, not the United States, they represent their friends in London, who own them.

So therefore, our Presidency has been damaged. There is no sense of a Presidential leadership in the nation generally, except in the bones, so to speak, of some of our leading people, and in the population generally. Therefore, we have an important thing: We're not a parliamentary system. And the center

of what has to be done, is what can be done through, largely, the major committees of the House of Representatives, as backed by a flood of representatives recently elected to the House, who in the majority represent a force which can be rallied behind the leadership typified in the House by the major committees, relevant major committees, starting with the Ways and Means Committee, and others.

So it's on these people, that we depend to have an interim transition, toward a *real* Presidency, which can act as a *real* Presidency according to our Constitution, which can, then, with cooperation with the Congress as a whole, *fix* what must be fixed in the United States, within the next 90 days, to fix the future of humanity as a whole.

### **The Greatest Economic Crisis in History**

I can assure you: There's no country, there's no part of world outside the United States, in which that capacity for that quality of necessary leadership exists. There are many useful and good people, and useful governments in other parts of the world. *But they don't have our Constitutional system.* And it's only under our Constitutional system, that we can, so to speak, turn on a dime, to deal with the greatest financial and economic crisis *in all modern history*: a global crisis, which is coming on, now. The world is ready to go into general bankruptcy.

Now, look at this from the other side. Take an example: Take the case of Joe, who wants a minimum wage. What's the other guy say? "Well, we can't afford it! It'll sink the economy, if we give them a minimum wage."

Joe says, "But I can't live on anything less than a minimum wage."

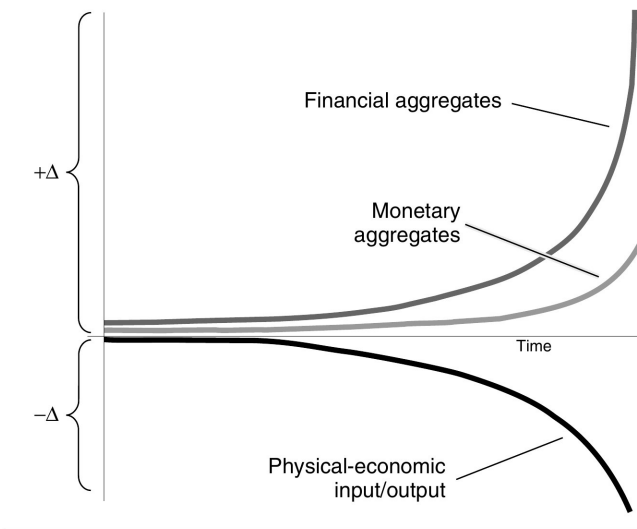
"Well," they say, "go die, for the sake of the economy."

Now, what's the problem? The fact is—two problems: First of all, the tax imposed upon the economy, by the loan sharks such as the hedge funds and similar financial things in Wall Street, is sucking so much blood off the top of the economy, by various methods of usury, that the cost of usury on the economy, is so great—yah, you can't pay the bill for usury and you can't pay the people, too. So therefore, the usurers are going to have to be reformed, and reduced in wealth.

But the problem is also deeper. The fact is, that Joe, who is looking for a minimum wage, at least as a floor on which to walk, is not, on the average, productive enough, to justify the cost to the economy, of that minimum wage. What're you going to do? Well, you have to change something. You have to change a policy. Well, the policy is this: Since 1970-71, we have made a transition, inspired by the 68ers, to go from an agro-industrial economy, producing food, not biofuels—and I mean, "biofools," the people who support that nonsense—so, we've gone to a post-industrial ideology. We no longer produce for ourselves: We shipped our jobs out to cheap labor in other countries, where their conditions of life *there*, on the average, are becoming worse.

FIGURE 1

### LaRouche's Typical Collapse Function



LaRouche's famous "Triple Curve" diagram. If you look at the curve, between the ratio of physical consumption per capita, and production per capita, per square kilometer, LaRouche said, you see that the physical output nad consumption has been accelerating downward, while the money part of the economy has been soaring upward!

Take the case of China. Now the recent discussion is that China faces a crisis, because it must sustain its economy, it must have a certain rate of growth. This growth now is dependent upon its *export market*. Who's the export market? Ha! Us, chiefly. So therefore, China is facing a very dangerous crisis, in itself. Because, why? Because it has too many poor people! Not that people should be eliminated. But the point is, the economy has so many people who are poor, and not sufficiently productive, that it does not have a sufficiently developed *internal economy*, and is dependent upon selling the labor of its people as cheap labor, largely *abroad*, to sustain the internal economy of China.

You have a similar situation, somewhat different but parallel, in India. You have a similar situation throughout the world, of the countries which seemingly are growth economies, to which industry and agriculture have fled. So therefore, you have a situation in which the world as a whole, is collapsing. As a matter of fact, you have probably seen in the Triple Curve [Figure 1], which is now again, published in the edition of this report on Capital Budget, in *EIR*: that over the recent period, most emphatically since about 1977, the productivity of the United States, per capita, has been going *down* at an accelerating rate. That is, the physical productivity, per capita, per square kilometer, of the United States has been collapsing, actually since about 1971-72, but visibly in terms of statistics, per capita, since 1977. That is: Since 1977, take the lower 80% of family-income brackets, *their physical*

*income*, the physical income measured in terms of physical services and other things, *their income has been collapsing*, at an accelerating rate. You have a section of the upper 20%, that is, within the upper 3% of family-income brackets, which is super-rich without actually earning anything. And those who are working, in the lower 80%, are getting nothing for doing all the work that's available.

But in the meantime, we have changed the composition of the economy [Figure 2], from a productive economy, to a failed economy, a so-called post-industrial society economy, a services economy. And therefore, the services economy employment is largely fake makework. It's the dole, it's like the Roman dole, of the Roman Empire. It's a fake.

### Go Nuclear!

Now, our problem is, is to restore the United States, in particular, to a major agro-industrial power based on high rates of technological progress, and which will require a very large investment in nuclear fission power. We are going to have to essentially eliminate much of the reliance on other modes of power, and eliminate all these biofuel, and other pieces of nonsense, that will actually destroy the area, and destroy the food supply and destroy the population. We have to go to a high-technology, high-energy-flux-density power system. We have to do this.

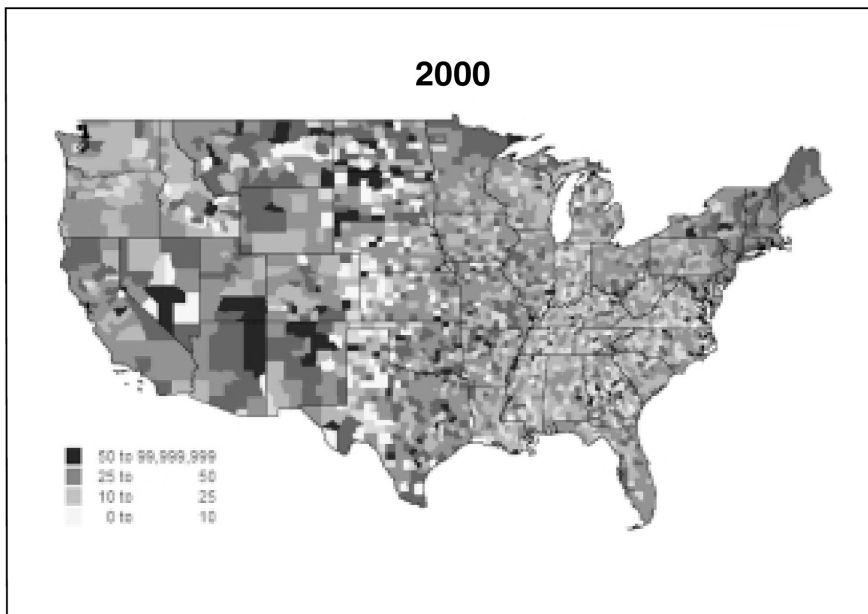
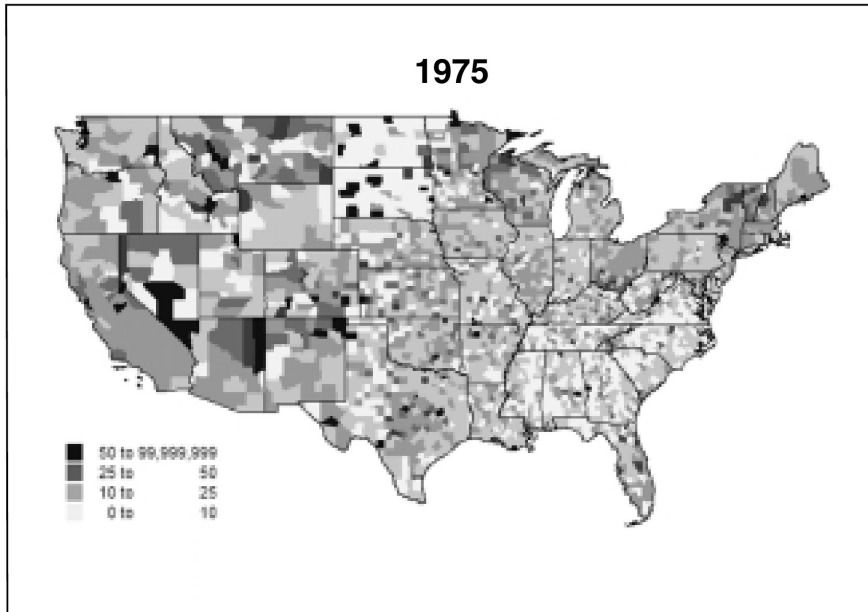
Take the case of the Western states, west of the Mississippi. You have a large area that runs from Dakota, down into Texas, West Texas in particular, it's called the Ogallala aquifer. This is the major water supply for that whole region. This area is now subsiding, especially in the southern part in the United States. This whole area of the United States is doomed, unless we reverse it. Why? Because the combination of fossil water in that area, and the water supply flowing into the aquifer, is such that it's *less* than the rate at which we consume the water in the aquifer. And therefore, you have, in West Texas, for example, and similar areas, you have a very serious subsidence of the territory. A destitution, a desertification, as a result of this. You have a loss of the potential productivity in a large part of the areas serviced by the Ogallala aquifer [Figure 3].

You have, around the world, southern India, and other parts of the world, living on what's called "fossil water." That is, water which was embedded in the crust of the Earth, or the upper crust of the Earth, since about 2 million years. For example, in southern India, one of the largest reserves of water in India, in the Deccan region of southern India, is fossil water, *2 million years old*, left after the melting of the great glaciation.

So now, what's happened, much of the world is living on fossil water. We have to make water. Now, that has two meanings. In this case, take the case of Australia. Australia has abundant water, and much desert inside. Now, how's that possible? Well, the water's outside, it's around Australia. It's saline. And Australia has a *wonderful* opportunity to use this

FIGURE 2

**Services Workers by County, 1975 and 2000, as a Percentage of Total Workforce**



Source: Bureau of Labor Statistics. Maps produced by Mapinfo.

water! In the oceans around it! But how do you use it? How do you desalinate it? Well, the only efficient means we have for desalinating water, and cleaning up water, on a mass scale, is *nuclear fission power*. It's not the best one for the future, but for the time being, this is what you do.

Also, the fuel problem: If you have the proper type of nuclear fission reactors, you can take water—which we

should be producing by aid of nuclear fission—we can take water, and we can get fuel from water, through high-temperature, high-flux-density temperature operations, through nuclear power. We can generate fuels, hydrogen-based fuels, from water, using certain types of nuclear reactors. That means, in every part of the country, if you have a sufficient water supply, even dirty water, you can process it. What you can do, is you can turn that water into hydrogen-based fuels, and similar derivatives. You don't have to bring oil from Saudi Arabia. You can make a better fuel right here at home!

**Fusion: Technology for the Future**

Now, this is the direction in which we have to go. We also have to go for the future, down the line, we have raw materials management problems on the planet as a whole. We have rich sources of raw materials in Northern Asia, and parts of Russia. We can generate in that area, a great improvement in the supply of raw materials, at acceptable prices, for Asia as a whole, an area of growing population, and need for growth, technological progress: We can do that.

But to do that, we have to go into thermonuclear fusion *management techniques* for our materials, to reprocess and process materials in a creative way, to ensure that the supply of raw materials, at a reasonable price, reasonable cost, is available to every person on the planet: We can do that.

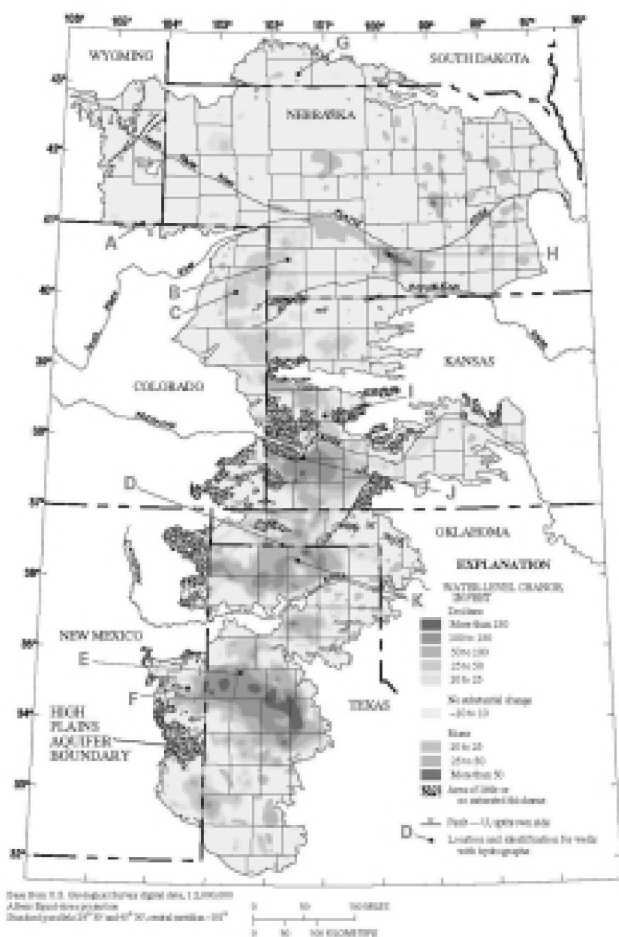
So don't talk about what seems practical because it was done in the past. Progress is existence. Progress is the only future worth having. Therefore, we have to think in terms of an economy which is oriented toward progress, toward technological progress. And to go *away* from the post-industrial society, which has been killing us. *Reject the*

*post-industrial society!* Go beyond to the future society, the future-economy society.

Which is what Roosevelt, in a sense, did. He mobilized the people, who were poor, destitute, who'd lost skills, put them to work. And moved, such that, from a nation which had been broken, and destitute, in 1931-33, Roosevelt produced a nation which represented a power beyond the imagination of

FIGURE 3

### Significant Drop in Water Level in the Ogallala (High Plains) Aquifer, South to Northward, From 1930s/50s to 2000



The rock formation of the Ogallala, spanning an 111-million-acre area (173,000 square miles), in parts of eight states (Texas, New Mexico, Oklahoma, Kansas, Colorado, Nebraska, South Dakota, and Wyoming), consists of semi-consolidated sand and gravel, from alluvial deposits.

The toned patterns indicate how far the underground water level has fallen, or risen, as of 2000, from the period of earliest measurement available, before extensive ground-water pumping began (termed “predevelopment”). Darkest tones in the southern part, indicate a water level drop of more than 150 feet. (These are red tones in the original USGS color map). The darkened tones in the north (blue in the color map) indicate localized areas of rise in water table.

The earliest dates of measurement—“predevelopment”—vary by locality, from certain years in the 1930s, up through later decades. The median year for earliest measurement is 1957, out of the total of 20,000 wells over the whole area. The pattern clearly shows that the southern part of the aquifer, in West Texas, has experienced the sharpest drop in water level.

The capital letters refer to selected well sites where the Geological Survey provided hydrographs in its 2003 report, of the history of water level measurements at that location.

The 2003 report by the Geological Survey summarizes the situation:

“The average area-weighted water-level change in the High Plains aquifer from predevelopment [prior to extensive pumping] to 2000 was a decline of 11.9 feet. The average area-weighted water-level change by State ranged from almost no change in Nebraska, South Dakota, and Wyoming, to a decline of about 35 feet in Texas. The area within each State with 25 or more feet of water-level decline ranges from small areas in South Dakota and Wyoming, to about 9 million acres in Texas.”

Source: “Water in Storage and Approaches to Ground-Water Management, High Plains Aquifer, 2000,” U.S. Geological Survey, 2003

anybody who had existed before that time! Producing 50,000 planes a year! For war. We won the war! We saved the world from Hitler! Yeah, we had partners in it, but without our role in that, we wouldn’t have saved the world. Britain would have joined Hitler, but for the United States, but for Franklin Roosevelt. It was Franklin Roosevelt who got the British to abandon their intention to support and cut a deal with Adolf Hitler! It was Roosevelt! His leadership. And the development of the economy, mobilized under his leadership, which made us the greatest power the world had ever seen. We did it, under Roosevelt’s leadership.

We can do it, again. We can do it, with this broken, depleted population. We can do it, again.

### What Went Wrong

Now: The problem is, that most people today, particularly Baby Boomers, were trained in the post-war period, not to

think like that. You had the various things like Dr. Spock, who turned your baby into a monster, and gave you a recipe to do it: “Just feed your baby this soup every day, and it will become a monster.” And it did.

So therefore, we have to look at what’s wrong, spiritually and intellectually, as well as physically. Because the physical wrongs are a result of intellectual wrongs, mental wrongs. We make mistakes, we make the wrong choice, we vote for the wrong candidate. We vote for the wrong policy. We support the wrong idea. And that’s how we get into trouble: Because we are a nation; according to our Constitution, the people can actually control their government, through their influence on the selection of people, and behavior of people in government. We are not an oligarchical society. And when the people move, and have leaders that enable them to move in a unified way, we can accomplish miracles. And we’re going to have to pull a miracle out of the hat, right now.



So that's the task before us.

Now, what does this mean? The problem with the Baby-Boomer generation—and this was intentional—the day Roosevelt died, the people who came into power, were largely people who were determined to destroy Roosevelt's life's work. They could not completely destroy it, because of what had happened—the effect on our returning veterans, for example. There were limitations on what the new administrations could do, to destroy the United States from the inside.

So we had a Bretton Woods system for the world, a good system which worked, until it was destroyed in the middle to late 1960s, and absolutely destroyed in 1971-72. We had a good system. There were many legacies. But what happened was, these characters said—as in Europe with the Congress for Cultural Freedom—they said: “We have to destroy the next generation.” And they did! With the aid of Dr. Spock. With the aid of the Congress for Cultural Freedom. With the aid of the theory, which is actually a Nazi-like theory, of the authoritarian personality. The guy who says, “I don't believe in conspiracy theories.” He's a nut! He's been brainwashed! If he says, “I don't believe in conspiracy theories,” what's he saying? He's talking like that Nazi, Martin Heidegger, with his conception of “thrownness” in society. He's saying, the individual is in a conflict with society. That the relationship between the individual and society, should not be affirmative, but is negative: existentialism. This is the book called *The Authoritarian Personality*, through which many of the Social Democrats and others in this country worked to destroy the United States from the inside. This was the program that raised the Baby Boomers.

And the upper 20%, the white-collar section of the upper 20% of the family-income brackets: They were the ones who were going into universities. They were the ones who were destined to go into business, and government, and other influence. They came up, and, as the 68ers, not as a collection of individuals, but as a social formation, a social formation which split the Democratic Party in particular, between white-collar on the one side, and blue-collar on the other side. And it was a split between white-collar and blue-collar, done by the 68ers themselves, under the direction of these clowns, which destroyed the Democratic Party and made the Nixon election possible.

### ‘Conspiracy Theories’

The problem lies, in a sense, in this direction: that the Baby-Boomer generation was conditioned not to believe in truth. They call it, they're against conspiracy theories. Well, all progress in humanity is done by a conspiracy! People agree to change the way they behave, as in technological progress, as in changing the character of institutions, as going for full adult education programs, developing professionals, bringing in new technologies, changing the relations among nations. These are all *ideas* around which people *organize* to make things better. Everything good in society, is done by a conspiracy. Everything bad in society, is done either by abrasion, or

by conspiracy theories! If you don't believe in conspiracy theories, you're a mental case, and need adult supervision!

Because that's the way history has worked. History works on the basis of ideas! The difference between a chimpanzee and a human being is ideas! Chimpanzees don't have ideas. They can't think. If you want to find a society free of the authoritarian personality, look at a cage full of rhesus monkeys. They are true existentialists.

The problem is, therefore, by denying the importance of principle, the existence of principle, what we did, is we gave a generation which is now empowered, in our institutions, a generation which is empowered to say, “I don't care about the future. I don't like my children. I don't like my grandchildren. I'm tired of supporting them. I don't want to pay for their education. I don't care what they think. I have to live out the remaining few years of my life, in what I consider comfort. I don't care about what comes after me! I care about what I feel in the here and now, today!” Short-term, quick gratification. The sexual behavior and marriage patterns of the American Baby Boomer.

### A New Generation Rises

What we have now, the thing we have, which is demonstrated by singing choruses in *bel canto* mode on the streets of the United States, and also in Europe: what we have, is the affirmation of a generation of young adults. These young adults are the same generation which was organized by Benjamin Franklin from about 1763 on, when he knew the nation was in danger; organized by him, which made the American Revolution, fought the American Revolution, led the fighting of the American Revolution, and created the Constitution of the United States. The generation of Alexander Hamilton, for example: a product of Benjamin Franklin's mobilization of the young adult generation, no older than the young people of today, between 18 and 25 years of age, between 18 and 35 years of age.

In all history, all important changes for the better, and sometimes for the worse, in the history of nations, have come from that generation of people who are past adolescence in their character, their outlook on life. They are adults in their orientation, and they're looking forward to two generations, approximately 50 years, of their coming life. These are the kind of people who, when they grow older, look at their grandchildren as their investment in the future.

The Baby Boomer, by this kind of operation that was done to them, in the post-war period by the Congress for Cultural Freedom in Europe and in similar things here, was destroyed. They were destroyed. They destroyed their moral sense that the human being is not a physical thing alone. It also represents a quality of being, a personality, which is immortal. The part that pertains to ideas, of the type that no animal can generate. And if you lose that sense of immortality, then you don't have a sense of living in the future after your own death. If you can say, “I can live in the future, after my own death,” then you *have* morality, you *have* reason. And you can live,



EIRNS/Will Mederski

*“What we have now, which is demonstrated by singing choruses in bel canto mode on the streets of the United States, and also in Europe, is the affirmation of a generation of young adults . . . the same generation organized by Benjamain Franklin, from about 1763 on, when he knew the nation was in danger.” Here, a LYM street chorus in Washington, D.C. on Jan. 8.*

and fight, and risk your life. Because it’s not your mortal life that you’re defending, *it’s your future existence*, as the embodiment of ideas, and the transmission of ideas that makes the future function. And that’s what’s lacking in that generation.

And that is what we’re doing, and what you saw reflected in the results of the recent midterm election. The role, the *crucial, marginal role* played by the increasing turnout of young Americans between 18 and 35 years of age, in two groups—first of all, the 18 to 25, and then the 25 to 35. And if you look at the statistics on the voting, and the turnout patterns with this last election compared with the previous elections, you see there has been a fundamental, revolutionary change, in which a *new adult generation* is providing the basis for new leadership in the policy-making of the nation as a whole, and the policy-making of the world.

And therefore, we get the old Baby Boomers out of their slumbers and their fat dreams, and we tell them, “C’mon! Come back to life. Don’t be dead all your life. Come back to life. Commit yourself to the future of this nation.” Because the work we have to do, must be done over a period of not less than 50 years to come. And we must have a policy for rebuilding this nation, and the world, over the coming 50 years. And we must realize that, in our time, we must adopt the design, and lay the foundations, for the future of humanity, in the sense that Franklin Roosevelt attempted to do so, when he entered the White House in 1933. That’s our mission. And that’s what stands before us.

### Tasks at Hand: The Next 90 Days

Now: Since we don’t have a President right now, we have a “thing,” like some comic book character, and sitting there,

babbling lunacy—the poor guy doesn’t know any better; he’s sick, he’s mentally ill. And he needs care. He has not received the parental care he requires; maybe we’ll have to get some surrogate parental care for him. But we’ve got to get him out of what he’s doing! We don’t want to shoot him—he’s a human being. He’s just a sick guy. What do you do with a sick guy? We try to help him. Well, the first thing to do, is help him out of that terrible job he has in the White House!

The Vice President: I think we ought to chain him, and his wife, up at night. And get ourselves a bright, new, shiny Vice President.

Now, we don’t have those things accomplished right now, though they might come sooner than Cheney likes. But we must have that perspective, and in the meantime, we must say, “What’re we going to do in the House of Representatives and the Senate, as those are central focus of institutions—what’re we going to do, to get this nation safely through the coming 90 days, or so? Preferably less.”

Now, the main thing we have to deal with, apart from this threat of war, which is essentially a byproduct of the general sickness, what we have to do in the main, is, we have to recognize—despite all objections to this reality—that we are now in the down phase, the terminal phase of a general global financial system collapse. This is not a depression. *This is a breakdown crisis.* That, if you don’t make certain reforms in institutions, you have a situation in which the world is collapsing, disintegrating *physically*, as a result of the economic situation, financial situation. So that, unless you can change the financial system, you just go into a permanent slide, into a bottomless collapse; a biological collapse as well as a financial collapse.

This is worse than a depression: It’s a breakdown crisis,

comparable to what Europe experienced in the middle of the 14th Century, the so-called New Dark Age. That's what the world as a whole faces, unless something is done about it. And what has to be done, can not be done from any other place of origin than right here in the United States. And it must be done essentially in the Congress.

Now, the Congress is not inclined to want to take on that job. They would like to have a list of our priorities—you know that. Priority 1, 2, 3—which way do you arrange them? As if putting each of these pieces together will somehow work—it won't. So, what the Congress is trying to do, in general—the better side of the Congress is trying to do, and more and more Republicans joining, is to try to take some of the pieces, some of the local issues, specific issues, and deal with those one at a time—on the assumption that will work. It will not work!

### **Physical Economy, Not Money Economy**

The specific thing is—two things: First of all, an economy should not be a money economy. An economy requires the use of money, as a way coordinating the relations among particular individuals, regions, and so forth, within a national economy as a whole. But a national economy as a whole is a physical economy, not a money economy. Now the difference here, is the difference between the British System or Anglo-Dutch System, which is a monetarist system. In other words, a system based on the authority of money, money per se. So what you do, is you're going to have to behave in the way money wishes you to behave. That's the principle that rules the British System; that's what's ruling us today.

The American System is exactly the contrary. The American System of economy is a system of *physical* economy, not monetary economy. We use a monetary system, just the way the inhabitants of Massachusetts, before 1688, established a money system, a scrip system, to promote the increase of circulation of goods and production. That's what our system is. This is on the subject of paper money, dealt with by Benjamin Franklin, which is part of what our system is. *We are not an Anglo-Dutch Liberal system!* We are not a Marxist system! And Marx was a student of the British System, and a defender of the British System. A rebellious defender of the British System. So, you're either a Brit, an Anglo-Dutch Liberal, or a Marxist derivative of Anglo-Dutch Liberal, all of which are based on monetary conceptions, the so-called "notion of value," the notion of *money-value*—as a substitute for physical value. The notion that money-value determines physical value!

Now most of you know this is silly! Because, if you look at the curve, between the ratio of physical consumption per capita, and production per capita, in the United States territory—per capita, per square kilometer—you see that the physical output and consumption per capita, per square kilometer of the United States' territory has been accelerating downward. While the money part of the economy has been

*soaring upward!* It's passed the Moon a long time ago! It's now left Mars behind, and it's heading we know not where.

All right. Therefore, as a result of this situation, you have a situation which the American economy faces, that the amount of debt, of monetary debt outstanding today, is so great, that the Federal Reserve System has suppressed reporting of M3. Because they suppressed the degree to which pure, wild-eyed inflation, you know, at electronic rates, has been soaring away, in order to keep this economy from blowing up. Now, what they do, by doing that, the economy is not just blowing up, what you're doing is building up an explosive charge, because the discrepancy between physical value, which is downward, and monetary claims, which are upward, as related by the price of things, is such that this system is now finished. *There's nothing that can save the present world monetary system: Nothing!* If you want to obey the rules of the system, you want to keep the present international monetary system, you're going to go to Hell—and probably quite literally. Because you committed a big sin, by doing that.

### **Put the System Into Bankruptcy**

So therefore, we're going to have to liquidate the international money system!

How do you do that? Well, the way you do it is you go to the principles of physical economy, as a way of thinking. Now, you do what Roosevelt did, but you go a little bit further, because the situation's worse. What you do, is you put the whole system into bankruptcy. For example: We in the United States must, if we intend to survive—we're talking about the months ahead, not some far distant program, but months ahead—if we wish to survive, we will have the Federal government put the Federal Reserve System into receivership in bankruptcy! We will put it into bankruptcy to prevent a banking collapse, because we have a super-banking collapse in every major bank in the United States, and relevant system. Every one of them's about to go! They can not be sustained.

Therefore, to prevent a catastrophe, a social catastrophe, and an economic catastrophe, we must put these banks into receivership, for *reorganization in bankruptcy*. We do that, in order to maintain the continued function of these same banks, in their normal function, in respect to the economy and the population. We have to have things paid; we have to have people employed; we have to keep trade in motion. But we're not going to pay this thing on time as demanded. We're going to put it into bankruptcy. And the Federal government can do that, very simply, by putting the Federal Reserve System, itself, into receivership in bankruptcy. And reorganizing it, in bankruptcy. The power of government to conduct bankruptcy.

If we can't do that, you're not going to save the United States, you're not going to save the system. This is not a far distant prospect: *This is now!*

So, within the next three months, we must expect to face, as early as that, we must expect to face the point of crisis,

where you either put the systems into bankruptcy, or *you go straight to Hell!* With no return ticket.

That's our situation.

Okay. You have to have the guts to do that, and you have to have the knowledge to know how to do it. That's number one.

Then you have to realize that economy is not a monetary economy. Money is a mechanism which is realized and regulated, as under what we call the "fair-trade system policy" of the 1950s. There, you had a protectionist system, which recognized that money is an idiot. Money does not know, what is physical value. So therefore, you regulate money by your selective taxations, tariffs, supports, subsidies, all these kinds of things, so that the money system is now trained to try to stay within values which correspond to physical values. And above all, you want to make sure that an industry which is essential, is able to earn enough money through the prices of its goods, and through regulation, *to survive*. You don't want the industry to close. If it's a useful industry, you don't want it to shut down because of price competition! So you have a fair trade system, use tariffs, taxation, other mechanisms, regulation, to make sure that the business is not forced to sell its product at a price below the cost of production. That it's able to maintain and increase its capital investment, that is, *physical* capital investment—so you have regulation. You have regulation, such as protecting wages, wage levels: You don't want families to fail, so you regulate, to ensure that the flow of value through the economy enables families, normal families, in normal communities, in normal areas, to survive, and to progress. And that can only be done by the power of government *to regulate* the economy, including the money economy, the financial economy, to ensure that the *physical effects* we're creating for people and for the future of our society, are what we want.

And we also place a special reward, on *ingenuity*. And we do not like large corporations, particularly. We hate them. Because large corporations have no conscience. Whereas a closely held enterprise, particularly one which is technologically progressive, or performs some essential service under the motivation of its leaders, this economy has a personality. A corporation, a large corporation has no personality. It's not human—it's a monster.

So therefore, what you prefer, is you prefer closely held firms, usually with less than 200 employees—sometimes as high as 500, but less than 200—which are closely held, in which the future orientation is fundamental; in which the leader of the corporate entity, and the leaders have two characteristics: Number 1, they are looking for the future they are building with that production. They are thinking of the future of the community, or the state, in which they operate. They're thinking of a future leadership of the corporation, to maintain the continuity of development. They're part of a community, of similar, like-minded entities, which work together to ensure that the local needs of the community are addressed. When these corporate factors become crucial in determining,

what's wrong with the school system, the local corporations are part of the process of discussion: "What can we do with our resources in this community to deal with this problem? What can we do to improve things in our community?"

## The Traditional American Way

So you have a national approach of policy, top down, but you have, bottom up, the implementation of the same idea, reflected at the local region. You have, not a place where people gather, like a mob gathering at a circus, but you have a sense of people combined in their community, as neighbors, to function together, to take care of much of the requirements of that local community and state. That's our Federal system. It's based on that.

So therefore, what we want is people who are *physically* useful to society, producing, and improving what they do, and gaining in influence as they earn their way, to recognition. People who, as investors, and leaders of industries, are responding to the needs of their community as a whole. Who defend the economic interest of their state, their county, their town, their community; we need that. Who think about the interests of the nation as a whole from that standpoint, recognize they're part of a nation, and are concerned with the leadership of the nation as a whole. This is the traditional American way. This is the traditional way described by Hamilton, in his own terms, in his *On the Subject of Manufactures* report to the U.S. Congress, as Treasury Secretary. That's what we have to get to.

But the objective is physical. Because the increase of the productive powers of labor, does not come from the skill in stealing. Enron is not a good model of economy! Productivity comes from the increase in the productive powers of labor per capita, per square kilometer. For individual labor and individual enterprise to succeed, you must have an economic environment, which enables them to amplify their powers of production in that region. You need water systems; you need power systems; some of these things are private, some of these things have to be public. But you need all the elements of infrastructure, all the elements of government administration, which enable the local producer, as an individual or as an enterprise, to make a contribution which contributes to the productive powers of labor as defined in physical terms, and defined in service to necessary goals in the society.

This is what we had, as our tradition. This is what we had as the Franklin Roosevelt tradition. This is what we had still, in the 1950s, as the idea of a fair-trade system of society. This is what we lost, when the 68ers came into power, and said, "Blue-collar is no good. Post-industrial life is good. Industry is bad, production is bad. Everything stinks." The Great Unwashed, telling us that "everything stinks." And apart from that, bad breath!

So, the question here, which I'm focussed upon with this report on "The Lost Art of the Capital Budget," is to understand *how this kind of system works*.



EIRNS/Stuart Lewis

*LYM leader Wesley Irwin (left) talking with then Senator-elect James Webb (D-Va.) at a Jan. 3 Webb campaign event. The LYM method is to bring dynamics to Capitol Hill, and tapping the enthusiasm and commitment of “freshmen” Congressmen.*

## Stop-Gap Measures Won't Work

Now, the other aspect of this, which I emphasize there, which is crucial, here, today, is you look at people, the way they think about the economy, they think about society: They think in what is called a “Cartesian” way. Look, for example: Let’s take the case of 1998, August-September 1998. The collapse of the LTCM corporation speculation, a speculation which threatened to blow out the entire U.S. economy. And the government, under Bill Clinton, with the direction supplied by Treasury Secretary Bob Rubin, acted massively to prevent a general collapse of the system, at that time. They did not do what they should have done, because the enemies of reform arranged a constitutionally illegal indictment of a President of the United States. And that disruption of the Clinton Administration, in August, but especially in September of 1998, prevented the Clinton Administration, together with its Secretary of the Treasury Bob Rubin, from acting as they knew they had to act: to reform the system to eliminate this factor from the system. What they did, instead, as Bob Rubin would probably do today, in a similar situation—he’s not a politician, he’s a banker—what they did, was they adapted to the political reality of what they were *not* allowed to do, which they should have done, to come up with the best possible stop-gap arrangement.

But nothing was cured!

When George Bush came in, after the collapse of the Y2K bubble, in 2000, and where you had the prospect of poor Al Gore with this fellow, this sexually interchangeable political

figure Lieberman, there was no optimism in the population. And the voters reflected that in the dubious election of George W. Bush Jr. If you had an ambiguous potential in the Democrats, you had a certain doom in the Republican choice. And therefore, people liked certainty over doubt, and therefore they elected that which was sure to doom them: George W. Bush, under the control of baby-sitter Cheney.

So, the issue was never faced. We’ve come to this point, after six years under Bush, we’ve lost it all. There’s no more hope. It’s gone. Nothing you can do about it, within the terms of the system.

So therefore, you have to go back to the American System. You have to go back to the ideas which were generally accepted under Franklin Roosevelt as we went into war, ideas which worked well, even after Roosevelt’s death, to the extent they were used, through the middle of the 1960s. And we have to go back to that. We have to go back to the

case of the Kennedy launching of the manned landing on the Moon, and things like that. That has to be the measure of policy-making: You always have a physical goal, a generation ahead, which is the model way of reference, of thinking, the benchmark of thinking, which points to the future! Because you mobilize people about their sense of immortality. Their sense of immortality lies in what they think they’re doing today, for the future of the nation and mankind. They’re thinking of people who think in physical terms and in moral terms; it’s not short-term, it’s long-term. Why do you go to a university? For the long-term effect on your life. Why do you reject most universities today? Because they give you no long-term perspective for your life. We need universities which do that, again.

So, that kind of thinking is what’s necessary. And the problem is, again, that kind of thinking is missing.

But people think in terms, not of society as a process. They think of society as a jungle, a Hobbesian jungle. A sea of conflict in which war is natural, natural is inevitable. Everybody makes war as an instrument of policy. Other kinds of idiocies are natural, competition is inherently good, just because it’s competition, even if it’s stealing. That’s the way it goes.

## Economic Forecasting

So people don’t think about process. They get a statistical report, like the Myron Scholes design or the Black-Scholes formula, which was used by LTCM. Most economists, today,

who do forecasting, are idiots just like Myron Scholes, because, they're like Cartesian thinkers, in terms of Cartesian mechanical-statistical systems, that you can project the future by taking a trend in bouncing balls, from the present into the future. And statistical forecasting is intrinsically incompetence. Because the way the economy functions, we work within boundaries. And we are always approaching a boundary, a limit. And as we reach toward that limit, a collapse is inevitable unless we change the boundary. And you change the boundary by introducing a new condition, by a political improvement, a social improvement, especially by a physical-scientific improvement in technology. Like the shift into nuclear power, the shift into thermonuclear fusion, the shift into an isotope economy. Recognition of the need that we have to manage the planet's supply, by *improving* the supply of life on the planet. Don't complain about the environment: *Change* it! Don't worship the environment: Change it! It stinks! Change the baby, it stinks!

So therefore, the way you forecast, the way I forecast—and remember I've never made a mistake in a long-range forecast yet—but I forecast in ways they don't like. Because I say: Here's a *boundary* condition. Now, let's look at where we are with respect to this boundary condition. And as you converge on a boundary condition, you're headed for a crisis. And you have secondary boundary conditions and primary ones. And I've always forecasted on the basis of seeing the way the system is functioning with respect to a *boundary* condition. This is called *dynamic analysis*, which most economists have no knowledge of. And most people in government have no knowledge of this, of dynamic forecasting, of thinking of processes in dynamic terms.

This is what the younger people, the young adults, in the LYM, are studying. They are working progressively, they worked through, to a large degree, the study of the ancient Greek roots of modern science, among the Pythagoreans and Plato. They've gone directly into reliving, page by page, chapter by chapter, the process of the discovery of modern astrophysics by Kepler! They're reliving it. They're not saying, "I learned this." They are *reliving the moments of tension*, in the work of Kepler, where they get to a chapter, a page, and an *unresolved question* is posed! Now! What's the answer? Well—they've got to apply their minds to thinking what the answer is, and find the answer. They go to the next chapter. "Ah—we still don't understand it, but it's a big problem." They see the problem. And this starts, in the chapter, in the first book—that is, the *New Astronomy*—it starts with this issue of the equant, which breeds a *crisis* in understanding the data of the relative positions, of the Sun, Earth, and Mars. And you try to measure this in terms of an equant, and you got a tilt, boy! *Tilt!* And this became, of course, the basis for Leibniz's creation of the calculus. So now, we're going on from there. We're going through some work on Gauss which is relevant to this, into the continuity of the emergence of dynamics as a scientific method, by Bernhard Riemann.

Now, these fellows coming through this, and they're going to get through it within months, and others will repeat it, and have the same experience, will now have a grounding, in understanding modern physical science. They won't know many things, but they will know the fundamental, central principle of modern physical science. And they will be able to think in those terms, which most people in society *can not*, presently, think in those terms. Most university professors in scientific fields, for example, are not able, today, to think in those terms.

So therefore, the principle here, is to equip a coming, young adult generation, in the 18 to 35 age-group, to become self-consciously responsible, for the future of humanity. And to engage all of the generations of existing society, in an effort to make the physical changes in economy, by introducing new principles, or higher principles, which will enable us to increase the productive powers of man, per capita, per square kilometer. To go to a point of cooperation, rather than conflict. And to base their personality, on finding their personal identity in the future well-being of mankind, the kind of commitment which brought my ancestors, from England and from France, into New England and Quebec, respectively; to find a place on this continent, at a safe or relatively safe distance from the oligarchy of Europe, on which to take the best achievements of all European civilization, and bring them, personified, into a new country, a new territory, from which to organize the elevation of mankind, to free it from the curse of oligarchy, which grips Continental Europe, still today.

Thank you.

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## Dialogue With LaRouche

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**Debra Freeman:** Lyn, thank you very much for those remarks. . . . As people would expect, a number of questions have come in that relate to President Bush's speech last night, and various things that have developed off of that. I will get to those questions, but I'd like to start with some questions that are more directly related to the principal issue that Mr. LaRouche addressed today.

For those of you who have not yet had the opportunity to read Mr. LaRouche's paper on "The Lost Art of the Capital Budget," let me tell you that it is available both as a separate White Paper, and it is also in the second issue of *Executive Intelligence Review* of this year [Jan. 12]. It is also available on the website. And I would urge people not only to make sure that they study it thoroughly, but that they circulate it among their associates.

### How to Raise Up the Unemployable

Now, Lyn, the first question comes from the Senate side on Capitol Hill. It is from a Democrat, from a new Democratic Senator, and his question is the following:

"Mr. LaRouche, as you're probably aware, there are two



EIRNS/Stuart Lewis

*LaRouche and LYM members listen to the 95-year-old civil rights heroine Amelia Boynton Robinson after the webcast. "We have to engage all of the generations of existing society, in an effort to make the physical changes in economy, by introducing higher principles, which will enable us to increase the productive powers of man, per capita, per square kilometer," LaRouche stated.*

camps that seem to dominate the environment here on questions of economic policy. On the one side, we have the balanced-budget freaks, who insist that every expenditure has to be met by an equal receipt. And they obviously are not a happy group. The other camp takes the position that 'the deficit be damned.'

"Obviously, you've come in with a third way, with your 'Lost Art of the Capital Budget.'

"My question is a specific one, but one that I'd like you to address, and that is: Where do you put the massive cost of supporting that section of our population that has been thrust into near-poverty, and those who are not immediately employable, either because they are children, because they're old, or because they're mothers who would prefer to stay home and take care of young children? They are not, at least as I understand it, reasonably placed in what you are referring to as a 'capital budget.' Yet, their needs obviously have to be met, regardless of the size of the Federal deficit.

"Could you please give us some guidance on this?"

**LaRouche:** This is a question of thinking in terms of the future, not just the present. Now, first of all, any solution to any of these questions of this type, has to be situated in the knowledge that we are going into a period very rapidly, in which there will be a general collapse of the financial-banking system. And everything will depend upon the willingness of the Federal government to put the Federal Reserve System into receivership for reorganization, and thus to keep the

banks' doors open, and functioning on essential functions, while putting the whole mass of debt through reorganization. Much of it will be cancelled.

For example, we will not be able to pay gambling debts. Now, financial derivatives, for example, are largely gambling debts. They don't originate in a product of production, or useful services; they're simply a form of gambling. The world economy today has become a giant casino, which makes Las Vegas seem very small (although Las Vegas is a part of it).

Look at the number of states in which gambling is considered the way to raise taxes to support the community. Look at the case of Louisiana, where they spent money on gambling, and didn't fix the levees. You see what the result was.

The problem is of that nature. So, we're going to have to reorganize the financial system, and the first thing we'll do, is actually move toward cancelling all kinds of financial claims which are in the character of gambling debts—that

is, investments upon investments in speculation in financial investments: hedge funds. Hedge funds will have to be eliminated. Similar kinds of entities will be eliminated. That is, they will be allowed to sit there, but not do anything.

So therefore, we have to free the economy from this vast parasitical mass, but we have to come to the core economy, the productive economy, which also has a very large mass of capital investment, and we need more capital infused in order to expand the productive sector of the economy. So, we're going into an economic expansion mode, if we are sane. We're going to issue, with the credit of the Federal government, under a reorganized Federal Reserve System, Federal bills—by the authority of uttering, unique to our system, by the Federal government. We're going to create masses of capital budget, masses of capital investment, which will be allocated to build up infrastructure and necessary industries.

Now by this means, we will attempt to change the ratio of per-capita economic activity in the society. We will still have people who are in a sense helpless people. They have nothing presently they can do for themselves. They have to stay alive and raise babies and do things like that. We have to protect them. But the key thing here is to change the *ratio* per capita, per household. We have to decrease services employment, unskilled services employment; cut it down, replace it with increasingly skilled employment in physically productive employment.

That's the general thinking.

We want to bring back the factory. We want to bring back the family-owned farm. We want to do things like that, which built the economy beforehand.

So, therefore, what I proposed during 2005, in dealing with the auto industry, is that the Federal government must move in. The auto industry's going down, so we let the auto production go down. Let it be reduced to a marketable margin. Let's take the capacity, especially the machine-tool capacity, of the auto industry. Let's have the government create a corporation to absorb this capacity, and use it for what it's perfectly capable of doing: for high-tech infrastructure development. Put this as a complement to the kind of thing that I'm sure that the head of the House Ways and Means Committee will approve of: Look for infrastructure development which absorbs youth, in particular, who are unemployed, or unemployable, and absorb them in programs which may resemble in some sense the CCC [Civilian Conservation Corps], and things like that, from the past, the Roosevelt period. Because we've got to get this youth section, in particular, out of destitution. We've got to get them out of degradation. We've got to get them into something where they can build a future for themselves.

So, it's going to be, in a sense, the character of a physical investment in the future of these young people.

The main thing is to increase the ratio of physically productive people in the labor force, to those who are not physically productive. Which means, if every McDonald's in the country closes down, that's not bad. The kangaroos will apply. We don't need most of the services that are being supplied. They're make-work services: We don't need it! So cut it out! And open up opportunities with aid of the Federal government.

For example, take the automobile industry, which has a very important machine-tool-design factor in it, and things which are auxiliary immediately to machine-tool design. Now the auto industry functions on the basis of communities—or did function on the basis of communities. These are communities of people, which depend upon smaller industries, largely, which are actually auxiliaries, or ancillary, to the auto industry. So therefore, all these communities were based around the organization of the factor of the automobile industry's effect in the areas of, say, Indiana, Michigan, Ohio, and so forth.

So therefore, if you want to save these states, you've got to keep the production going.

For example, you had Lockport in New York State. Now, Lockport had a capability: It had produced airplanes in the war. It could produce systems for building locks and dams, and that sort of thing. It had all kinds of capabilities which are there, lying in the capabilities of the type of labor force it had, and the labor force associated with the surrounding community. "Oh, we have to fix the Ohio River system." "Well, there they are! They can do it. They can make a big contribution." It's similar all the way through.

Aerospace and similar areas are related to this. So our high-technology core is there.

Now around these high-technology factors, you have a general labor force, like the auto industry employees, and auxiliary industry employees. These people have families; they live in communities. And the fact that they have the machine-tool-capacity industry there, means that where they go, the people go. But the people are there. Okay, keep the work there. Keep the people there. Rebuild the communities. Don't demoralize them, as is being done today. So therefore, that's the way you organize.

Also, you want to kill outsourcing. We don't want deregulation. *Kill outsourcing!*

Look, what have we done? We ship production to China from the United States. Does it benefit the Chinese? No—it does and it doesn't. It makes them dependent upon us, like an addiction. When you take the increase of productivity in China, net, caused by outsourcing, with the decrease of productivity in the United States caused by outsourcing, you find that the net contribution to the human race is shrinkage.

The same thing is true in all outsourcing. Look at the effect of outsourcing on Mexico—it's lowered the standard of living of the people of Mexico, and the productivity of the people of Mexico, while lowering the productivity of the people of the United States. So, these ideas of globalization—which is an Anglo-Dutch Liberal imperial idea for destroying the United States—we're going to defend ourselves, I hope, against this outsourcing mania, which is a form of imperialism. To take away the culture of the most advanced sectors of the population, in terms of technology, and shift the responsibility to the least skilled section of the population for the sake of cheap labor; look at what the change means: taking productivity *away* from a high-technology productive area to a *low*-technology unskilled area, results in a net lowering of the productivity of the human race as a whole. Not a good idea. And that's what's happening now.

So, therefore, we have to reorient. We have to use protectionist methods. We have to reorient the economy, so that we protect investments in essential industries that we're supporting.

We give this protection, and we aim it in every part of the country, to make sure that every state in the country is on a functional basis, and that the country as a whole is on a functional basis. And we do that by Franklin Roosevelt-style thinking. And we do that. But the objective is always to increase the physical productivity per capita and per square kilometer of the U.S. territory.

So, we invest in the future.

Now the idiot doesn't understand investment. The idiot-think is return on investment, on a stock, or some other piece of paper. You see what's happening with the real estate bubble? The real estate bubble in the United States is now in a process of collapse, and it's headed toward a catastrophic collapse. That alone will wipe out the entire U.S. economy,





National Archives



FDR Library

*Depression-era breadlines in New York (left), and Roosevelt advisor Harry Hopkins, who headed many federal administrations for FDR. We need Franklin Roosevelt-style thinking to get the population in gear, LaRouche said, in answer to a question from a freshman Senator about how to meet the needs of those in poverty. “Roosevelt went through, with Harry Hopkins’ help in designing this program, he went step by step, to build up the greatest machine the world had ever seen, in a period of less than a decade.”*

right now, unless it is regulated.

What happens is you have a great speculative appreciation in the normal value of mortgages. But it’s all crap. Including most of the construction. You’ve got nails going from somewhere to nowhere. And they’re not even nails—they’re tacks. It’s junk, it’s crap: shacks, tarpaper shacks, 2000-style.

So, this stuff is part of the so-called nominal value of the U.S. economy. But it’s crap. And the fact that it’s crap is asserting itself every day as this bubble collapses. Therefore, we have to think about the problems this creates. Only the Federal government can, or should be allowed, to create credit in this way. It has to be regulated. We have to regulate the economy to make sure that it doesn’t go haywire, that it goes in the right place. We have to look at the performance in terms of people, sections of the country, and the general welfare. We have to think in the long term: Where does this take us in terms of capital ratios, down the line? We want to increase productivity, per capita. We’re going to work our way out of this depression. We’re going to work our way out of this financial crisis, by building up the physical economy, and we’re going to be very inventive, in going through lists of everything we can do. We’re going to go through the drawing boards. We’re going to go through the places in government, where records of this sort of thing exist. We’re going to go through that.

And we’re going to have committees in the Congress, especially the House of Representatives, which will be concentrating on getting a facility, in the Congress—the Congress can vote to have one for itself. The kind of facility where this kind of question is faced, where all the resources of the United States records are available, and skills are available, to go through this thing, to develop the year-by-year approach to improving the productivity of the United States.

And by doing that, by regulation, we will get the population in gear. It will take us four, five, six years. We’ll improve. Crises will be past. We’ll be going ahead, as we did under Roosevelt.

Look back to the Roosevelt years, from the day he entered office; he could barely find a pencil in his office on the day he was inaugurated, and a couple of women in the room outside, and that’s where he started. And you’re going to have to do it the same way. He went through, with Harry Hopkins’ help in designing this program, step by step, to build up the greatest machine the world had ever seen, in a period of less than a decade.

And that’s the kind of challenge that lies before us now. And we take a hopeful view of this. These kinds of things can be handled. The problem is, the way of thinking is wrong. And we have to get younger people more and more into this process, as young adults, in the 18 to 35 age group, get more

and more of them involved in this. Because it will rejuvenate the institutions of government, with young people who want to go someplace, not sit and wait to die.

## U.S. Trade Policy Toward China

**Freeman:** Lyn, we have several more questions that actually go right to the heart of what you just addressed. One is a question raised by the leadership of the Joint Economic Committee, which has members from both the House and the Senate. It says: “Mr. LaRouche, as I’m sure you’re aware, we are headed for the fifth annual record trade deficit. In November alone, the trade deficit was well over \$58 billion, and almost \$23 billion of it was from China. On the one hand, we recognize that this problem is a result of the overall collapse of production, and that that has to be addressed; but it is also undeniably the case that it is also due to China’s unfair currency manipulation.

“The Joint Economic Commission will soon open hearings to investigate the appropriate policy response to the growing trade deficit with China and their own manipulation of their currency. Do you agree that as we take the necessary steps to restart American production and to protect it, we must also begin to take a hard line on Beijing and on its undervalued currency?”

**LaRouche:** We created this problem; it is not something created by China, the government of China. Blame the United States and blame the British. Blame the Anglo-Dutch Liberals; they created the system. We wanted to control China. Originally, the purpose was to control China as a force against the Soviet Union. This was the Nixon mission. Remember that China had many poor people, and they still have a great number of poor people. They require an increase in their employment each year which is rather fabulous. If they don’t get it, they’re in trouble. Now, you can’t approach this as a China-U.S. conflict policy, it’s not. It’s a conflict created by the stupidity of the United States.

Remember what I referred to under the Capital Budget subject. The world system today is still a dollar system. As a result of the 1930s, and a result of measures leading up to the adoption of the Bretton Woods system, the U.S. dollar became the currency denominator for the world as a whole. The meaning of monetary value is defined by the dollar. Although the dollar was allowed to float, and this was confirmed in 1972 at the Azores Conference and elsewhere later, the dollar still remains, until the

present day, the denominator of monetary value in the world system. Thus, this is one of the reasons why only a reorganization under the dollar could get the world out of a plunge now into a general breakdown crisis.

So you don’t have to be worried about what’s going to happen with relations with China during the coming months, because you’re going to have to change the world system in those months, or you can forget it all anyway; it doesn’t mean anything. So, the idea of fighting with China over this issue is a *waste of time*. I know Charlie Schumer [D-N.Y.] has been on this thing—he’s wrong; he doesn’t understand the situation, he doesn’t understand the issue.

Now, what we represent, again, is the only credible existing monetary term of account within the international monetary system as a whole. There is no substitute for the U.S. dollar as a denomination of monetary value in the world today as a whole. The only approximate substitute is the British Empire, the Anglo-Dutch Empire—and it is an empire, and it’s our enemy. So therefore, what we have to do is, in a sense, we’re going to have to intervene on this whole thing with one strategy. We are going to organize a defense of the current value of the U.S. dollar in a relative form of fixed-exchange-rate system for the world. *Because*, if you get a 20% to 30% collapse in a short period time in the U.S. dollar on the world market, I guarantee you every part of the world system will disintegrate. Not collapse, *disintegrate*.



PRNews Foto

*Glittering Shanghai, wealth amid a nation of poverty. “Blame the Anglo-Dutch liberals,” LaRouche said in answer to a question from the Joint Economic Committee about whether the U.S. should take a hard line on Beijing and its “undervalued currency.” “We created this problem,” LaRouche said, “but you don’t have to be worried about what’s going to happen with relations with China during the coming months, because you’re going to have to change the world system in those months or you can forget it all anyway.”*

Because they'll all be sitting there with their own monetary systems, cutting their budgets, cutting their budgets, cutting their budgets, cutting their employees, and going into a Dark Age. Someone has to create a new system based on the U.S. dollar at a regularly fixed-exchange-rate standard, which becomes a standard of reference for every part of the world. Otherwise, the whole world goes to Hell, if you don't do that.

Therefore, any discussion about negotiations with the existing system, before that happens, is a waste of time, totally counterproductive. Because you occupy yourself with something which is a waste of time, when you should be organizing around something which is the only thing which will save the system. The U.S. dollar, as a fixed-exchange-rate denominator, is an arbitrary value; it is not a value in the sense of intrinsic value. It is something which is politically defined. We say, "In order for us to survive, and maintain our credit systems internationally, we must have a fixed-exchange-rate dollar, because there's no other currency that can perform that function." This does not mean that the dollar is entirely an utterance of credit from the United States; it doesn't mean that. It means that the U.S. dollar at parity is the standard of stability for the world, and there is no other instrument that can do that at this time, under these conditions.

If you don't do it, the whole world goes to Hell, so what are you fighting about? Who cares about China/U.S. relations under those circumstances? Either you do it, or you don't. If you do it, then you don't have a problem with China.

Now, the problem is: With us, with our deficit system, our dollar is actually undervalued in those terms. If we look at what the future of the dollar is, and its value, assuming that we take the initiative to restore a fixed-exchange-rate system of a slightly new form, then the dollar becomes immensely valuable, and the problem is fixed. But you've got to think in the right terms.

Right now, China is on the verge of disintegration. If the amount of trade between the United States and China declines, then China will not expand. If China does not expand its production, well, therefore, what's the result? China, instead of exporting to *us*, has to develop itself. Instead of trying to export to us, it has to produce for its own internal needs.

What's its problem? China is the only power in the world which has communist billionaires. They're a dominant factor in the situation—Communist Party billionaires, Communist Party officials, the big fellows of the Communist Party! And on the other hand, you have some of the poorest people in the world in China, in great numbers, as in India. The problem in Asia is that the Asian culture is an oligarchical culture. The advantage of the United States is, that it comes from a European culture in which the struggles since ancient Greece, since the time of Solon of Athens, have been to develop a society based on the people, not the oligarchy. The struggle between Sparta and Athens, in which we had Lycurgus' Sparta and Solon's Athens, was a struggle of oligarchism against freedom. Europe, even though it's gone through terrible oligar-

chies, has been influenced by those revolutions in European policy, which have established the principle that every human being is human, and is therefore intrinsically equal by the virtue of being human.

We are not monkeys. Admittedly, some of our politicians, like some in the White House, are monkeys, but most of us are human, and we recognize that as a principle. In other societies, including China, the idea of the sacredness of the individual personality is not recognized, not in practice. And this is an *Asian* problem; it is not a China problem, it's an Asia problem. Now, our task was, and has been, to assist the nations of Asia in acquiring the basis for establishing for themselves the kind of freedom we, in our best moods, demand of ourselves. And that's our mission.

Therefore, we're going to *increase* the value of the dollar, because by making the dollar the source of the world's greatest influx of public credit, regular credit, suddenly, on the basis of doing that and telling the British to pull their pants up, we will immediately increase the value of the dollar. The value of the dollar, relative to the Chinese currency, is a problem of the U.S. system, not a problem of China, and not a problem of U.S./China relations as such.

If I were President, I guarantee you, I would increase the value of the dollar by leaps, and that would solve the problem. If you aren't willing to do that in the United States, don't complain about China. That's the problem. See, the problem with our politicians is, it's Cartesian thinking. It's the people who believe in these idiot reports about statistical reports forecasting. They're all fake, or incompetent! And our members of Congress are sucked into believing this crap! They have economists who tell them this, they have others who tell them. It's all nonsense! It's gobbledygook!

If I were President of the United States, I could fix this problem without having to argue with China. As a matter of fact, I would get some cooperation from China; I know something about China—not everything, but I know some things, and they're important. I know some things about India, and they're important. I don't know everything, but I know some things. I discussed some of these problems with people like Indira Gandhi, in earlier times. So, I know these kind of things. If I were President of the United States, you would have no problem. Now, I don't intend to become President of the United States, right now. And therefore, I've got to make sure that this job is done *as I would have it done*, and that's the way to fix the problem.

## **Banker Rubin and the Politicians**

**Freeman:** Lyn, this is another question in a similar vein. This one is from the House side, from a freshman Congressman; the other one was from a senior Senator. This question is: "Mr. LaRouche, when Bob Rubin addressed us, we didn't get a chance to ask him everything we would have liked to, but most of what he was asked had to do with questions surrounding the issue of trade. One of the things he said, was



*"You have to understand the difference between me and Bob Rubin" (pictured here), LaRouche said. "He's a banker, who operates from the standpoint of what he must do as a leading banker, as opposed to what I must do, or people like me must do, to solve the problems to which he is trying to apply banking functions."*

that while he recognized the problems and the failures of globalization, that at this particular time he would not necessarily favor suddenly shutting down these liberal trade agreements, because it would not help us, and it would also serve to collapse the economies of other nations.

"He also surprised me by saying that he thought that demanding labor and environmental concessions from low-wage countries like India and China, or enacting what he called 'tit for tat' trade policy deals, would ultimately not lead to progress. He insisted that the cure lies in our domestic policy. He talked about better education, a stronger safety net of health-care insurance and economic security in retirement, defense of the dollar, and all of that coupled with policies directed to address our infrastructure needs as the more crucial elements necessary to grow the economy, and also what he said, equally importantly, to induce the kind of optimism that will allow us to compete and prevail, regardless of what the trade environment was.

"In some respects, this bears similarities to what you are saying, but I also recognize there are differences. Can you please address this question overall, from the standpoint that Mr. Rubin did?"

**LaRouche:** You have to understand the difference between me and Bob Rubin. It's not a concept difference, it's a difference that he is a banker, who operates from the standpoint of what he must do as a leading banker, as opposed to what I must do, or people like me must do, to solve the problems to which he is trying to apply banking functions. In other

words, if the politicians of the United States confront Bob Rubin with what they are willing to do as reality, then he is going to try to adapt to that reality as best he can, within the framework of what conditions they impose upon him by their policy shaping.

On the other hand, he would have entirely, personally and professionally, wishes for what the United States would agree to do, which might be quite different in their implications from what he is supporting. Because, he's saying: "I'm a banker, I'm a banker on the block. I have to operate within in the banking system. And what the government does by its policy, to determine the way the banking system can operate, is the things I must be guided by in my day-to-day policy shaping operations. If, on the other hand, you give me a more opportune set of circumstances, as politicians, then I would happily, enthusiastically, join you in shaping policies which are opposite to those I have now, which I would prefer, *but I don't make those policies.*"

In other words, you have to look at this man as a leading, competent professional, who is not a Baby Boomer, which is one of his sources of genius, and he is adapting to the reality the politicians create. If you are coming into the Congress now, you have to look at the thing from your standpoint, and have an insight into what I just said about Bob Rubin. Don't assume that Bob Rubin is going to play the role of leading politician and banker at the same time. At a roundtable, in a confidential roundtable discussion, he will discuss the whole gamut of what his preferences are, what he thinks we should do, as opposed to what he thinks he can do, based on what we think we will do. He will say, "Give me a better policy than this one." We say, "No." He says, "Then I have to back this policy I don't like very much, but it's my best option as a banker."

That's what the problem is. Therefore, it is up to the people in the Congress now, and especially, in many respects, in the ferment which is going to be erupting and bubbling inside the House of Representatives. It is up to the body there to take up the self-education, the rapid self-education policy process to understand this. Don't try to come in with "common sense," to try to find a common sense solution to common sense problems. It's the *system* that's defining everything, and what is needed is a change in the system. You have to take Myron Scholes and his crowd and take them out. Get them down there collecting garbage or something that's useful, not forecasting (nor hindcasting, either). We have to have competence.

### **The Vibrancy of Freshmen Congressmen**

Look, the way I do it with the Youth Movement: The way competence develops is not by dictating to people what they should believe. It's challenging them, sometimes in a very rough way, to force them to face the realities they must face and problems which they must solve for themselves. I know that process works; it does not work according to formula; it does work according to principles. I know how young peo-

ple's minds are turned on. If they start to do that before the age of 27, they've got a good chance. If they wait until later, they have a difficult choice, because the wrong habits have settled in. You give up on being creative; you try to be professional instead of creative, and that's not very good.

They want to rely upon the younger people coming in as freshmen, into the Congress. They're usually younger (not always), who have not been in the system before, and now they're in the natural situation where they have to ask questions. They have to get a quick education, but it has to be questions; it has to be also challenging.

These young guys, or younger generation, came in, saying, "We want Cheney out. We want Cheney out! *We want Cheney out!*" They all came in singing that song, "The Marching Song of the Soldiers of Congress": "We want out, we want out, we want out!" They also want a solution for the general problems that face the American people. They come in not so much soaked with the doctrinaire character of the Democratic Party machinery, which is sometimes, you know, it's a snuff operation called the Democratic Party leadership, intellectually anyway.

You want to get them in with a fresh view, as representatives of the people, and asking and discussing the questions on which the well-being of the people depends. Challenging the Congress which they've entered, as much as submitting to it. This idea of "go along to get along"—there's a time when that idea has to quit. And you have to come to a time when you challenge these guys, say, "Look, we came fresh from the hustings, buddies. You're out there, you're up there, you think you're running the world. Well, we're out there, and we see the effects of what you think you're doing, and it ain't good! Now, let's have some discussion about this matter, and let's find a way to fix the mess that we came up here to fix. And we need your help and cooperation in the discussion which leads to fixing it."

And that's the way to go at it. The freshmen coming into the Congress now are a very valuable shock factor, because they came in often as Democrats, particularly, in opposition to Howard Dean's national committee. They came in despite Howard Dean. They were elected by the people despite Howard Dean, probably *because* of Howard Dean, because they wanted to spite Howard Dean. And they came in there to change things, to represent what they thought the issues are that occupy the people out there, and the suffering the people experience. They have to be heard, and we need a serious dialogue. We don't want a put-down of the young, of the freshman Congressmen. We want to force the dialogue, which is what the American people want. They want the dialogue forced: Cut the crap out! Get rid of the usual crap, and let's get down to business and face the reality.

Let's not go with "the issues"; forget the issues. Some of those issues stink pretty badly. Go instead with the interests of the people, and go especially for the interests of the two coming generations of the people. What's the interest of the

people and the nation two generations from now? What are the interests of the grandchildren? Those things have to be discussed. You have to reformulate the question first. And from what I see, the key question is, we are in the biggest crisis the world has ever seen in terms of a monetary and economic crisis. It's global, and it's immediate; and if we don't fix it, nothing else is going to work. So you'd better finally get your attention to this issue, and realize this is the number one issue, which you can do something about, providing you put Cheney into retirement—probably in chains—and get adult supervision over the President.

## Go Back to a Protectionist Mode

**Freeman:** Here is question from a freshman Democratic member of the House, from New York. "Mr. LaRouche, I came to Washington largely by virtue of support from people who have not been historically poor, but whose standard of living has been driven down by the collapse of U.S. production. While I agree that an increase in the minimum wage is long overdue, and I will certainly vote to support it, I also don't think it's going to address the problems that are faced by this segment of the population. Even a higher minimum wage will not allow these people to meet their mortgage payments, or pay their kids' tuition. I've looked at your economic proposals, and I happen to agree with them. I mean, really, who lives in this country and could argue against the need to rebuild our decrepit national infrastructure?"

"But my question is, what about those of us who work in private sector industry, things like the garment industry, the shoe industry, things like that, that depend on consumer spending? It would seem that the only way to address those problems is by somehow addressing the issue of trade policy and outsourcing. I don't know any other alternative. I would be interested in your thoughts on this."

**LaRouche:** First of all, we have to go back to what some people call a protectionist mode. We have to. There's no sane alternative to returning to a protectionist mode.

Now, on the minimum wage thing, look at the history of this proposition. Roosevelt did it in several steps. One of the most important aspects of the minimum wage policy was that in order to secure a Federal government contract—and this then was extended to states—you had to adhere to a minimum wage standard. Trade unions became a significant factor in lobbying for negotiation of this trade condition. That's fine; that's good. Because even the proposed minimum wage does not meet the standard required for creating a family in the United States.

You look around, and you can find a phenomenon like these large, super supermarkets, where you have people who are vastly overweight standing in one position because they have difficulty moving, and they're steering people to counters where merchandise may or may not exist. So, you have people employed in this kind of way, and they become a larger and larger component of the population, and this is a real

problem. The real problem here is, we have cut down the number of productive employment places in the United States as a percentile of the total labor force; that's where the problem lies.

But at the same time, you have to think of the cultural factor of the minimum wage in terms of what a minimum wage buys. And therefore, we have destroyed the ability to maintain a family. We have created problems among young people as a result of the decline of the standard of living in typical households across the United States. We have destroyed the orientation toward a future. So, therefore, yes, we have to do that.

Now, we have to have a sense of national economic security in terms of tariff and trade. National economic security is to ensure that in certain industries, you do have a tariff protection. We're going to have to go out there and bust up the whole operation, the entirety of this recent development, in terms of the globalized economy. It has to be busted up, otherwise, there is no economy for us; no economy for anyone else, either. So therefore, we're going back to protectionist system, which is a traditional American system. And as a matter of fact, the present agreements which the United States has entered into in international tariffs and trade, have been actually unconstitutional violations of the Preamble of the Constitution. And therefore, we find ourselves in a position where we regret very much that we have to announce our withdrawal from these agreements. And we are now entering into new agreements from that point on.

But the key thing flows from the top; we have to reorganize from the top. We must reorganize, first of all, the international monetary financial system, and it has to be reorganized on the basis of a relatively fixed exchange rate for the U.S. dollar, which will stabilize the world.

By the way, if we don't do that, if we do not make that change that I've just indicated, then the whole world is going to blow up very soon, and all these other questions will become irrelevant. So, it has to be done that way. There has to be a tariff and trade tradition, particularly in the garment and shoe industry.

For example, you get cheap garments today, but you can't get good ones. You can't even get a good set of underwear! For example, take an old man like me: You go out and you buy some undershorts, and being an old miser like me, you have some old undershorts you had from ten, twelve years ago, and you take your undershorts out of the drawer. And you look at the recent ones from Honduras, and ones you used to get from mills in the United States, by a very simple standard: What is the gauge of the thread and the gauge of the fabric which you're sitting on? And why are you getting blisters by typing?

Our problems of this nature, require a standard of quality of merchandise as this illustrates. You see, the poor guy down there in Honduras—who are a bunch of slaves—he's down there working like that because he's a slave, working

to make everything cheaper for the benefit of some shark up here, or the international markets. And therefore, in order to make the product cheaper, they take the gauge out of the fabric. And you say, "What am I sitting on, here? *Is there anything there?*"

## How About a Freshman Caucus?

**Freeman:** That should not be taken as an argument in favor of going commando!

Let's see. "Mr. LaRouche, I'm a newcomer to Congress, but not to Washington. And in these opening days, the incoming class has been bombarded with explanations of what can and can not be done. But, the veteran legislators' view of what can and can not be done is precisely what has led to the perception of a do-nothing Congress. Now, individually, the truth is, that not a single one of us has a chance. In recognition of this, some of us have been discussing the idea of forming a Freshman Caucus, so that we actually could address certain issues with one voice, backed up by a significant number of votes. We have been told that this is a *very bad* idea. What do you think about something like this? We're not trying to be disruptive, but we are trying to figure out how we can be heard."

**LaRouche:** If anyone has studied in recent years, my policies on a young adult youth movement, they know exactly what I think about this. What you need, as I said before in answer to a previous question, is the vitality of ferment. The vitality of ferment is the younger generation saying to the older generation: "This place is kind of screwed up. Maybe you had something to do with that? Why don't you at least listen to and discuss some different ideas from a slightly different perspective? Why don't you—"

You know it's like a man walking down the street. He feels that he's all well-dressed, the front of him is nice, the tie and so forth, but the guy from behind says, "Boy what a wreck he is." So, the fellows coming up *behind* a certain generation, will often see things that the fellow who's looking at himself in the mirror frontally overlooks.

And therefore, this idea of, yes, a Freshman Caucus, is *not* really a controversial issue. It's a normal generational process that people who have gone through, who are the older generation, or have been habituated to think like the older generation, think in a certain way. This way has ruined us!

These guys may have ruined us in a sense, but they're patriots or at least a great number of them. And therefore, because they realize the system is coming down, because they realize that it doesn't work, and it hasn't worked, and it's not going to work if continued, they realize that they have to have a certain openness.

Now, look at what happened in the recent election campaign, particularly with our intervention in it, the youth intervention: Look at the result. And look at what we're doing in terms of the continuation based on the *bel canto* principle of choral singing, in terms of political organizing. We are mak-



EIRNS/Neil Martin

*"We must have a policy for rebuilding this nation, and the world over the coming 50 years." Here, the LYM chorus in Washington, D.C. during the "week of action" preceding the webcast.*

ing a revolutionary change in politics, and you see that the marginal contribution of that younger generation, with its increased role in the recent midterm elections, has determined the present change which has occurred in the Congress. The landslide character of the Democratic victory in the House of Representatives, is a reflection of the 18-35-year-old younger voter, the increased increment of that vote turning out against the present system.

So, therefore, you find that the freshmen Congressmen, who are new to that part of the system, are reflecting that as a group. This is the way the Democratic Party has come back into existence after a long slot sitting in a sort of suspended animation, and that's the way this country will go forward. You find the reflection of that as not simply the anti-Bush war and so forth from Republicans. The important thing you're seeing in the legislative process in the United States today, is a reflection of the fact that a new, younger generation has manifested itself as a force in politics, an increasing force in politics, has changed the mood and thinking among older generations of politicians.

So, that's the coming generation. The Democratic Party is now in the process of virtually regaining what it lost in 1968. And so, therefore, an older generation screwed this thing up, a new generation will fix it.

### Behind the U.S. Policy Toward Somalia

**Freeman:** Lyn, there are more questions on some of these issues, from both members of Congress and from, a couple

from professional staffers whom we have been working with. I will get to those questions, but we are also being bombarded with questions on the situation right now in the Middle East and in Africa. I do want to take a couple of those questions, because there are so many of them, and they're coming both from the United States, and internationally, from young people and old people, as well—not old, just older. I don't want to get in trouble by saying somebody's old.

The questions actually cover two areas that are related. One is characterized by a question that was submitted from Mr. Abdulrazak Abdulrahman, who is in the audience here. He says, "Mr. LaRouche, what is the current Ethiopian administration doing in Somalia?" And the other questions are all asking you to please comment on the recent U.S. bombing in Somalia.

**LaRouche:** Well, the recent bombing in Somalia is a reflection of the extension of Cheney's intention behind the surge in Iraq and Cheney's intention to have a war against Iran. This is a long-term process, and it's all evil.

The policy on Africa, you can date from 1898 and British Lord Kitchener. That's the secret, if you look at Kitchener and at what British policy was after the victory in Sudan, then you'll see exactly the whole trend in the policy of today. This is an imperial policy you're dealing with. To understand this: Our enemy is the British government, or the Anglo-Dutch Liberal forces behind that government. Since 1763, since February 1763 to be specific, the intention of the British East India Company, which is now, essentially the core of what has been transmogrified as the current British Establishment, Anglo-Dutch Establishment, has been to create a world empire based on—not a copy of, but modelled on—the Venetian control of the Norman chivalry during the so-called medieval period.

That's the policy, that kind of empire. Not a Roman empire in the sense of ancient Rome or Byzantium as such, but something that is based on the same principle, but has a different form. That is where a consort of bankers, like a slime mold, different groups of bankers, who quarrel with each other, but also as a unit have certain common policies, certain parameters, who run private and other military forces, set up wars and other ways of controlling masses of people. And the intent of this crowd has been, since 1763, to establish a British Empire, which is actually an empire of the Anglo-Dutch Liberal circles, which would control the British and Dutch monarchies, and things like that. So now, Africa has been part of

that imperial policy. Two policies are part of that: One is, well apart from the enemy; the British have always been the enemies of the existence of the United States since 1763. But the policy has been, in respect to Africa and Eurasia, since Abraham Lincoln's victory over the British puppet called the Confederacy—the policy has been called geopolitics.

The British Empire came to power by orchestrating the Seven Years' War, leading into the 1763 Treaty of Paris. The British Empire perpetuated its power and increased it through its agent, Napoleon Bonaparte. Napoleon Bonaparte didn't know he was a British agent, but what he did in destroying Europe, continental Europe, with his wars on Europe, weakened Europe to the extent that the British Empire has controlled—with the exception of the Roosevelt Administration—world politics, in Europe especially since the assassination of President McKinley.

Now, Africa policy is a special policy which is part of that. The policy of the British toward Africa is that expressed by Henry Kissinger in 1974. His proposal, specifically on Africa, was: The African population is too large, it is consuming too much of its own natural resources, which *we want for our future*. We don't want Africans using that up. We do not wish to have the African populations increase; we wish to cause them to decrease. We do not want Africans to increase their productive powers of labor; we want to prevent them from developing independent productive powers of labor in their own territory, so they will not use up raw materials which we think *we own* for the future, by actually applying technological progress in that part of the world.

What we have now, which is also very ancient—we don't have a conflict with Iran, we don't have a conflict with this; that's all nonsense, that's all secondary. What the issue is, the way to destabilize the world, is by taking an area called Southwest Asia, which is the junction point of Africa and Asia, and the reference point for Europe and northern Asia, and destabilize that entire area. Look at it! Ever since there was documented European history, that cockpit around Southwest Asia, Egypt, etc. has been the determinant of imperial policy—before the Roman Empire, under the Roman Empire, during the Byzantine Empire, under the medieval *ultramontane* system, and under the British Anglo-Dutch Liberal system. So what's happening now is an attempt to disrupt and destabilize the region by causing a general conflagration extending all the way from Central Asia, through Iran, Transcaucasia, from Turkey, down into the area of Lake Victoria. And the whole area is an area of geostrategic intentions.

Now, this is not Cheney's policy; this is a British policy which Cheney works for as a dumb thug, working for his wife, who is not so "schmart," but a little more intellectual. And she's a fascist, and Cheney's the dog she has on a leash, which she sometimes unleashes. (She unleashed him in the bedroom at least twice.) This is what we are dealing with.

You have to deal not with a conflict like a comic book story conflict, or Hollywood scenario. What you have to do

is, look at the fact that we're dealing with human beings, and human beings are creatures of culture, of transmitted and developed culture, using the power of human beings to generate ideas, which no animal can develop. An animal is born and dies, and that's the end of that animal; it has no personality. A human being never dies, because when the body dies, the impact of ideas transmitted through them, or developed by them, continues to radiate in society. A human being is intrinsically and implicitly immortal, and what they represent as immortality is ideas, the domain of ideas, rather than the domain of flesh as such. Therefore, when you're looking at this from the standpoint of human conduct, of human behavior, of culture, you see that the conflicts of this planet are *cultural* conflicts.

As Henry Kissinger professes to be a Hobbesian, that bestial mental conception about man, Henry Kissinger is not a human being. He has denounced it and torn up his membership card in the human race with these kinds of policies. Anybody else who has a similar policy, has a similar thing. People who tear up their membership cards in the human race become what we call *evil*. It takes the form—a Biblical form in a sense—of a struggle between good and evil. And what you're looking at with Cheney, with that poor, brainwashed idiot President, or Liz-biz Cheney, what you're looking at is a struggle by the forces of evil. Not evil because they represent an empire of evil as such, but because they represent a cultural tendency within civilization whose characteristic is to do evil.

This is not normal; evil is not something natural in the human race. It's a question of a degeneration of human beings. Human beings are naturally good; they're born good. But conditions and culture can turn a good person into a degenerate—bad culture can do that. So, we're fighting that culture.

What you're seeing here, in this operation, is the force of evil. Take Ethiopia. Ethiopia had a war with Somalia. How did this happen? Well, Henry Kissinger did it. How did he do it? Going into the 1970s, before Kissinger really took a hand at this, Somalia had been supported by the Soviet Union, and Ethiopia had been supported by the U.S. and the Europeans. And the conflict was arranged.

Henry Kissinger *switched!* He switched back and forth: The Soviets were now on Ethiopia, and the United States moved in with Henry Kissinger on Somalia. A war between Somalia and Ethiopia was orchestrated. At the same time, a war between Eritrea and Ethiopia was orchestrated. A war to control the waters of the Nile, from Lake Victoria to the Mediterranean Sea, was orchestrated. An agreement was reached among nations—Ethiopia, Sudan, and Egypt—on water regulation. If you destabilize that area, as was done before, which is what is being done from the outside, then the water agreements are broken. Then, the British take the water from the Nile, which was going to Egypt, put it in a pipeline, a plastic pipeline, and deliver the water to Israel.

That's what's going on, and that's only part of the story, but that's the way to understand this. You have a force of evil,



habitual evil, which Henry Kissinger really merely reflects and typifies, which engages in these kinds of operations—not because they have a passionate cause which is endemic in certain governments, in certain nations. It's not that. Somebody plays them.

Look: The Seven Years' War in Europe, which made the British East India Company Empire, was played. The British supported Frederick of Prussia, Frederick the Great, against all the enemies of Prussia in Europe. And you had a Seven Years' War, regarding France, Russia, Austro-Hungary, and so forth, against Frederick the Great. The British gave him marginal financial support, so he could deploy an army, with his particular skill, to repel the attacks on Prussia. Once the British had achieved what they wanted, they shut off the assistance to Frederick the Great, and went back to other arrangements. As a result of this, Europe was so weakened, relative to British power, that the British have maintained power over Europe ever since that time.

They reinforced it by orchestrating the Napoleonic Wars. It was the British intelligence service which put Napoleon into power in France. He was nominally their enemy, but he fought the wars they wanted him to fight. He weakened all of Europe, to the point that from the Vienna Congress on, Europe is dominated to the present day (except for the intervention of the United States) by the Anglo-Dutch Liberals. This is the way these guys operate. Don't think in the childish terms, the comic book terms of history, of thinking that because so-and-so hates so-and-so, that's why the war starts. The war starts because, usually, somebody is orchestrating a war among people, but a third party is orchestrating that war, and usually it's an imperial force. Like globalization, like what happened in 9/11—that's the way things happen.

### **Iraq War: Emergency Action Is Necessary!**

**Freeman:** Lyn, this is a question from a veteran Democrat in the United States Senate. He says: "It is clear from Bush's remarks last night that he believes he has the authority as Commander-in-Chief, to order a massive increase in the number of U.S. troops deployed to Iraq. Senator Kennedy challenged this idea before the fact, in what I thought were eloquent remarks delivered on Tuesday, in which he announced that we have now introduced legislation into both Houses of Congress, to stop this suicidal escalation. At the same time, Senator Biden has opened what he said would be four weeks of hearings on the Administration's Iraq policy.

"However, within hours of Bush's address, U.S. troops conducted a raid on an Iranian consulate, in one of the Kurdish areas, and took a number of Iranians into custody. When we have an Administration that is prepared to trample on all accepted diplomatic norms and agreements, do we really have the time to conduct four weeks of hearings, or is emergency action necessary?"

**LaRouche:** Emergency action is absolutely necessary, otherwise, everything else is a waste of time. What you have

is, an Administration which is acting as a dictatorship, just like Adolf Hitler. The forces behind this Administration are the same interests which are represented by Adolf Hitler, for whom he worked. Only, after punishing the people who had worn uniforms of the Nazi service, we protected those at a discreet interval, and we restored to power those who had been behind Hitler in the United States, and in Europe, and in Germany itself. The interests which did that, which created the Hitler dictatorship, against which Roosevelt mustered a defeat, those forces still exist today as a social force, as a social continuity. They have similar aims today to those which the British and the Bank of England and Company had, and some people like Averell Harriman and Company had in New York.

Those people were behind Hitler. Many of them had been, like Churchill, behind Mussolini, and Churchill was backing Mussolini until 1939. And you had magazines like *Liberty*, and so forth, which had some of these featured articles by people on that. And it was a fact. And I had a friend of mine who was serving up in that area as the chief of OSS [Office of Strategic Services] in Italy on the ground, and he was chasing Mussolini, who was headed toward the border for a meeting with Churchill. Churchill was scared stiff, because Mussolini was going to try to blackmail Churchill, to "improve," shall we say, Mussolini's conditions in life.

So, somebody killed Mussolini, and the papers he was carrying with him disappeared until later, somewhat diminished in number and magnitude; and Mussolini's and his girlfriend's bodies were found hanging upside down at a gas station. And my friend, who had been chasing him with a .45 on his hip, knew that this was a big hoax. But those forces, which were behind Hitler and Mussolini and so forth, the forces which were behind the Liberty League here in the United States, and similar kinds of people—*these guys wanted Hitler*. Not because they loved him, but they wished to *use* him, like toilet paper, which they threw away afterwards—and they got new toilet paper, some of which is named Cheney, and some of it's named Bush.

### **The Biggest Terrorist Threat Is Cheney**

**Freeman:** And that should not be taken as an excuse not to use toilet paper. Lyn we have a couple of more questions on this topic, and then we're going to come back to these questions of economy.

This is a question from a freshman member in the House of Representatives. "Mr. LaRouche, as a prelude to President Bush's speech, and I think not accidentally as such, the U.S. used massive force, supposedly in pursuit of three alleged al-Qaeda terrorists in Somalia. Last night, it seems we did something similar in a raid against an Iranian consulate. It seems that these days, absolutely anything is permissible in pursuit of al-Qaeda. Will you please give me your assessment of the actual terrorist threat that the U.S. faces, and the best way of addressing it?"



*Afghan anti-Soviet guerrillas. Al-Qaeda was created, essentially, under the direction of then-Vice President George H.W. Bush, and Jimmy Goldsmith, an agent of the British, LaRouche said, "to launch asymmetric warfare in Afghanistan against the Soviet Union as a monkey trap. . . . So, al-Qaeda was a throwaway for somebody to use as a distraction and cover-up for actual authorship of what became known as 9/11."*

**LaRouche:** Well, the biggest terrorist threat we have right now, is Vice President Cheney. It's a fact. Now, as to al-Qaeda: Al-Qaeda was created, essentially, under the direction of then-Vice President George H.W. Bush, the father of the present incumbent, and Jimmy Goldsmith. What happened is, Brzezinski was the one who started this war in Afghanistan to hit the flank of the Soviet Union, in repayment for what had been done in Indochina, where the Soviet government, when the United States had started the war in Indochina, had assisted the Vietnamese in designing strategies of irregular warfare, or asymmetric warfare. So therefore, the United States decided to return the favor by launching asymmetric warfare in Afghanistan against the Soviet Union as a trap, as a monkey trap for the Soviet Union.

Now, in this process, the United States and Britain, as typified by the cases of Jimmy Goldsmith as an agent for Britain, and George H.W. as the Vice President of the United States, were involved in what was called the Iran/Contra operation. So the Iran/Contra operation, as associated with George H.W. Bush, was involved in running terrorist operations against the Soviet forces in Afghanistan. They relied on cooperation with certain Saudi families, and others, to recruit a certain type of Islamic believer, to become a fanatic fighter against the devil of Soviet ideology in Afghanistan. Among these, was a member of a family, the bin Laden family, which is very close personally to the Bush family. The person who was involved most prominently was Osama bin Laden.

Osama bin Laden created a terrorist organization, which was deployed by the Anglo-American forces in Afghanistan against the Soviet forces. After the war had concluded, and the fall of [Berlin] Wall and so forth, this al-Qaeda organization still existed, and the bin Laden family maintained very close relationships, to the most recent time, with the Bush family in Texas.

So, al-Qaeda was a throwaway for somebody to use as a distraction and cover-up for actual authorship of what became known as 9/11. This was a coup d'état intended against the United States. At the time I knew *something like that* was intended. As I said before the inauguration of President George W. Bush, in January of 2001: On the basis of the indications of the incompetence of the Bush Administration coming in, and the fact that we had already gone into a new phase of a general financial crisis with the collapse of the Y2K bubble in the course of 2000, I said that George W. Bush would be incapable, with his policy orientation, of dealing

efficiently and competently with that issue. And therefore, we must expect that, somewhere in the woodwork, someone would do what Hermann Göring had done to make Hitler a dictator, by setting fire to the Reichstag in 1933.

So, what happened was, we were looking for a Reichstag-like event. We had one which was staged out of the Italian protest against globalization, which was a terrorist-type event where Bush himself was threatened, and we then were looking at a prospective October security problem for Washington, D.C., which was being staged largely in Northern Virginia and other areas. So, we were monitoring that, and we knew that something was up.

So, on Sept. 11, of that year, before what we were looking at as the potential of a Washington, D.C. terrorist event, 9/11 happened. And since the United States and others, and the British had assets which were terrorist assets from the operations in Afghanistan during the 1980s, there was no shortage of talent to decorate the environment to attribute this thing to an Islamic target. The Islamic target comes from Samuel P. Huntington, who is a Kissinger associate, from their time in Boston under William Yandell Elliott, who is a British agent, who trained a whole group of British agents, including Henry Kissinger, at Harvard University's School of Government, and so you have that kind of situation.

This is the kind of problem we face. Now, we're looking at the use of what are methods of asymmetric warfare in place of, or in supplement of, actual acts of conventional warfare.

That is, you start an asymmetric war, the way Hitler started the Polish event, which led to the beginning of official World War II. You stage an act of asymmetric warfare as a provocation to create an issue which then becomes a pretext for general warfare.

So, that's what they've done always since. Osama bin Laden has never been taken. There's never been a serious attempt to take him, despite bombing of all holes in sight. Osama bin Laden has never shown up. We wonder if he's at a place called the Crawford Ranch?—one place that has not yet been bombed! (Even by a certain lady who is terrifying George.) So what you're dealing with is what would be considered diplomatically as criminal acts such as this Iran consulate event, on the pretext of al-Qaeda, which is an operation created under the co-patronage of George H.W. Bush in this area. What you have is someone playing games! They're trying to incite the situation, through asymmetric conflict, which leads to the launching of an aerial bombardment, using nuclear weapons, in Iran. At the point that that occurs, which is what the meaning of the "surge" is in Baghdad—the surge in Baghdad is a flanking operation to support something in Iran, a bombing of Iran. That's what it is! The President probably doesn't know that, but there's many things the President doesn't know. Probably where his shoes are, eh?

We must not overestimate the intelligence of George W. Bush. If you wanted to destroy the United States, the first thing you would do from London is make George W. Bush the President and Cheney the Vice President. That's happened, hasn't it? The United States has never been so discredited, so low in its diplomatic influence, its credibility, its influence on world affairs, as now, as a result of the administration of George W. Bush and the actions of Cheney. The United States is being destroyed from within, by the installation of these clowns and their supporters inside our institutions of government, and people in the Congress ought to understand that. These bums have to be put out, because they're worse than traitors.

## Tax the Richest, and the Speculators

**Freeman:** You know, in all the years I've been associated with you, you've put on the table a number of things that were incredible challenges, but probably the biggest challenge that I think Lyn has ever put before us, was what he just said, which is to not overestimate the intelligence of George Bush.

Lyn, I think this is a question that the questioner probably knows the answer to, but I think she wants you to be on record as saying it. This is from a senior staffer on the House side, and a good friend. She says, "Lyn, I'm sure you know, we have a \$9 trillion overall deficit, and there is no question that Bush's tax cut exacerbated that problem greatly. I'd like you to just address for a moment what you think can and should be done, vis-à-vis our tax policy to deal with the situation."

**LaRouche:** Well, first of all, the upper income brackets of the population should finally take their fair share of the

burden. Also, there should be a heavy tax, accompanied by criminal measures, against speculation of the type of hedge funds. The world is being destroyed by this kind of financial speculation, which is contrary to the intent of our Constitution. U.S. banks are involved with that. The U.S. banks have put the United States dollar into jeopardy through their hedge fund operations internationally. As a result of hedge fund operations conducted by these banks, condoned by the U.S. government presently, every major U.S. bank in the United States is currently, in fact, bankrupt. There's not a solid major bank in the United States tonight. That's why I think Bob Rubin would agree with me—he doesn't like to say it, but he would agree in effect—I say, put the entire Federal Reserve System in receivership.

Now, what has happened by these hedge funds and similar kinds of operations of financial derivatives, with the housing bubble, the Y2K bubble, all these other bubbles: The United States dollar has incurred a debt beyond belief. There is no possible way of scheduling the amount of outstanding claims against the financial system in the world today. None. Therefore, much of this debt must be cancelled. Therefore, it should be the finding of the Congress, that this practice of allowing the hedge fund and related financial derivative operations introduced heavily under former head of the Federal Reserve System, Alan Greenspan, that this practice was wrong and should be considered, because of its effect, as criminal by effect and also by intent.

Therefore, what do you do in a case like this? You pass two laws which are the same thing, or two sets of laws. One, you ban it. Two, such activity becomes now a subject of criminal law. In other words, it's like raping children. It's a crime. Stop it! This is raping nations, raping people, raping the banking system. This is a crime. Stop it!

And that's, essentially, the way you have to look at it. The U.S. dollar is our asset. It's a U.S. government asset under our Constitution. Someone who tampers with the dollar, who counterfeits the dollar, should be a Treasury Department target for enforcement. Now, who is the biggest counterfeiter in recent history? Well, one candidate is Alan Greenspan! Look what he did! Look what he did! He created the housing bubble. How did he do that? Mortgage-based securities! Using his flood of phony money through Fannie Mae and other institutions. How was the whole operation run during the 1990s to the present time? By him! Since 1987, by him, Greenspan. The whole system was rotted out by this use of financial derivatives, by him, and speculative instruments.

Take the case of Loudoun County, Virginia, an area with which I have some familiarity. This area is hopelessly bankrupt. The county was sucked into being stupid by some of the residents, who prevailed. What they did was they promoted a housing bubble expansion in a bedroom community called Loudoun County, without infrastructure. You have fancy housing in the million-dollar class, and you've got sewage coming up through the lawn, which means that the county



EIRNS/Stuart Lewis

*In answer to a question on the budget deficit, LaRouche responded that “first of all, the upper income brackets of the population should finally take their fair share of the burden” and that speculation had to be taxed. The housing bubble in areas like Loudoun County, Virginia, where this McMansion is located, has the potential to create chaos in the country.*

planning ain’t so good! Because there are no sewage systems. You have some Irish moss or something or other, which helps the sewage get to the grounds more quickly.

Now, what’s happened is that Loudoun County is the most vulnerable target, in terms of scale, in the nation, of a complete blowout of the mortgage housing bubble. If this goes down, what happens to the country? First of all, you have a lot of housing of people who are in debt, housing they occupy, where they have less than zero equity in the home. As the price of housing value on the market declines, and as the accumulated unsold housing for sale rises, you reach a point where there’ll be a general blowout of the housing bubble, including the particular Loudoun County center. What happens then to expenses of maintaining the government functions of Loudoun County, under those circumstances? The county itself goes bankrupt, and you have potential chaos in the county, insoluble chaos under present regulations.

Therefore, findings of this kind of fact, as in California, and elsewhere, the same kind of thing. And also in London. It’s a worse thing in the London area, a terrible situation in Spain, and so forth and so on. So, therefore, here we have a pestilence which is a threat to life and well being, generally, of humanity, called hedge funds and related financial derivatives. *This* should be banned. Certainly, we banned opium traffic, cocaine traffic. This should be banned. It’s criminal traffic. It’s a drug traffic of this form! Therefore, we ban it, we confiscate the illegal assets, and we tax it, all at the same time, just as we have taxes on criminal income. We put ’em in jail, and we tax ’em at the same time. It’s a double penalty.

So that’s the way you have to approach this kind of thing, if you want to be serious, because we’re never going to pay those debts, never! We never could. Try to pay them, you’ll collapse the system. So, you can never pay the existing outstanding debts, largely denominated in dollars. The only thing you can do is disavow them.

## Educating Congress—With Kepler

**Freeman:** That’s what I keep telling my creditors. They’re not friendly to the idea, though. Lyn, this is a question that was submitted by Heather, who is one of the leaders of the LYM here in D.C., and I think it’s a useful question to have addressed. She says, “Lyn, in your recent paper, you outlined clearly the type of curriculum which some professional staff and members of Congress have to take up, in order to think more clearly about the long-term cycles of economics. The LYM, spearheaded by the animation crews, are slowly but surely working toward understanding the basis of modern science and Classical modes of communication. This, I believe, can be seen in the qualitative improvements in our deployments overall. What my worry is, is that

these people need to take your scientific core curriculum more seriously, if they wish to make real economic policy for the future of this country and the world. So, we’re thinking about how to integrate this teaching into the Congress itself, and I was wondering if you had any advice on how we might approach this question.”

**LaRouche:** Yes, sure. This is what I’m interested in. I’m interested, of course, very much in the progress of certain projects. Now, for the next two or three weeks, we’ll be having a report on the second series of Kepler’s discoveries. The first one was on the discovery of gravitation and the inner planet relationship, the subject of his book *The New Astronomy*. The second one is on his *World Harmonies*, which is the organization of the Solar System from the same standpoint, and what they’ve been doing, of course, is going through each part. . . .

You see, as I’ve said a number of times, the peculiar thing about Kepler is he’s actually the founder of the application of modern physical science, and for years most people in universities have known nothing about Kepler. Therefore, many people who consider themselves scientists are actually incompetent in astrophysics and other related things, for just that reason. The peculiarity of Kepler, apart from the originality of his work, as Albert Einstein emphasized later, is that, in his writings, he takes the reader through every step and definition and data of the problem. So the reader has to go through the experience and make the discovery himself or herself, contrary to what you get from learning the formula, with a little fast pitch, in a university today.

Now, this then leads to a mind which, with the help of going back to the Pythagoreans and Plato and the method of *sphaerics*, is capable of understanding the fundamental principle of scientific work, fundamental scientific work, leaving aside a lot of things which are very important, but let's get the mainstream first. Eh? So, you get to the mainstream, then you go through the work of Gauss, which in respect to astronomy and other things, is based on Kepler and Leibniz, and then you go from Gauss to Riemann's conception of dynamics, and if you don't understand Riemannian physical dynamics, you don't understand anything really, functionally, about how an economy actually works.

So therefore, what we're getting so far is, that the young people, the LYM people who are working on these projects, are producing at the end of each cycle of the project, a report, a presentation back to others, and various kinds of discussions as well. They are also, in a sense, spreading a capability throughout the ranks of the LYM, a capability of dealing with the concept of science in a way which is superior to the presentation of science in aspects of universities today.

So therefore, this is immediately replicable for application to questions of economy from a physical-economic standpoint today. So yes, that's what must be done. Exactly. And you find some people in the Congress, either staff members or others and so forth, who would like to participate in the reports that we generate from these sessions. Make those available to them, and get some kind of clinical process of discussion with various people in the Congress, to strengthen the staff capability of the relevant Congressmen. If you get a number of Congressmen who increase their capability through the improvement of their staffs' capability—huh!—you get a nice benefit. I think that's the way to go.

## The Pursuit of Happiness, and Legislation

**Freeman:** The last question that I'm going to ask, Lyn, is a question that's been asked both by a new member of the House and also by a LYM member. And I'll read each of them, because they're both the same question, just addressed in slightly different ways, and I'll let Lyn answer it. What I won't ask Lyn, but I think he will answer at some other time, in some other place, is the one topic outside of Iraq and the economy, that we have gotten more questions on from the United States and from Europe, but gratefully from only two people on Capitol Hill, a question regarding Al Gore's movie "An Inconvenient Truth." I don't want to take up the time here, even though it would give Lyn a lot of good comic material. I think one inconvenient truth from Mr. Gore is that he's not any better at making movies than he is at politics.

Here's the question that was submitted by a freshman in Congress, and then I'll read you the LYM question: "Mr. LaRouche, when Bob Rubin came to talk to us, the first thing that he said was that he wasn't licensed to practice politics, but I get the sense that you are. There are some very complex and technical issues that clearly we have to address with legis-

lation, but the fact is that very few Americans are interested in or follow Congress's legislative agenda. My own view is that nevertheless, we owe it to our constituents to find a way to educate them on the details, without boring them to death, and I'm not sure exactly how to do that."

Now, a related question came in from Betiana González, who's here from the Argentine LaRouche Youth Movement, and we'd like to welcome her. Her question addresses the same issue, I just think she does it more eloquently. She says, "Lyn, the subject of my question is the pursuit of happiness, in terms of the general welfare, and how to actually organize the population with ideas and with beauty, instead of just bombarding them with mere information."

**LaRouche:** Well, let's go to the happiness first. The pursuit of happiness is the same thing, in a sense, a concept which was presented by Gottfried Leibniz, as featured in his *New Essays on Human Understanding*, a rebuttal of John Locke. And in this, in contrast to the utilitarian, vulgar attitude of Locke, Leibniz signified that, essentially, happiness lies in the immortality of the individual soul. That, are you doing something with the mortal life you have, which you are persuaded is going to be of merit for the benefit of coming generations? If so, and if you die in the effort to do that, then you have happiness.

One of the best examples of that is the case of a student, a famous student of Abraham Kästner, the famous mathematician and also an expert on areas of culture, Gotthold Lessing, of the famous Mendelssohn-Lessing alliance which launched the great Classical renaissance at the end of the 18th Century. Lessing led a life which was inherently very bitter, in terms of the circumstances. After years of trying to get married to his wife, she died very quickly after that, and so forth, and yet he maintained a positive attitude about life, no matter what he went through. His dramas are especially notable for that particular quality.

That is happiness: to be able to face death with a smile on your face, because you've made a contribution to the future of humanity, which affirms you as a human being, as opposed to a mere mortal animal. That's the issue.

The problem has been, the introduction of existentialism—which of course is all throughout Ibero-America, as well as in the United States. Existentialism, the idea of what this Nazi Martin Heidegger called "thrownness," that you are a thing thrown in a jungle called society, and you interact as jungle creatures against each other. The ideas of Horkheimer, or Hannah Arendt, and people like that, express this. So the idea that you are *not* a person in a human jungle, as the fascists think, as the Nazis think: You are a person in society, playing a role as an immortal intellect in the future of humanity, and your goal is not what you get in your pocket, not your essential satisfaction. Your goal is to live a life, which at the end, you can smile and say, the future of what I've done seems to be virtually assured to someone who comes after me.

This is what is lacking in the Baby-Boomer generation,



Library of Congress  
Gotthold Lessing (1729-1781)



Gottfried Leibniz (1646-1716)



Martin Heidegger (1889-1976)

*The pursuit of happiness, as elaborated by Leibniz and embodied in the U.S. Constitution, denotes that happiness lies in the immortality of the individual soul. Lessing and Moses Mendelssohn embodied this in their Classical renaissance at the end of the 18th Century. But existentialism, exemplified by the ideas of Nazi Martin Heidegger, places man in a human jungle.*

especially the upper 20% of family income brackets in the United States today. This is what the Baby-Boomer problem is. And it comes out as they get older. Because if you are an existentialist by inclination, in this sense, as you become older, you become bitter, you become mean, you become resentful against everything. You want your way! "It's my life, I'm going to die! Who cares about you? It's not your time, it's my time! I want what I got coming to me *now!*" And that's the Baby Boomer.

So therefore, you're facing a Baby-Boomer-dominated culture which has been infiltrated by the influence of existentialist doctrine, as in the case of Argentina or Brazil and so forth. You find this in Mexico. You find existentialism all over the place, in art, and so forth. That's where the problem lies. And the motivation on which society is built is by the dedication of the individual and the existing generation to the future of mankind. This used to be expressed as: Immigrants to the United States would come here, live under difficult circumstances, work under difficult circumstances, and look forward to the future of their grandchildren. They came in as immigrant labor. Their grandchildren became the physicians, the scientists, and so forth of the United States,

The way to set the agenda, is to not just fight against what is going on now under Nancy Pelosi's leadership, in terms of their special agenda, which can become a trap, because it seems good, but it leads nowhere. The fundamental issue of determining the future of the existence of the nation is not discussed. So therefore, what do you have to do? You have a parallel track. Let that track go on. Let them discuss this. Fine, all of these are all interesting issues to discuss. Let them

discuss them and vote them up or down. But let us, at the same time, make sure that we don't lose track of the vital issue: Is this nation, is this civilization, going to survive? That's the question! That's the fundamental question. Once you understand what you mean by that, and understand what you mean by a solution to that challenge, now you can legislate. If you haven't faced that question first, you don't have a yardstick to measure what the true results should be. And that's the point.

So therefore, what we do is, let's not fuss with these guys who insist on going with a small-minded agenda of point by point. Don't fuss with them. What we do is take the people who reveal themselves to be real leaders, by the fact that they can go to the higher level of the agenda. What are the issues? What is the legislation which should determine the future existence of this nation, and its role in the world? Start from that. Now, look at every one of the issues that come up, from *that* standpoint, and you will probably get it pretty nearly right.

**Freeman:** Well, we've accomplished bringing in the New Politics, and now we've got quite a job on our hands bringing in the New Economics. But I think that, if you take the quality of the discussion that has been presented here today, it's clear that we have the best shot that we could possibly hope for, in doing that. The LYM has been extremely effective this week, and I'm sure that they will continue to be extremely effective as this week progresses, and even as they go back to the various areas that they came here from.

I'd like to thank all of you. You've been a very good audience.