

# EIR

Executive Intelligence Review

November 28, 2008 Vol. 35 No. 47 [www.larouche.com](http://www.larouche.com) \$10.00

Brutish Empire Calls for a New Hjalmar Schacht  
The Tsunami Is Coming: We Need FDR's Policies!  
In the Footsteps of Giovanni Boccaccio

**LaRouche's Nov. 18 Webcast:  
Civilization's Last Chance?**



# No to the 'Clash of Civilizations'!

The Anglo-American financier oligarchy is trying to unleash a "Clash of Civilizations," to block the vast potential for Eurasian development. Instead, the Western powers should join in the great project of the new millennium, the Eurasian Land-Bridge.

## The Eurasian Land-Bridge

The 'New Silk Road'—locomotive for  
worldwide economic development

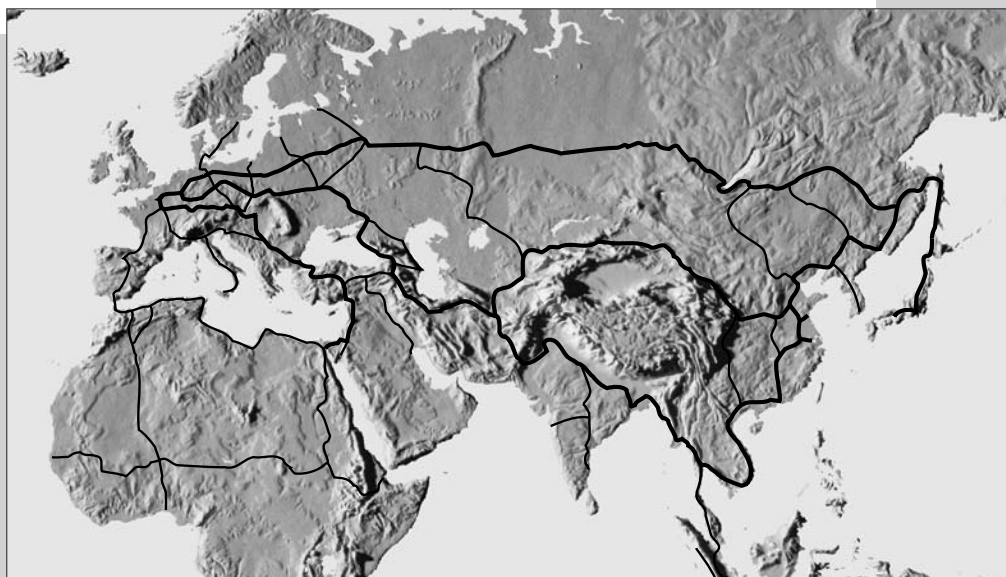
including studies of:

- High-technology infrastructure development corridors
- China and Europe as Eurasia's development poles
- Crucial infrastructure projects in China
- The Eurasian Land-Bridge and development around the great ocean basins
- Financing an economic miracle: Hamiltonian credit generation
- The Eurasian Land-Bridge and the economic reconstruction of the United States



EIRNS

Helga Zepp-LaRouche (right), known as "the Silk Road Lady," has played a major role in organizing worldwide support for the Eurasian Land-Bridge. She is shown here with Schiller Institute associates at Lianyungang Port in China, October 1998.



A special report  
from  
**Executive  
Intelligence  
Review**

260 pages \$200

**EIR News Service**

P.O. Box 17390 Washington, D.C. 20041-0390 Phone (toll-free): 1 800-278-3135  
ORDER ONLINE at [www.larouchepub.com](http://www.larouchepub.com)

Founder and Contributing Editor:

*Lyndon H. LaRouche, Jr.*

Editorial Board: *Lyndon H. LaRouche, Jr., Antony Papert, Gerald Rose, Dennis Small, Edward Spannaus, Nancy Spannaus, Jeffrey Steinberg, William Wertz*

Editor: *Nancy Spannaus*

Managing Editor: *Susan Welsh*

Assistant Managing Editor: *Bonnie James*

Science Editor: *Marjorie Mazel Hecht*

Technology Editor: *Marsha Freeman*

Book Editor: *Katherine Notley*

Photo Editor: *Stuart Lewis*

Circulation Manager: *Stanley Ezrol*

#### INTELLIGENCE DIRECTORS

Counterintelligence: *Jeffrey Steinberg, Michele Steinberg*

Economics: *Marcia Merry Baker, Paul Gallagher*

History: *Anton Chaitkin*

Ibero-America: *Dennis Small*

Law: *Edward Spannaus*

Russia and Eastern Europe:

*Rachel Douglas*

United States: *Debra Freeman*

#### INTERNATIONAL BUREAUS

Bogotá: *Javier Almarino*

Berlin: *Rainer Apel*

Copenhagen: *Tom Gillesberg*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Melbourne: *Robert Barwick*

Mexico City: *Rubén Cota Meza*

New Delhi: *Ramtanu Maitra*

Paris: *Christine Bierle*

United Nations, N.Y.C.: *Leni Rubinstein*

Washington, D.C.: *William Jones*

Wiesbaden: *Göran Haglund*

#### ON THE WEB

e-mail: [eirns@larouchepub.com](mailto:eirns@larouchepub.com)

[www.larouchepub.com](http://www.larouchepub.com)

[www.larouchepub.com/eiw](http://www.larouchepub.com/eiw)

Webmaster: *John Sigerson*

Assistant Webmaster: *George Hollis*

---

EIR (ISSN 0273-6314) is published weekly (50 issues), by *EIR News Service, Inc.*, 729 15th St. N.W., Washington, D.C. 20005.  
(703) 777-9451

**European Headquarters:** E.I.R. GmbH, Postfach 1611, D-65006 Wiesbaden, Germany; Bahnstrasse 9a, D-65205, Wiesbaden, Germany  
Tel: 49-611-73650  
Homepage: <http://www.eirna.com>  
e-mail: [eirna@eirna.com](mailto:eirna@eirna.com)  
Director: Georg Neudekker

**Montreal, Canada:** 514-855-1699

**Denmark:** EIR - Danmark, Sankt Knuds Vej 11, basement left, DK-1903 Frederiksberg, Denmark.  
Tel.: +45 35 43 60 40, Fax: +45 35 43 87 57. e-mail: [eirdk@hotmail.com](mailto:eirdk@hotmail.com).

**Mexico:** EIR, Manual Ma. Contreras #100, Despacho 8, Col. San Rafael, CP 06470, Mexico, DF.  
Tel.: 2453-2852, 2453-2853.

Copyright: ©2008 EIR News Service. All rights reserved. Reproduction in whole or in part without permission strictly prohibited.

Canada Post Publication Sales Agreement #40683579

**Postmaster:** Send all address changes to *EIR*, P.O. Box 17390, Washington, D.C. 20041-0390.

# EIR

## From the Assistant Managing Editor

In Lyndon LaRouche's "Nov. 11 Resolution" (*EIR*, Nov. 21) he presented the indispensable measures to be taken in the face of the now hopelessly bankrupt world monetary system. LaRouche issued this resolution as a discussion document for a private meeting to be held on that date, in Washington, with a satellite meeting in New York City, and identified the period between Nov. 11-19, as decisive for forcing a change in policy, at least among a leading group representing the institution of the U.S. Presidency. During that nine-day period, in addition to the Nov. 11 meeting, LaRouche gave an international webcast on Nov. 18, the transcript of which is our *Feature* this week; and a second private meeting on Nov. 19 (his opening remarks are also transcribed in this issue (*National*). During this brief, but crucial time period, LaRouche shook the world, as can be seen, in part, by the participation of members of President-elect Obama's transition team in the discussion following the webcast, and by the questions and comments pouring in from across the globe.

But, we are far from being out of the woods. As LaRouche notes in a statement issued Nov. 22, the 45th anniversary of the assassination of President John F. Kennedy, "The British will attempt to assassinate President-elect Obama." But isn't this the same Obama whom LaRouche charged, during the campaign, with being a tool of London? For sure. But, he is no longer useful to them. They need a Mussolini, a Hitler—or at least a Schacht (see *Economics*), and Obama doesn't have the temperament. He might, even, under the influence of the institution of the Presidency, begin to adopt FDR-LaRouche-style recovery policies. Thus, the danger that he will be assassinated during the transition period, between now and Jan. 20, 2009, is extremely high. With their system crumbling, the British empire is desperate to crush the most powerful nation-state in the world, once and for all. The chaos that would follow an assassination would provide precisely those conditions needed to impose dictatorship in a U.S. still under the reign of Bush-Cheney.

Our best remedy in such times, is Classical art, because through the use of irony, Classical art forces you to consider something new. With this in mind, we offer an excerpt from Boccaccio's *Decameron* (*History*), in which the poet, following in the footsteps of Dante, ironically examines the collapse of 14th-Century Europe into a Dark Age.



## Cover This Week

*Lyndon H. LaRouche, Jr. addresses the Washington webcast on Nov. 18, 2008.*



EIRNS/Stuart Lewis

### **4 LaRouche Webcast: Greatest Crisis in Modern History: The Last Chance for Civilization?**

Lyndon LaRouche stated that the post-Bretton Woods financial-monetary system is in a terminal breakdown crisis, and that any effort to rescue it will destroy the planet. “You have to choose: Replace the system, or get a new planet.” He said the world is now operating under an imperialist system, based in London, but which operates globally. The way out of this crisis, LaRouche added, is to replace the British-inspired money system with a credit system; go back to the U.S. Constitution, and create a “credit-based dollar” on which to build a new system, after putting the present system through bankruptcy reorganization. The full transcript of the Nov. 18 webcast, including questions and answers.

## Economics

### **40 British Empire Calls for a New Hjalmar Schacht**

The clear intent of the British is to use this financial crisis to return the world to the way it existed before the American Revolution. The alternative, as Lyndon LaRouche has indicated, is a return to the credit system established by the U.S. Constitution.

### **42 Business Briefs**

## International

### 44 **The Tsunami Is Coming: We Need FDR's Policies!**

In a leaflet for circulation in Germany, Helga Zepp-LaRouche writes that the present crisis is just the beginning of the financial collapse: The worst is still to come. She indicates that the catastrophe could be avoided, but only if the huge volume of outstanding derivatives contracts are frozen, and a new financial architecture, in the tradition of Franklin Roosevelt, is implemented.

### 46 **Mexican Nationalist Leader Backs PHLINO: Northwest Hydraulic Plan**

### 49 **'One Mexico for All': Pro-PLHINO Committee Welcomes Cárdenas**

### 51 **International News**

## National

### 52 **A Four-Power Bloc Can Break the Opposition to Reform**

Lyndon LaRouche's opening remarks to a private meeting on Nov. 19. The only way out of an otherwise almost hopeless situation, he said, is for sovereign governments to put the entire financial system into bankruptcy reorganization, and replace it with a fixed-exchange-rate credit system. This will require the combination of four sovereign governments: the United States, Russia, China, and India.

### 55 **National News**

## History

### 56 **In the Footsteps of Giovanni Boccaccio**

In a January 2006 webcast, LaRouche showed how to uplift the population, at a time when all leaders have failed, and the people themselves must take the responsibility: the understanding of history with great irony, through the eyes, or in the footsteps, of a great figure such as Italy's Giovanni Boccaccio. The collapse of the Lombard banking houses and the resultant New Dark Age began at the middle of his life.

### 57 **The 14th-Century Dark Age: Boccaccio's Classic Tale of the Plague**

A translation of an excerpt from Boccaccio's *Decameron*.

## Editorial

### 64 **When They Say Snow Is Black...**

LAROUCHE WEBCAST:  
GREATEST CRISIS IN MODERN HISTORY

## The Last Chance For Civilization?

*Here is Lyndon LaRouche's Nov. 18, 2008 international webcast from Washington, sponsored by the Lyndon LaRouche Political Action Committee. The moderator was LaRouche's West Coast spokesman, Harley Schlanger.*

**Schlanger:** . . . As the present global financial disintegration has been unfolding, and accelerating, we've been hearing, constantly, the refrain: "No one could have known it was coming." That refrain, no matter how often it's repeated, is dead wrong. We're also hearing another refrain, as trillions of dollars are being pumped into dead banks, in a futile effort to save the bankrupt system: "No one knows what to do." Again, those repeating that refrain, are dead wrong.

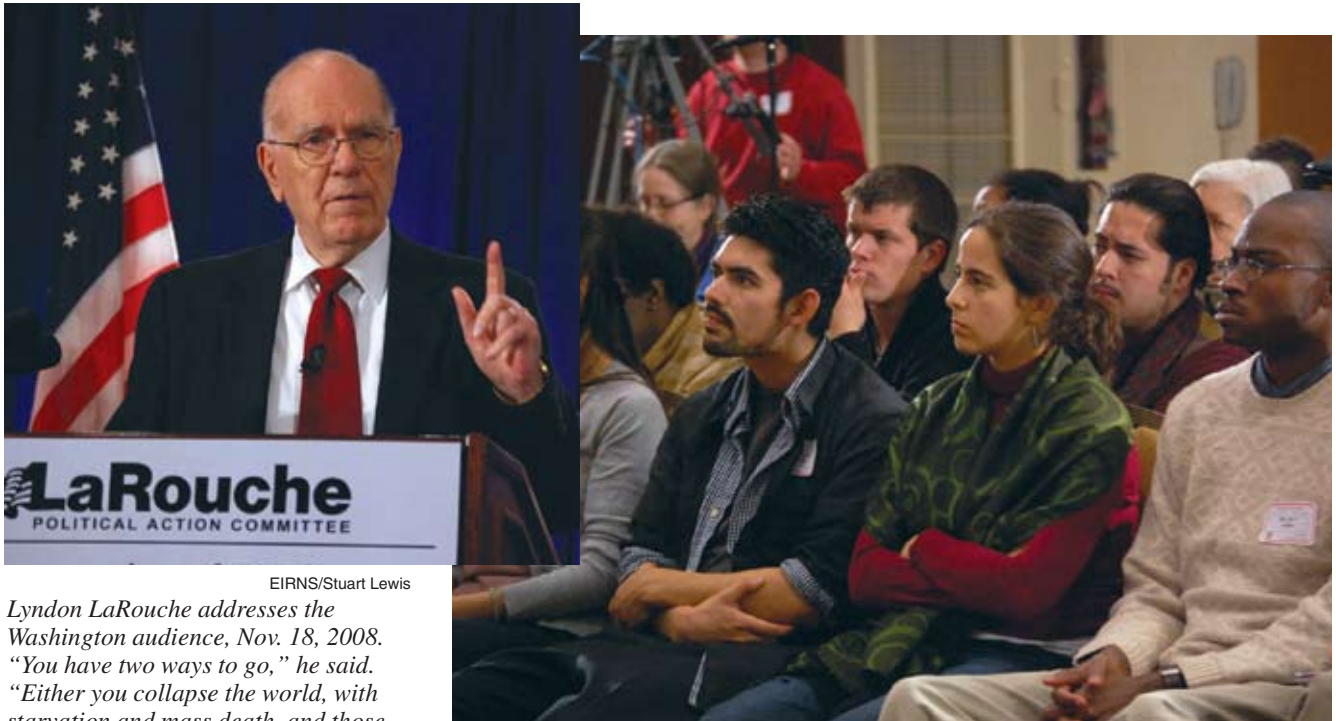
It's my great honor and privilege today to introduce to you the one man who not only forecast this crisis, who knew it was coming, but has offered a solution, and is organizing globally to implement that solution:

Ladies and Gentlemen, join me in welcoming economist and statesman, Lyndon LaRouche.

**LaRouche:** Thank you.

This past week, this past Tuesday, I gave an advance presentation to an audience, here in this city, and also in New York, on a discussion of what I was going to say today. What I said then was recorded—not in full, but the remarks I made in opening, were recorded—and have been reproduced and are in circulation now.

What I said, essentially is, what we're involved in today, is a general breakdown crisis of the world financial-monetary system. There is no possible rescue of this system, as such: that is, the present, international monetary system can not be rescued. If you try to rescue it, you will lose the planet. You have to choose: Replace the system, or get a new planet. Those are your choices, essentially. I think that any sane person would say, "Keep the planet." Mars is not particularly hospitable these years; I understand



EIRNS/Stuart Lewis

Lyndon LaRouche addresses the Washington audience, Nov. 18, 2008. “You have two ways to go,” he said. “Either you collapse the world, with starvation and mass death, and those effects. Or, you put the thing through bankruptcy reorganization.”

EIRNS/Stuart Lewis

it’s rather cold there, at present.

So what that means, essentially, is, the world is now operating under an imperialist system, which is actually part of the British Empire. Now, the British Empire, is not the British Empire: It’s an international monetary-financial system, which has a base in England, but which operates globally. And since the breakdown of the U.S. dollar, in 1971, and the subsequent launching of the highly speculative market in petroleum, the short-term speculative market in petroleum, the U.S. no longer controlled its own dollar. The dollar has been controlled increasingly, as the U.S. economy has deteriorated, by a London-centered crowd, centered in those financial interests.

The result of that, plus the fact of what was done, beginning in 1987, under a now departed—happily—former head of the Federal Reserve System, Alan Greenspan, is that a new addition was added to this process of this speculative kind of currency. It was based on a system which had been pioneered by a Michael Milken, who went to prison in the 1980s for what he did; but Alan Greenspan made it international.

So that, what happened last July, a year ago July, was not a crash of a short-term market, at all, a real estate market. The real estate market was collapsing, or

did collapse, as I said it would collapse, exactly at that time. But there was no real estate market collapse of the type talked about. What was collapsing was the system.

Now, the system is in the order of magnitude of *more than a quadrillion dollars*, many quadrillion dollars, of speculative currency, out there. More wealth nominally, than the world contains. Everything had been done to prop up this crazy dollar, as an international currency, controlled, not by the United States, but by a syndicate of international financier interests: the floating-exchange-rate system. And what happened is, they had gone into the area of U.S. real estate, as in London and elsewhere, in trying to create *debt*, synthetically, to cover this vast accumulation of unregulated dollar claims in the international market: quadrillions of dollars claims. Maybe more than \$1 quadrillion. Maybe \$10 quadrillion, or more than that.

And so, there is not enough money, real value in the world, to cover the demands against currency. And therefore, the system has gotten to the point, that under the present system, you’ve got to *sacrifice the currency claims*, or you’ve got to sacrifice the real economy. Which means, there’s no way, that you can reorganize under the present world monetary-financial system.

You have to put the whole system into bankruptcy reorganization.

Now, how can you do that? Well, what you can do, is end the existence of monetary systems: You put them into bankruptcy and close them out. Well, what do you do for money? We go back to the U.S. dollar.

### **The American Constitutional System**

Our Constitution is unique among nations, in many respects: that we're a true nation-state, where European nations are not true nation-states. They may aspire to be nation-states—Charles de Gaulle tried to do that in France—but they're not really nation-states. Because they are under a parliamentary style of system, and a parliamentary style of system is inherently not a fully sovereign system of sovereign nation-states: It's controlled by something else; it's controlled by international monetary interests.

So, what we can do, is, very simply, is we can go back to the U.S. Federal Constitution, and create what's called a "credit-based dollar," as opposed to a "monetary dollar." A credit-based dollar is consistent with our Constitution: that no money, as legal currency, as legal tender, can be uttered under the U.S. Constitution, without a vote by the U.S. Congress on behalf of action by the U.S. Presidency.

So, in our system, the official currency of the United States, insofar as we follow our own Constitution, is limited to dollars, or dollar-equivalent negotiables, which are uttered *only* by previous authorization of the U.S. Congress, especially the House of Representatives, and uttered by the U.S. Federal government! There is no such thing as an international monetary source, which gives us our currency—not legally. It is uttered by the U.S. government; it is sovereign. We are a sovereign state, and our currency is uttered by us, under our Constitution: by approval of the House of Representatives, and by the Presidency. No other currency exists.

In Europe, that is not the case: In Europe, the monetary systems are *not* controlled by the government. They are created by central banking systems, which may negotiate with governments, and have agreements with governments, but the governments do not control the monetary system, as such. In point of fact, that is the *essence* of a free-trade system: that the governments have no essential control, as issuing authorities, over debt and credit outstanding.

And it's because of the utilization of that provision,

that artificial money was created, by people making a capital promise, in capital amount, to go into debt, to get a lesser amount of money uttered in their behalf, now. That's how the world incurred a presently outstanding debt, through such means as derivatives, in the order of *quadrillions of dollars*! Far in advance of anything that could ever be paid. So, we are *never, never going to pay those debts!* We *couldn't* pay those debts. So, we're never going to pay them.

What do you do in a case like that? What does the United States do in a case like that, under our Constitution? You declare those debts *in bankruptcy*. And what do you do with them in bankruptcy? You sort them out! Those things that should be supported, will be supported, and the rest of it will just wait, or die away. The great majority, the vast majority of the obligations outstanding today, as nominal claims against countries, *will be cancelled*. Those things which should be paid, will be paid. Those otherwise, will never be paid. And they will never be paid, in any case!

### **A Four-Power Alliance**

Now, you have two ways to go: Either you collapse the world, with starvation and mass death, and those effects. Or, you put the thing through *bankruptcy reorganization*. And how do you do that? Well, what I specified is very elementary: I have four nations in mind that can take the lead on this thing. And the four nations, which together, represent the greatest consolidation of power on this planet: These nations are the United States, Russia, China, and India, as joined by other nations, which join in the same deal. We put the world through bankruptcy reorganization. How do we do it? We use the U.S. Constitution to do that.

The U.S. Constitution is unique in the fact we have a kind of Federal Constitution we have: that our dollar is not a monetary dollar; it's a credit dollar. In other words, the United States has uttered an obligation, on behalf of the U.S. government, which can be monetized. That is our obligation; that's our only obligation, and any other kind of obligation is not fungible.

Other countries have a different kind of system.

Now, if the United States says, that we are going to back up our dollar, and enters into an agreement with Russia, China, and India, to join us, with other countries, in doing the same thing, to put the world through bankruptcy reorganization, in which we will *cancel* most of the outstanding financial obligations: It has to happen. Otherwise, no planet! If you try to collect on





USDA

*United States: Contour farming in Iowa, alternating alfalfa with corn, provides protection from soil erosion. American agriculture, once the world's best, must be restored.*

*A Four-Power agreement among the United States, Russia, India, and China is essential to reorganize the financial system and stabilize the world situation. These nations are each very different, and have unique problems and unique contributions to make.*



Indian Space Research Organisation

*An Indian satellite launch. India has a top-rank scientific and technological cadre force, dating back to the Nehru years.*



www.sysu.edu.cn/en

*China's Sun Yat-sen University. China is committed to advanced technology and educating its huge youth population, although it faces many obstacles.*



loc.gov

*Russia's Trans-Siberian Railway was built on the principles of the American System of economics. The nation is reviving an emphasis on infrastructure development, after long neglect. This image is digitized from a 1910 color photo, made on three colored glass plates.*

quadrillions of dollars of outstanding claims, from whom are you going to collect, by what means, and what's the effect? It is *against natural law*, to collect on that debt! How many people are you going to kill, to collect that debt? How many countries are you going to destroy, to collect that debt?

So, we have this monetary authority outside, which has treaty agreements with governments, but which has no real obligation to governments otherwise, except

the treaty agreement. This agreement has resulted in the creation of a vast world debt, a monetary debt, which can never be paid. Well, obviously, the system is bankrupt! You shut down the system, and put it into bankruptcy reorganization—it's the only remedy.

### **A Credit System**

How does it work for us? Under our Constitution, any credit we utter, in a monetizable form, is an obliga-

tion under the authority of the U.S. government, in each process, by the approval of the Congress, the uttering of it, and by the action of the Federal government, with that approval. Now, also, not only do we utter our currency, properly, under those terms, but if we, as a nation, as a sovereign republic, enter into an agreement, a treaty agreement with other countries, for the same system, then under the treaty agreement, other countries enjoy the advantage of the same system we have for reorganization of our debts.

And that's the only way we can get out of this mess.

So, we create a group of nations, who are operating under treaty relationship with the United States, which gives Constitutional protection to this, so that we now have created a new system—a credit system—to replace the existing monetary system. And everything that is put under the protection of the *credit system*, is now solid. Everything else is thrown onto the floor, to see what you can pick up: It's in bankruptcy.

So therefore, we can create a new credit system, among nations, which I think—if the United States, Russia, China, and India agree, most nations of the world will happily join us, especially considering the alternative. And therefore, we can create a new world system, a new money system, a credit system as opposed to a monetary system. And under those conditions, we can proceed to advance credit on a large scale, for physical reconstruction of the world's physical economy. We can organize a recovery of the same type, which we undertook with President Franklin Roosevelt, back in the 1930s and 1940s. And we won't change from that, I should think, once we've done it.

That's the only alternative.

Now, what that means is, politically, the end of the British Empire; or what's called the British Empire. The British Empire is the present world empire. There is no other empire on this planet today, except the British Empire. The use of the "empire" to describe any other system, is incompetent. The British are the only empire, and the British Empire is that which controls the dollar, the floating dollar today, the monetary dollar.

So, under these conditions, we then proceed to world reconstruction. And what we do, instead of the present free-trade system, is we go back to a protectionist system, a fixed-rate system; in other words, currencies will have a fixed rate of exchange with respect to each other, or adjustable by treaty arrangements, but

they do not float. And we then proceed to utter the credit, for large-scale infrastructure investment, which will be the driver of the physical reconstruction of the planet. *That's the only remedy.* Any suggestion but that, is insane. Any failure to do exactly what I've prescribed, is insane. All sane people will, therefore, immediately agree—or we will have to draw the obvious conclusion.

So, that's what I outlined, in essence, as to how this would work—that's the core of it. This is the U.S. Constitution. It's a system which worked, every time we've used it. If we go back to it once again, as we did under Franklin Roosevelt, we'll come out of this nicely.

### **Globalization: A Crime Against Humanity**

What are we going to do, however? We have, then, a physical economy, which is a mess. We have a situation in which the people are in jeopardy, life is in jeopardy; the conditions of life, the *physical* conditions of life are deteriorating throughout the United States and elsewhere. We have a problem of starvation in many parts of the world. Much of the human population is now in desperate jeopardy, because of current food prices and current organization of food production. Globalization has become a mass murderer, and globalization is virtually a crime against humanity, in its present implications.

We set up a system, as you may have noticed, with the case of Monsanto and other ones, where we grow food in one country to be eaten in another country. And we don't grow food for that country, much in your own country. You grow food for other countries, under the present kinds of agreements, WTO type agreements, to produce food for people in other countries. For the food you eat yourself, you have to go to a completely different country than your own, and get them to produce food for you. In the middle stands someone who's a dealer in food, the international financial community, which determines the prices which are paid for the country which exports the food, and also determines the prices paid for the country that buys the food to consume it. And what we've done recently, is we have destroyed the independent food-producing capabilities of nations, so they no longer have self-sufficiency. They are at the mercy of something like the WTO, which is a form of mass crime against humanity! The WTO should be repealed, immediately; cancelled immediately! It's a crime against humanity, its very existence. People should grow food primarily in their own

country, and get supplementary foods of special types they may require from other countries, where they're better produced. But the sovereignty of a nation, in respect to its own production and consumption of food, is primary. So therefore, that part of the system has to end.

Most of the other features of globalization have to end. They will end, if we're human, if we're decent. And that means a complete change of course from what the present trend in policies is. Most treaty agreements that now exist will have to be cancelled, relevant to this. And practices of this type will be outlawed. Food prices will be under international supervision, to make sure there's no more of this fraud.

You have to realize, that billions of people's lives are presently in danger, as a result of these WTO and related policies, the effect of them. That's our problem. And our remedy is to use great power on this planet, to force through a system, a fixed-exchange-rate system, to establish a credit system in place of a monetary system, and to launch large-scale projects through joint credit structures which finance these projects, which enable nations to build their way out of the present physical mess we have today.

It's a tough one. And people say, "Why do you want to do that? Couldn't you take *slo-o-w-er* steps? Slo-o-w-er steps?" "Well, you know that train's coming down the track, and you're walking across it—do you think you should take slo-o-w steps?"

No. So therefore, what you need, is you need these four countries. And they are different countries, as you may have noticed, not only different as nations, but they have different characteristics. We have one characteristic, as the United States, when we're functioning properly. Russia has certain characteristics which are unique to Russia. China has characteristics, including social characteristics, which are unique to China. India has characteristics which are different than any of the other countries. But this is a great part of the human race, the population, totally. And you have countries that are associated with them, like Japan. Japan's market is principally Asia. Its best market, for its high-tech production, are neighboring countries of Asia, which include Siberia, include the mainland of China, and so forth—that region of the world. Japan has a high-technology capability, which is extremely valuable. Korea—especially South Korea, but really Korea as a whole—has also a very significant potential. Also Korea is different than Japan and China, and

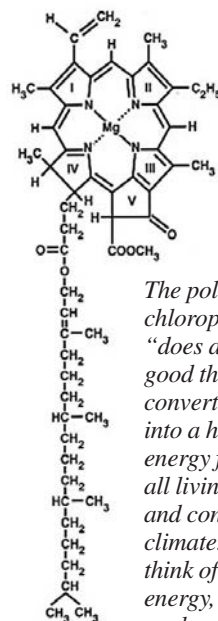
Russia, and therefore Korea is a very valuable country, in the sense that it's not the same as China, Japan, Russia, and so forth. And therefore, the cooperation among these countries of different characteristics is a very important stabilizing factor in the world situation. It also is a key part in production.

## The Problem of Power-Generation

India has completely different characteristics in this respect, but it also has, in effect, similar problems. The most common problem, is power. Now, we have nuclear power, developed today. It's the only decent power, that we have for dealing with these kinds of problems. Because, you can not measure power in calories. Only an idiot, or someone who is ignorant would measure power in calories. That is, a kilowatt of sunlight, and a kilowatt of nuclear power, are not the same thing. You can not replace a kilowatt of nuclear power by a kilowatt of sunlight.

In the process of power, the low end of power is generally sunlight, as it impinges upon the Earth. That is a very poor quality of power. Now the best thing you can do with sunlight, is what we tend to do with Earth naturally. That is, sun-

light has a very low cross density in terms of intensity, as it hits the Earth. The most useful thing that sunlight does, is it helps to grow plants. Now, how's it grow plants? Well, one case is, of course, the green plants. Take power in terms of being applied to green plants. Now, the green plant has something in it called chlorophyll. Now, chlorophyll has a wonderful quality: Is that the individual chlorophyll molecule, which looks like a pollywog



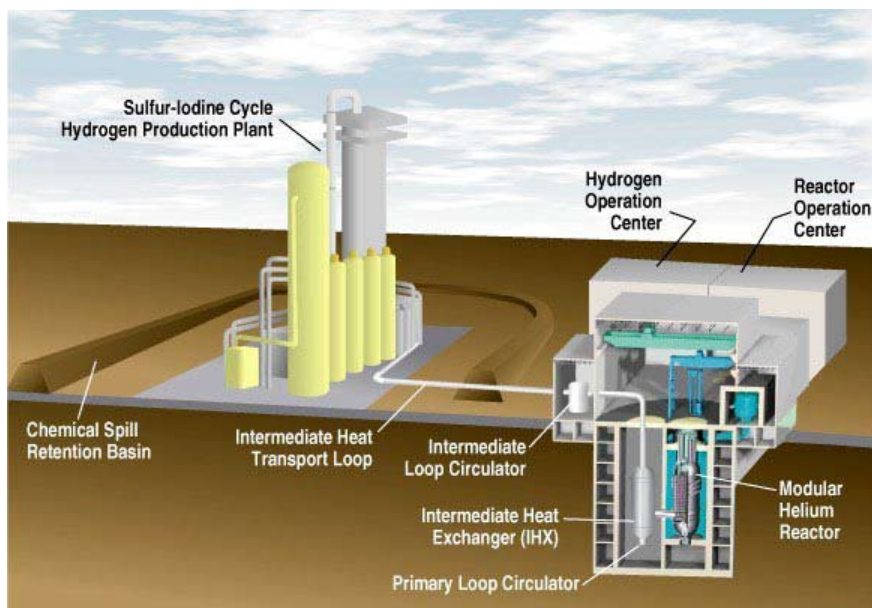
*The pollywog-like chlorophyll molecule "does all sorts of good things": It converts sunlight into a higher-order energy form, feeding all living processes and controlling the climate. But don't think of using solar energy, where nuclear power should be used instead!*

under a microscope—it has a long tail which is sort of an antenna; and it has a head with a magnesium molecule in the head. And the sunlight impinging on this antenna is now captured by some of these molecules.

The power which is obtained by this antenna-like section of the molecule, now powers the magnesium head complex of that molecule. These molecules interact together, and what it does, these collections of molecules in chlorophyll, is increase the energy-flux density of the power which it has absorbed by means of these tails, from sunlight. This high-intensity power then converts carbon dioxide and so forth, into oxygen, and carbon products, and living things. So this, in turn—the increase in chlorophyll—cools the atmosphere, gives you a more uniform temperature, it turns a desert into something else, and that sort of thing; and therefore, all life on Earth depends, to a great degree, on this action of chlorophyll: of converting sunlight, through the action of chlorophyll, into a higher order, which then feeds all kinds of living processes, grows trees, cools the atmosphere. It does all sorts of good things. And this process is now essential to the system of life on Earth, and developing the entire planetary climate.

If you go to solar energy as a source of something else, and take the sunlight and now put it into trying to heat something, directly, what're you going to do to the climate? You're going to increase the temperature of the climate? Because you're not cooling it; plants cool the climate, green plants. You're going to have a higher temperature. You're going to come to creating an *artificial desert!* Where you want a green planet, you are creating a *desert*. And you say, "That's better for nature." This is only from the mind of denatured idiots, who think of these kinds of things. That's why they're called denatured.

So, in any case, therefore, the key thing here, is to increase the energy-flux density of power. Now, how do we do that? Or how have we done it so far? Well, you can burn brush—that's not too efficient. Again, you're burning something that was once alive. Another



General Atomics



石墨构件组成的堆芯底部

Institute of Nuclear Technology, Tsinghua University

*The key thing is to increase the energy-flux density of power. Go nuclear! The best choice is the high-temperature gas-cooled reactor (HTR). Above: An artist's depiction of a proposed HTR reactor, coupled with a hydrogen-producing plant. Left: The bottom of the reactor core in a demonstration HTR in Beijing.*

way is to burn wood, as such—a little bit higher order of fuel. Or you have charcoal; now, charcoal is a little higher order in combustion, in terms of energy-flux density, than just wood. Or you can go to coal, which is more efficient than wood. You can go to a more efficiently condensed form of coal, called coke. You can go to petroleum, a still higher order. You can go to various kinds of natural gas, that's a little bit better.

You can go to nuclear power: Boy! A factor of a thousand times or more better! You can go to a high-temperature gas-cooled reactors—oh, you're getting up there, buddy! A high-temperature gas-cooled reactor of a pebble-bed variety, you can start to desalinate, in a great way! You can take and provide large masses of water, and create the conditions of life. Don't use



GNU/Michel Maccagnan

*Thermonuclear fusion will be thousands of times more efficient even than fission power. Shown here, Korea Superconducting Tokamak Advanced Research (KSTAR), at the National Fusion Research Institute in Daejeon, South Korea.*

petroleum the way you do it now: hauling cheap petroleum all over the planet at high prices, to burn it! You generate, from water, you generate high-temperature gases, which are much more efficient for airplanes and automobiles and so forth; and other kinds of synthetic fuels. Then we will go, at some point, to thermonuclear fusion, which is still tens and thousands of times more efficient than that.

So, in this process, we go to higher and higher degrees of man's power to shape nature, per capita and per square kilometer. So, by going to these greater energy-flux densities of power, we're advancing the condition of life on the planet, for mankind as a whole.

Now, what we obviously wish to do, is just exactly that. For example, in the case of India: India has a large supply, a natural supply of thorium. Now, thorium is a

material which is related to uranium in its function, but it's generally not useful for making nuclear weapons; it's useful for producing power systems. India has the capability, with thorium, and with a large stock of thorium, and with thorium reactors, to increase the energy-flux density of its area. Now what that means is, you have in India, take a case, about 70% of the population is not too well trained, not too technologically qualified. But that's not going to stop you, because if you can increase the power available, locally, per capita and per square kilometer, in a country, you can take the same quality of labor—which is not too efficient, because it's not skilled, it's not trained—but you can increase its productivity without yet changing the way it behaves. By power supply, you can provide water, through desalination; or other kinds of things. So you create an environment, an infrastructure environment,



ABr./Antônio Milena

*Washing clothes in a ditch in Mumbai, India. Many people fled poverty in the rural areas, flocking to the cities in search of jobs—which turned out not to exist.*

in which the same quality of effort, the same level of skill by an Indian worker in a village, can be increased by several times, several-fold; conditions of life can be improved.

So therefore, the general method we've used in humanity, in our successive ventures, is to improve the environment, the environment of production, which as a lever, increases the productivity of production, in human terms, in terms of human effect. Therefore, you *upgrade* the conditions of life, by concentrating efforts on improving what we call "basic economic infrastructure," that of art, agriculture, and industry, and city life, and things of that sort. And that's the way we have to go.

### **Save the U.S. Auto Industry?**

For example, the question will come up; it comes up all over the place: Shouldn't we go back to making automobiles again? No! I fought for that back in 2005,



WHO/P. Virot

*Farming in Rajasthan, India. Indian farming is being smashed by globalization, leading over 100,000 farmers to take their own lives in the last five years.*



*India's IT sector is no solution to the nation's economic problems. Here, a BPO India Call Center. American consumers are well acquainted with such call centers, which deal with everything from software viruses to broken washing machines.*

and early 2006. The Congress of the United States killed the idea of saving the automobile industry, when I was about to save it. They killed it in February of 2006: Now, the same idiots, who killed the automobile industry and destroyed it in February 2006, are now saying they're going to come back and start producing automobiles again, having destroyed the market for, and the ability to produce automobiles! Simply because people want to manufacture automobiles, there's a form of fantasy life now! There's no sense for the United States to go back into the automobile industry, not at this time. It's insane! But it's attractive to people who don't think.

Why are the people who shut down the auto industry, in February 2006 when I was working to save it, or save part of it, and save the industry, as well as the automobile production—why do they want to start it up now? They shut it down! The present Speaker of the House was one of those who shut it down! She says she's now promoting it! Did she change her mind? Did she change some other things? It's all fakery.

What we need now, is not U.S.-produced automobiles—the Japanese are doing a fine job of more than filling all our requirements.

There is an excess of automobile production, en masse, throughout the world! Why are we going back into the automobile manufacturing business? To produce vehicles we can't sell? Just to look at them?

Well, let's try something else: Let's take the highways around here. What's the congestion: How much time do you lose every day in commuting to work in the Washington, D.C. area? What is it, two hours commuting for you? Two and a half hours each way? What are the tolls you pay on these routes? How much of your personal life is lost by this commuting—as opposed to what you would have, if you had a high-speed



Transrapid

*The German-built maglev in Shanghai, China. High-speed rail is the best solution to the congestion of highways in the United States and other countries. The technology exists, so why not build it?*

rapid-transit system network to transport you, without having to drive the car, without having to smell the other guy's gas, ahead of you. You're getting sick.

How much would you like to have more time for family life? If you're spending five hours a day commuting, what kind of family, if you have two adults, both working, and some children: What kind of a family life are you creating, for Americans with that kind of arrangement? Shouldn't we have, instead of all these automobiles on the highway, with all these tolls, and all these fumes to smell from the automobile in front of you—wouldn't it be better to get a shorter, and faster transportation system? And to have a better family life? Maybe a few hours a day saved, for some kind of normal family life, not wondering what your children are doing all these crazy hours?



David Shankbone

Don't we have a shortage of clean power sources? Don't we have a shortage of investment in manufacturing things that we need, which we're wasting on this sort of stuff?

And, do you have clean water? Do any of

you remember the time, you could get safe, fresh water, out of a city water system, from a tap? Do you remember when that was? How many bottles of bottled water do you drink a day? How much does it cost you? How much did it used to cost you, the same amount of water, safely out of a tap?

### **Build Vital Infrastructure, Worldwide**

So, what you need—the conditions of life and the conditions of production; we have a shortage of infrastructure in this country, of basic economic infrastructure. Not infrastruc-

ture like sidewalks, to pay taxes on! You have people in New York, like this crazy Mayor of New York: He wants to take over the infrastructure. He'll buy your sidewalk, and he'll put a tollgate at each block! This is not what I mean by infrastructure!

What you need are the basic things, like a generally free transportation system! We don't need the tolls! We



EIRNS/Ryan Milton

*The LaRouche movement in New York City rallies against the fascist policies of New York Mayor Michael Bloomberg (inset), Oct. 30, 2008. "Mouseolini" Bloomberg is on the right. If Bloomberg had his way, he'd put a tollgate on every sidewalk!*

don't need the tollbooths! They're not digestible. The story about getting "toll house cookies"—you never get toll house cookies in tollbooths! So, it's consumer fraud. We don't need that: What we need is an environment which is largely a free environment, because that's not the way to have commerce; but an environment which is not just free, but it becomes an essential part of providing the environmental conditions of life, in which the productive powers of labor, per capita and per square kilometer, are increased.

So, in many parts of the world where you have poor people, as in Africa, with no infrastructure, and other parts of the world like that, you're not going to get a significant increase in productivity by applying the effort to the local point of production. You're going to increase the productive powers of labor, by providing the infrastructure, which enables the existing level of personal skills to be much more efficient in terms of their effect.

Kill the bugs, in Africa! Maybe some food will survive. Africa is one of the largest food-producing areas in the world, but most of the food doesn't survive to get to somebody's mouth. The diseases are not controlled; you don't have the transportation systems in order to connect communities, to provide the services which are needed for agriculture.

What we need in the United States, and other parts of the world, is the basic development of improved infrastructure, as it affects human life and production, in order to increase the productive powers of labor per capita. That's what we need in the United States. We need to increase the productive powers of labor. At the same time, we have a population, which, over the past period, over the past 40 years!—40 years! *Forty years!*—the United States has been losing productivity per capita over 40 years. It started back in 1967-1968, we began to lose, shrink, net infrastructure development: Over the course of time, we lost our industry, we lost our productivity, we lost science, we have people doing kinds of work that is not work any more, just make-work to keep them busy; and services, to service services, to service services. We destroyed that! We have a people that no longer have the *skills* to produce what they used to be



EIRNS/Ilya Karpowski

*Germany, which used to be a powerhouse of productivity, has been virtually destroyed since 1990. Here, a closed factory in Berlin.*

*The end of communism in Russia in 1991, and its replacement with "free-market" oligarchism, destroyed most of what remained of the nation's productivity. Russia's leaders are now trying to restore it. Below, a woman selling goods at an open-air market in the 1990s.*



EIRNS

able to produce with the same population then, today. We've lost that.

We have been insane *for 40 years!* Since 1967-68, Fiscal Year '67-68. We have been losing infrastructure. Under Carter, we had a disaster! We wrecked the U.S. economy under Carter! That was Carter's great achievement! Under the guidance of David Rockefeller, with the Trilateral Commission. We've been destroying the United States! We've been destroying Europe! Look at Germany, since 1990: The economy of Germany was destroyed, on orders from Margaret Thatcher, Prime



Minister of England; supported by George H.W. Bush, the father of present idiot; and the support of Mitterrand. Germany, which was a powerhouse of productivity, has been virtually destroyed by this order. Similar things have happened in the rest of Europe: Poland is much worse off, today, in terms of productivity, than it was under the Warsaw Pact. Other countries of the former Comecon states, are similarly situated. We destroyed Russia, in terms of economic productivity. We destroyed essential parts of the productivity of the entire planet; we destroyed technology, with these measures.

And therefore, we have great needs for breakthroughs in technology, which are within our reach; but we also have to be able to assimilate technology, by what? By improving infrastructure: the infrastructure which is necessary to enable labor of a certain skill to improve its productivity, because we have unskilled people! We don't have the skilled labor population we had 40 years ago! We've lost it! We have a very small fraction of that. We're about to lose much more of that, right now.

Look, take the aircraft industry—we were talking about this today. We have, most of the modern planes that we're developing, aren't flying! We're flying old planes, of lower technology. We've lost the technology that we once had, or the relative technology that we once had. So we've got to back to that, and dig up that. So, what we need is the large employment, that's feasible, for the development of the basic economic infrastructure which is needed to increase productivity per capita. And to then use that, to gradually phase in the population, back into the kinds of production levels we used to have, when we had the skills to do that.

So, putting money into automobiles that you can't sell, hmm?—which you can not compete in productivity with other countries which are producing automobiles, because our capability—we were doing it already before we shut down the automobile industry; while Japan and Germany, especially Japan, and Korea, were increasing their productivity in the area of auto and related things, *we weren't*. We were using old technologies, to produce so-called “new, modern” cars. We can no longer compete with Japan or Korea. We lost it—that was a deliberate choice, a policy choice.

So what we have to do, essentially, today, is we have to think in these terms, go back to a high-energy-density policy. If you don't believe in nuclear power, you're an idiot. You're not going to succeed. You have



[www.mo.nrcs.usda.gov](http://www.mo.nrcs.usda.gov)

*The United States used to have a balance of agriculture, infrastructure, and industry, dispersed throughout the country. Now, family farms have been replaced with centralized cartels, and former farm belts have turned into wastelands. Here, a Missouri rice farmer.*

to go back to a high energy-density system of infrastructure. Stop all this highway building! Get back to mass transit.

We also have an insane policy on development of the economy generally. We used to have the idea of taking every state of the Union and developing production in every state: In other words, you spread production and its skills throughout the United States. That was one of the functions of our developing of a national transportation system. You didn't have super-industries where the whole industry was concentrated in one corner of some state and not in others. We had a balance of agriculture, infrastructure, and industry, which we used to develop the separate states of the United States, at least to a certain degree. So we distributed the productivity over the countryside. We didn't try to get giant industries to gobble up all of these things.

So we would balance the cost of production against the economy as a whole, this whole territory.

We were doing, essentially, with many wrong things included, but relative to today, what we were doing 40 years ago, was sane, compared to what we're doing today, which is relatively insane. And our first objective is, to do what is immediately feasible, is to recapture the kinds of things we used to do, and do them once again. And measure what we assign people to do, to what the present skills are out there.

One of the first areas we have to get into, is the

system of education: Our public education system stinks. So you've got to get back to an education for human beings, not for monkeys. And often emotionally disturbed monkeys, is what we're doing today: We're turning children into emotionally disturbed monkeys, which creates a market for teaching children who are emotionally disturbed. And the training program itself, increasing the disturbance. That's what we're doing.

So we have to get back to the standards we used to practice, and realize that we've been systematically destroyed by the policy-changes which have been in effect over a period of time.

### Roots of Our Problem: British Fascism

This goes way back, and we have to remember how this happened: In the 1920s and the 1930s, before the election of Franklin Roosevelt, coming out of the First World War, the leading financial powers of the world, were headed toward global fascism. That was the policy. Germany did not create fascism; Britain did. Hitler was put into power in Germany by the British, with help from New York City, people, like the grandfather of the present President of the United States, Prescott Bush. Prescott Bush was the guy who personally issued the order, which refinanced the bank, and refinanced the Nazi Party in the end of 1932, to enable Hitler to become dictator of Germany in January of 1933. And these guys, including that crowd, including Prescott Bush, remained on the Nazi side, up into the time, we ourselves were going to war against Nazi Germany. And he got into trouble at that time.

Truman was also involved in that kind of stuff, back then.

The whole Wall Street crowd was just as Nazi as the British were, and the British created Hitler. It's absolutely clear. They created Mussolini. Winston Churchill was a backer of Mussolini, up until the time that Mussolini invaded France. And Winston Churchill was still his friend, even after that. Winston Churchill was still supporting Hitler, until Nazi Germany invaded France.

So Hitler was not a creation of Germany; Hitler Germany was a creation, largely, of London, with support from a lot of people in the United States—including from the grandfather of the present President of the United States, Prescott Bush.

So, what happened in this process, is, Franklin Roosevelt, in becoming President—over the objec-

tions and the opposition of the financial crowd of J.P. Morgan and Co., which supported Hitler and had supported Mussolini—Roosevelt produced a miracle of saving the world from going into a fascist dictatorship, then. And the British finally agreed to go along with him, when Hitler invaded France, and broke the agreement that Britain had with Germany in support of Nazism.

So, what we did, in my generation, in going to war against Hitler, and in setting up what Roosevelt intended should become a post-war development, changed history for the better. But the moment that Franklin Roosevelt died, we were in trouble! (I was there; there are a few, maybe one or two in this room, who were there at the time, who were adults at the time, as I was.) And they moved as fast as possible, as time would allow and public toleration would allow, to move back in a different direction: Back to exactly the policies that Franklin Roosevelt had opposed, back in 1932-33.

And that's the root of our problem.

So today, when I am proposing what I'm proposing now, which sounds to anybody looking back on those days, as exactly—I'm proposing to go back to the kind of philosophy of outlook that Franklin Roosevelt represented, back then, in '32-33 and afterward.

I'm going against them, kicking against the pricks.

Because the trend is what? The trend has been continuously one toward *world fascism*. That's what's been happening in this election campaign, so far this year. A drive toward a new kind of world fascism, called "globalization."

Therefore, if you look at this, look at the process by which we have been destroyed from what we were becoming, and had become, up until the end of the last war, especially since 1968 to approximately '71. If you look at that, you see, this is not some "natural" process: This is the natural *consequence* of an intentional direction of policy in the wrong direction! We didn't collapse because we were worn out; we didn't collapse because the environment was strained; we didn't collapse for any of those reasons! We collapsed because somebody intended that we should be collapsed! Because they wanted *their* kind of society, the kind of society they were headed toward, under Wall Street influence back in the 1920s, into the early 1930s. And we had a replay of that, right in the recent election campaign! A replay of 1932. Only in that case, Roosevelt won.

So, we're in trouble today, only because we made that change—and we've made it again, back in the same direction.

### **We're Going Straight to Hell!**

Now, the question is: Do we want to survive? If we want to survive, we have a lesson of how to survive, in what Roosevelt in particular accomplished as President, during the time he was President. We can survive. But, if we don't, we're not going to survive. As a matter of fact, with the present conditions, if those changes are not made, you must expect that there will never be a recovery of the economy: *This present crisis will be a permanent one.*

We now have between 6.5 and more billion people on this planet. Two generations from now, we will have less than 1 billion, something like the dark ages of the 14th Century. And if we continue in this direction, the direction we're going in now, the direction which we're going in as of the 18th of November, the direction we're going in as of the end of the week—if we continue in that direction, that's where we're going: We're going straight to Hell!

And the alternative is, to turn this around. Go back! Recognize: *We're headed straight toward Hell, right now!* This is not somewhere down the line: We're talking about this year—we're talking about January, February. This joke that was passed this week [at the G-20 meeting], this joke with this President of the United States, this silly fool! And the silly fools that were participating. Many people were not silly fools there, but they said, "We're going to go along with this, because this guy's getting out of here. It's temporary." If we go in that direction, we're finished. Civilization as you've known it is finished.

It's happened before! Look at the history of mankind in total! Look at what we know about the history of mankind. This has happened before! Not exactly the same thing, but the same type of problem! Mankind had a civilization which was on the way up: The conditions of life of the average person were improving; the culture was improving; technological-scientific progress, in terms of those times, was going on! Mankind was on an upward course!

And BOOM! Something like this intervened. The civilization went into a crisis, and collapsed. It's happened repeatedly. Dark ages are a characteristic of mankind, at every part of mankind. In every case, there was the possibility of not letting that happen. In many

cases, it was allowed to happen; no one resisted.

Are we now going to resist? Do we care what happens to our people, what happens to the country in the coming period, what happens to the world? Are we willing to kick against pricks? Are we willing to say, "No, no, no! You don't do this to us"? Do we have political leaders who have the guts to do what's necessary? Do we have political leaders who have even the guts to *recognize* that it's necessary, even if they don't have the guts to do it?!

We have people, who tell me, "Well, can't you compromise? Can you start this a little bit here? A sample, a teaser here? To see how it works?" When you're on the ship that's sinking? The *Titanic* is sinking, and you want to argue about stateroom accommodations?

That's our situation now.

### **Use the Presidential System**

So therefore, that's what I laid out on Tuesday, last Tuesday. It's an outline of exactly the policy we can follow. If we can reach agreement, in the United States—I don't care who the current President, I don't care who the President-elect is. We have a Presidential *system* which is more important than any President: Can the *Presidential system* of the United States decide to reach an agreement with Russia, China, and India—*now!*—to take joint action, which will turn the planet around. And that joint action *would turn the planet around!*

Are we willing to do that? With the understanding that we're going back to the kind of policy that Franklin Roosevelt represented in his time, that we know we must represent, relative to our circumstances in our time? If we're willing to do that, and if we can engage Russia, China, and India, which are countries completely different in culture than our own, and different than each other; if we can engage in that, with those four nations, and others, to make a commitment to say, "This is not going to happen to us: We're going to take action to transform this planet. We're going to move upward," we can survive, we can succeed. Are we willing to do that? If we are, we can survive. And if we're not, we're a bunch of fools! And richly deserve what's going to happen to us, if we're not willing to do that. That's the issue.

And people say, "Well, explain your scheme, explain your scheme." I say, "Look, it's simple: You guys are a bunch of fascists. Now, stop being fascists!" That simple, just stop being fascists. Don't pull these swin-

dles, you're stealing, you swindled everything out of our people!

What do you think the debt is that the typical American has? Look at the quadrillions of dollars of debt out there! Don't talk about subprime mortgages! The so-called subprime mortgage is the fag-end, a little, teeny fag-end result, of the big one—which is *quadrillions of dollars*! You're going to walk into some poor householder and say, "You owe a quadrillion dollars?" The guy's going to say, "Take the house!"

No, that's the point we're at: We've got a bunch of cowards, and they're not stinking cowards, because many of these people who are acting like cowards, by combat standards are cowards; by ordinary standards, no. They're just frightened people, who are afraid of taking on a tough enemy who they know is a killer. George Bush is a killer, you know. Look at how many people he killed. How many people, how many Americans did this guy kill, in wars that should never have been fought? In other effects on people, that should not have occurred; he's a killer. He'll kill you—willingly. Won't even care.

And that's the problem: People in power *know* that! Not just George W. Bush, but other people in power, are just as bad, or worse. George Shultz is worse! He's a more mature killer. Felix Rohatyn, who was one of the supporters of the Pinochet regime in Chile, is worse. One of the big funders of this Democratic campaign—George Soros—is a killer. One of the biggest drug dealers in the world. A mass murderer: Who took his experience in sending—he's a Jew, remember—sending Jews to death camps, as his job, as a teenager: And *with the same mentality, unimproved*, conducting similar operations, today.

So, the guy out there, the politician who looks a little bit frightened—don't necessarily call him a coward by ordinary standards of cowardice: Take into account the fact that he's terrified. He's not combat worthy, or combat ready. And therefore, he's frightened; he's running scared. He's a deserter, in fact. And some deserters had a good excuse, didn't they? They were frightened.

So that's our part—and some of us have to stand up, as I'm doing, and take leadership in this situation. Because, if we do it, we have in our hands the ability to introduce the policies that will succeed. If we bring together, cooperation among the United States, Russia, China, and India, and other countries follow and join that, *we can turn this world situation around*. We can



88th Regional Readiness Command

*How many Americans did President George W. Bush kill, in wars that should never have been fought? Shown: The burial of Staff Sgt. Nathan J. Vacho of Ladysmith, Wisc., who was killed in Iraq on May 5, 2006.*

get back to something which is going in a different direction—we can do that. And the question today, is, are we willing to do that?

### **Look to Future Generations**

The problem today, is a question of morality of a special type: When I was younger—and some of you, who are approximately my age, or verging upon it, were younger—when you thought about life, you generally thought about two generations of preceding generations, grandfather and father's generation; and you thought about two generations to come, you thought about becoming a grandfather, and the two generations that would come afterward. Many people who immigrated into the United States thought that way. They came here as poor people, from poor countries, or poor conditions in other countries, and they looked forward to their children succeeding and their grandchildren

succeeding. The idea of coming over to the United States, as labor, in New York City, and ending up with a grandchild as a scientist or a doctor or something. It was a sense of achievement and that was the mentality of people from that time, people coming to this country as a land of opportunity to become something, to develop into something.

That's not the standard today. The standard is much more selfish. Self-centered is, "When I stop breathing, I don't care any more." In my generation, or in older generations, that was not the standard. We said, "I'm going to stop breathing, but what I'm doing is going to go on. The process I'm part of, is going to go on." And therefore, you weren't a dog, you were a human being. And like a human being, you thought in terms of coming generations, as well as past generations; you thought of how you had come into being, you thought about your background, you tried to learn from your family's experience, and the experience around you of older generations; you tried to see where the country's going; you tried to see what role you were playing in the country; and thinking about raising a family, and seeing what comes of that family two or three generations from now. And life was organized around this kind of idea, of family and community. Of a meaning of *being* somebody, and who you were in a community that's growing and evolving with successive generations, about four, five, six generations, was the context of your life.

And if you did a little study of history, you would look back further, a few hundred years; or if you studied as I did, you'd look back a few thousand years. And look ahead at least a couple hundred years. And you situated your life, in what your role is *now*, in the time-phase you occupy in life—relative to a few thousand years before you, and maybe a hundred or more years to come.

And that's where you located your interest! Your interest in *being*, was not what you experienced while you were alive. But what you experienced in knowing what you were part of, in times past and times to come!



U.S. Bureau of Reclamation

*The Grand Coulee Dam, in Washington state, with Lake Roosevelt behind it. The enormous dam is the fourth largest producer of hydroelectricity in the world, and all the Pyramids at Giza could be put inside its base. President Franklin D. Roosevelt authorized its construction in 1933, and it was completed in 1942.*

What you were determined to help *cause* to be the case, in times to come! It's like the grandfather who would take his grandson out to a large project, like the Tennessee Valley project of the old days, and saying to the grandson, "I helped build this. See what I helped build." And that was the standard of life.

The problem today, is that standard doesn't exist. It exists in rare people; it exists to some degree in a feeling and anticipation of desire; it's the desire to be human, the desire to have a sense of immortality. But there's not much substance to it. There's not much confidence in it, because the society doesn't encourage you to think in those terms.

And so that's the situation before us. We can solve this problem, and discuss it here. We can solve these problems: But we have to understand the problem. We have to understand that we are now at the end of civilization. That the policies which are being presented to us, by high-level sources in the United States, in Europe generally, lead to an absolute disaster for humanity in the very near term.

*There is no question whether this system is coming down or not! It is coming down, now! And without the kind of radical changes that I indicate, this system is*

coming down this year! This year and the coming year. It's coming down: It's gone! There's nowhere else to run to! You want to live in Hell? Stay where you are. No need to change, no need to travel: Just stay where you are, it'll come to you.

But, the point is: Are you willing to take the risk of changing? Are you willing to fight the war that has to be fought, rather than some war you would rather fight?

That's the situation today. That's my situation. You've got to think in those terms. I've spelled this out in writing, I've spelled it out in the past weeks' time, in several ways, in a number of pieces. The situation is clear to me, we can win, it's possible: But, it's not likely, is it? You have to make it likely. Maybe some of us have the guts to do it.

---

## Dialogue with LaRouche

---

**Schlanger:** While we're gathered here in Washington, there are groups organized to hear this webcast around the world. Throughout Ibero-America, in Argentina; in Bolivia, there are several universities, and also a showing at the Radisson Hotel in La Paz; Dominican Republic; in Ecuador, at the Technical University of Cotopaxi; in El Salvador; in Guatemala, the Society of Economists in Guatemala City is showing the webcast; in Mexico; in Peru, at the Economics Department of the National Engineering University in Lima; and also, in Venezuela.

In Argentina, it was scheduled to be heard in the Argentine Congress. But a strange group called the Argentine-British Parliamentary Friendship Group cancelled the room. Some of these Brits still believe that Argentina is part of the Empire; it's still a colony.

There are other places we'll recognize later, but I want to get to some of the questions.

### 'April Will Be Too Late'

And given the theme that you spoke on, today, Lyn, on this question of "we're going to Hell, if this doesn't change, and quickly": We have a question from a well-known D.C. policy journal. And the question is: "Mr. LaRouche, although it was clear that nothing positive was going to come out of the G20 meeting, we were somewhat startled, and in fact, quite discouraged, when the already planned December follow up meeting, was replaced by a meeting in late April.

"Obviously, without decisive, immediate action, there's little reason to expect that anything would be left by then, especially given what you just said, so obviously, we can expect some kind of earlier initiative. Is it your view that that initiative *must* come from the United States? Even if a new President Obama were inclined to move in this direction, even Jan. 20 is a long way off. Could the initiative come from somewhere else, Russia, perhaps?"

**LaRouche:** Well, I take a different view. See, I'm inside the United States. And I have what I have in the United States, and we're not without some influence. So my job is to kick people in the United States, and say, "You must do this." But I don't sit, and wait for them to do that. I go to other countries, and say, "Help me kick the United States into doing this." And that's what I do. And to some degree it works.

Now, there are some people in the United States, who are absolutely delighted when I do that. "You're getting somebody else to come to our rescue—that's a good idea!" they say. "You want to join me?" I say. "Oh, not just yet," they say. [laughs]

No. You will find, in France, for example, and elsewhere, there are serious sources which are seriously considering alternatives. And I think that what's happened—you had this jerk, called "the President" who called the session. Now, look at the session itself. Some of you saw some of the proceedings as portrayed on television screens and so forth. What do you have? You have this mass, and what's going on there? This is a serious meeting?

Not at all!

You have a limited amount of time, limited number of speakers, secondary speakers, not primary ones; no discussion whatsoever! Exchange—if you want to say, two guys spitting at each other, that is not exactly a discussion. Or shouting at each other, or breathing in each other's face, that's not really a discussion.

So they said, "The Idiot wants to babble. He's an outgoing personality. He should have gone, long since, huh? Let the baby babble! We have not got our acts together again, yet. So, come mid-January, we will be discussing with others, some actual options." "Mid-January": Now, what does that mean? I'm not sure!

I already got messages today from certain high-level circles abroad, that that's one of the commitments. And I think, on the other hand, that the pressure of reality is forcing people to realize that they're being pushed into the trenches or onto the front lines, as the



EIRNS/Sergio Oswaldo Barbara García

Radio host René Alonso interviews LaRouche during a 2006 visit to Monterrey, Mexico.



EIRNS/Flavio Tabanelli

LaRouche speaks at the Italian Parliament in Rome, 2007.

LaRouche is interviewed for the Russian website KM.ru during a 2007 visit to Moscow.



KM.ru

*“As long as I live, I’ll be fighting,” said LaRouche. “And people can count on that. And I’ll be fighting abroad, as well as here, trying to influence people abroad, as well as here, what they must do.”*



Office of the Indian President

Lyndon and Helga LaRouche with Indian President Shri Kocheril Raman Narayanan in New Delhi, 2001.



EIRNS/Dean Andromidas

Lyndon and Helga LaRouche in West Berlin, at the Memorial of German Resistance, 1988.

case may be, whether they like it or not. Because they know the system is coming down. They know there’s nothing in the works, that’s going to keep this system alive—they know that! And therefore, there’s tremendous pressure on them, to try to come up with something. They’re not of great courage. And therefore, they sort of look to one another: “You ready?” “Well, yeah, hmmm.” So, there’s that kind of problem. So, I just

have to push, push, push, push, push—which is what I do. And that’s the way it works.

Can civilization be saved? Can it? *Yes!* Am I determined that it shall be saved? Yes, no doubt about that. Do I have plans for that? Yeah, yeah. Okay. Are you willing to join me? “Uhhhh. I’ll join you a little later on!” “Down the line.”

So, I wouldn’t put it either way. You know, there are

some things in life that have yet to be decided. And all you can do, is do your part, in trying to bring that desired decision about. What am I committed to? I can tell you what I'm committed to. What's the other guy committed to? Well, he said this—but, umm, I'm not sure, whether he means it or not. Or, whether he means it when the time comes to do it.

My view is to show people how terrible the reality is, without exaggeration: Here's what the reality is. Here's what you've decided to do, if you decide to do nothing. Here's what you're going to get, if you do nothing. And here's what you can get, if we succeed in doing something. And that's a process! That's not a

matter of prediction; that's not a matter of, can I give the magic order? This is a fight. It's a fight over ideas. It's like a fight in warfare: No guarantees. I never saw a guarantee in life. Life itself is not a guarantee—you can be killed in walking across the street, and never make it to the other side. Nothing is guaranteed.

But what *can* be guaranteed, is how you're going to act, in respect to the challenge placed before you. That's the best anyone can demand of you. Or demand of me, for that matter. And I'm fairly flexible, you know, I've bounced around for a good number of years, which indicates a certain amount of flexibility. Some people make disparaging comments about my ability to survive, but I've done fairly well so far, despite all hazards. And I'll be here, as long as I live—I'll be fighting. And people can count on that. And I'll be fighting abroad, as well as here, trying to influence people abroad, as well as here, into what they must do. And it's not entirely without success. I wouldn't want to brag about it, I wouldn't want to exaggerate it; but it's not entirely without success.

We can win. It's possible. And we must win: That's certain. And, act accordingly: That's life. Act accordingly.

### **Bankruptcy or Bailout?**

**Schlanger:** This is a question from someone with the [Obama] transition team: "Mr. LaRouche, As I'm



U.S. Army Corps of Engineers

*The most important thing we could produce now with the facilities of the U.S. auto industry, is not cars, but basic infrastructure. The central river system of the United States isn't functioning now, due to lack of maintenance. Fix it! Shown is Lock and Dam 25 on the Mississippi River, near Winfield, Missouri.*

sure you're aware since the passage of the bailout, there's been a great deal of discussion of the concept of bailout versus that of bankruptcy, especially as it becomes more and more apparent that the entities involved are, without question, bankrupt.

"Now, in addition to the large banks, the major American automakers are also seeking bailout. The CEO of General Motors has argued that only a bailout will do, that they are beyond bankruptcy reorganization.

"I wonder if you would address both the bankruptcy versus bailout issue, and also indicate what you see is the viability of the American auto industry?"

**LaRouche:** The American auto industry, as an auto industry, *has no viability whatsoever!* It's a waste of money! However, the automobile industry has two things associated with it, which are of interest to me, now, as they were a few years ago. The auto industry is a failure, the American auto industry. It's a deliberate failure. It's a case of suicide. It committed suicide. They didn't do the things they should have done, and we lost it.

Now, my determination, some years ago—back in 2005—when I was originally on the case, doing something about this, and I laid down a set of plans, which would have been the solution for the auto industry's plight! That does not mean we'd have been producing as many automobiles as some people said they'd like



to. My plan said: Look, divide the auto industry into two parts, but united by a common feature. The common feature is infrastructure. The common feature is the machine-tool-design capability. It has two parts to it: One, is you produce automobiles and similar kinds of moving objects. On the other side, you could produce other things.

And the most important thing we could produce with the facilities of the auto industry, is basic economic infrastructure. For example: Let's take one big project. Let's take the river system, the central river system of the United States, which goes between the Rocky Mountains and the Allegheny Mountains. From the Ohio River to the western rivers of the Western Plains; which runs down from Mississippi, Missouri, Ohio, other systems. And this system is most of the heartland of the United States. It isn't functioning now!

Well, why isn't it functioning? Take the river system. First of all, we did once develop the system from St. Louis down, on the Mississippi. But we never really developed the system north of that. The Missouri was never really developed. The northern part of the Mississippi was never developed. The Ohio River was in part developed. But all this development, where it's occurred, was breaking down! It's subject to obsolescence! You know—50 years, a 100 years! Large investments tend to break down, need all their replacements. The lock system on the Ohio River is breaking down. The water control system: We could have a *disaster* to the whole central part of the United States, because we don't have a water management system for this whole system!

You saw what happened in the case of Louisiana, what happened in New Orleans. You saw what this crazy President did, or didn't do! You saw what didn't happen that should have happened. It should have happened before then. We got the thing, because the President lied! We had a high risk, and they lied! Denied the risk, because they didn't want to spend the money. And the security organizations *lied!* Not everybody in them, but those who were going to tell the truth, got pushed to one side, or neutralized.

So therefore, that's one big thing.

Now, also, this area happens to be a key part of our



USDA/Ken Hammond

*Mexican migrant workers pick tobacco near Danville, Virginia. As Mexican workers lose their U.S. jobs and return home, they will need employment. The Northwest Hydraulic Plan (PLHINO), long planned but never implemented, would provide an answer.*

national food production capability! We have a similar thing, an extension of that, in northern Mexico. Northern Mexico, near the U.S. border—which is a key part of the security system of the United States!—is now becoming a drug-running area, because of the negligence of the development there. The key there thing is agriculture, because the population of that part of Mexico, is largely based on agricultural skills. But they're limited to the men.

What happened is, we drew the men out, into California and north, for cheap labor, including illegal immigration. The women are left behind. Production drops. The men are still agriculturally skilled, and they're about to be kicked out of their jobs in the United States. And then we throw 'em back across the border. What's going to happen?

Well, you have some large agricultural development capabilities in that area, for water systems, like the PLHINO [Northwest Hydraulic Plan] system, in general. The people who are being kicked out, are skilled enough to be valuable in the PLHINO system. You can increase, significantly, the food production in northern Mexico, by doing this, and solving in part, the unemployment problem.

You have similar situations there: Mexico as a whole, requires large-scale infrastructure development. It has no efficient system of rails from North to South! To Mexico City. Try to get from the border to

Mexico City; find out what kind of a deal you've got.

So, Mexico is underdeveloped, it's our nearest neighbor, and it's also tied to an area north of there, inside the United States, which is also a high development area, and we're doing nothing there, either! How do you fix that?

Well, we have, what we used to call the Corps of Engineers. But the Corps of Engineers was also an integral part of the machine-tool industry, which was also part of the auto industry: the machine-tool-design sector, which would design and provide the elements which are needed by manufacturing to deal with these large-scale infrastructure projects.

And our big problem in the United States, today, is to develop what we can do: large-scale infrastructure projects, in which the automobile industry machine-tool capability is essentially useful. Now, if you employ the section of the automobile machine-tool sector, for these projects, who does the work that they do? Who does it? Who carries forward the work, the production, that their designs—? The same people that work in the auto plants! They have lots of floor space; they can design anything—remember what we did in World War II, the same kind of floor space; large floor space. Take that floor space as working space, take the people who work in these towns and cities, in these neighborhoods; take the infrastructure capability, the machine-tool capability, put 'em all back to work there! The ones that have survived, so far. And give them the projects!

Give *them* the projects! They don't need an auto project, they need employment! So, give them back their towns, save their towns and cities! Give them back their employment! They don't have to produce automobiles, they can produce something. As long as they get the employment that uses their skills, and as long as we, in the United States, get the benefit of the machine-tool capability, that's represented there: We benefit!

So let's stop talking about "building back the automobile industry"—that's a swindle! It's a fake! And either the person who proposes that is either incompetent—they've come out with some wing-ding, some fantasy they dreamed up. "Oh! We can help people, we



U.S. Navy/Photographer's Mate 2nd Class Angela M. Vimig

*The Navy's Machinery Repairman Fireman Ernesto Alvarado manufactures equipment with a lathe. Machine-tool capability used to be one of America's great strengths; but without Federal action, we lose most of what remains of it.*

can get votes—by promising them automobile factories”—a swindle! Typical swindle.

All right, let's give them something serious here. Let's do what the government has *refused to do!* To maintain the basic economic infrastructure of the United States as necessary for production. Let's use the people who are skilled in providing that infrastructure, the high technology, the machine-tool design. Let's take the people who used to work with them, in the auto industry, and put them into another form of production, which they're perfectly capable of doing, in the same places. Let's save the towns and cities, in which this production used to go on. Save those communities, put them back to work, doing useful things.

You don't need the automobile industry. What you need is the employment for those people, in those communities, including the machine-tool sector, which we all need. So, instead of coming up with these fruity, fly-by-night schemes, which somebody tosses off the back of their neck, or something, that's what we do.

So, we do need large-scale: We're talking about 30- to 50-year cycles, in terms of machine-tool design of capital goods. Now that means that the Federal government is going to have to come up with some credit, to finance what amounts to about 30- to 50-year projects, in terms of development; 30-year lifetime projects. It'll be done in, say 5-10 years, but washout is about 30

to 50 years. We're going to have to create a capital investment, under a Federal capital investment, which finances, through Federal credit, these necessary projects, in the national interest. Projects which resemble the idea of the Tennessee Valley Authority. Look at what we did in Tennessee with the Tennessee Valley Authority with Roosevelt—look what we did! We have the same kind of problem too, in the Mississippi Delta and Valley. We have the same thing—we require the skills of what used to be employed in the automobile industry. Remember, we lost most of our machine-tool capability, except for the auto industry. So when the auto industry goes down, you lose the machine-tool capability. And you're losing your nation's machine-tool capability.

Our objective should be to restore that machine-tool capability, rapidly! By giving it Federal assignments, which are relevant to the nation, and relevant to the use of those resources, those people. Get it going again! And that's exactly what we should do.

But that means: Not dribbling away, the way they're talking now. That means, the United States government must *clear up its finances*, by reorganizing our system, to go back to the full meaning of the credit system. Let's wipe out this worthless debt, which is dishonest debt—wipe it off the books. Go back to a clean bill on investment. And put our capital long-term investments in these things, which are the *future* of our households, as well as the future of the nation, otherwise. That's the approach we should take: An FDR approach, a Franklin Roosevelt approach. It worked then, it'll work now. It'll work better, because we have lessons where they did learn, from the Roosevelt project; we did learn, and we can do it again. And therefore, we should put everything in that direction.

But, look: What happened is—what was the argument against me, on this? It came from that Nazi, Felix Rohatyn. Why do I say Nazi? Because, he was part of, with George Shultz, in that operation called the Chilean dictatorship, the Pinochet dictatorship. And this dictatorship *not only* did bad things to people in Chile: It committed Nazi-style mass murder in the Southern Cone, in the early 1970s, under Nixon Administration direction. It committed mass murder! It took hundreds of kids, thousands of kids—young people—took them up in airplanes, cut their guts out and threw 'em out of the planes. And by gutting their guts out, so the bodies would sink, threw them out over the South Atlantic, and dumped them there. And did similar kinds of

*Felix Rohatyn. At a forum in 2006, EIR asked him if he supported FDR's large-scale public credits and capital budgeting for infrastructure. Rohatyn erupted:*

*“No! We have a lot of new financing mechanisms since the days of the New Deal. Roosevelt did marvelous things because he had nothing—no alternatives with respect to financing these projects. We do! ... We are far away from the days and methods of the RFC [Reconstruction Finance Corp.]”*



EIRNS/Chris Jadatz

“No Franklin Roosevelt. No LaRouche.” That's what they said; they said it repeatedly. The entire *policy* during the election campaign this year, has been that. “No FDR. No LaRouche.” “No Hillary Clinton; she might be connected to LaRouche.” Hmm? And there were threats involved in that. Serious threats.

So the reason we have a problem is because of that. And the reason we have a problem is not because of those threats, but because many people didn't have the *guts* to say, “People who make threats like that belong in prison. People who threaten to do Nazi-like things inside the United States, or in the name of the United States, outside, they belong in prison.” Let's, this time, catch them before the act, before the damage is done.

And that's the problem. So, if we have the guts, we already had the possibility, we already had the decision. If we have the guts, we'll do it. And I just hope and encourage people to have the guts, and maybe if we get some international support on this kind of operation, we'll have enough support to give people the guts to do what has to be done.

## Obama First 100 Days

**Schlanger:** We're getting these questions pouring in. It's quite amazing, how many people want to know what you're saying, and what needs to be done.

This question is a bit redundant, but since it's from someone else on the transition team, and since it's clear that they're focussed on what has to be done immediately, I think it's worth looking at. Also, because this question of Franklin Roosevelt has now been put on the table. You've been talking about it for years, but now, finally, people are discovering we once had a President who dealt with a financial crisis in the last century.

So this is a question from the transition team: "The first hundred days of Obama's Presidency: What would your order of battle be?"

**LaRouche:** [chuckles] "Come talk to me!" I'll give you the full bill! (It won't be just Bill Clinton.)

But, now, first: We have to recognize we're in a world crisis, a world collapse. The system is going down. Nothing can save the world system in its present form: *Nothing!* And there's no likelihood that you can keep the system alive into the Spring of this coming year. So, a hundred days is a pretty long period of time. You might not have a country by that time.

So what you need to do, is you need to do the form I've just indicated: You want to be President of the United States? If you want Obama to be a national hero, what's he supposed to do? Go, right now, to Russia, to China, and to India, and tell them you want to do exactly what I've just said, and what I've said on other occasions.

Well, if you survive, if the British don't kill you for doing that—get your security up when you do that, because they may come for you. But get your security up, and do that.

You will find a favorable response from Russia; they may not trust you at first, because they've had so



barackobama.com

*Asked by a Presidential transition team member what Barack Obama should do in his first 100 days, LaRouche replied, "Come talk to me!"*

many promises in the past of this type, that they may not trust you. But go to them. Talk to people in China, who are very concerned about these problems. Talk to people in India. and say, you're willing to commit yourself to something like that, if they will join us.

You've either signed a suicide pact, which some Presidents do risk, for the sake of the nation; or you're going to become a world hero, on that basis. The smartest thing you could ever do. If you're looking for a page in history, it's the smartest thing you could do. If you're looking for a page in a cemetery, it'd almost be a quick way to get there.

That's the way you have to think about these things. Because you are becoming a great threat. But, in any case, that's the starting point. You have to have something to work with!

The resources of the United States, within the framework of the present monetary-financial system, are virtually nonexistent. Look, three Bush Presidencies! Remember, 12 years in the Bushes! You know, you may lose contact with civilization after 12 years in the Bushes. And I think that's pretty much what's happened. There may be some other factors along the way, too, as well, but that certainly has not been a positive.

So anyway, that's the way to start! If you start with that, then you will convince the American people, you're deadly serious. And you'll find all the support you require from that point on. It doesn't mean it's going to be given to you automatically, but they're going to listen. And they're going to give you the benefit of the doubt. So, if you want to be a successful President, start right out with that one. Because, the first thing that's going to hit you, really hard, unless the British try to shoot you—we'll try to protect you from that!—but the first thing you've got to deal with, is this problem, in the first weeks and months of the coming year, *you must be able to pull this off*. Otherwise, everything else is in doubt.

If you pull this off, this kind of cooperation, I can assure you, that if you get that agreement with these countries, even a tentative working agreement, you'll get support from Japan, you'll get support from Korea, you'll get support from other countries; you'll get support from countries such as France and Italy. You can more or less bank on it. You want to be a success as President of the United States? Do that, and all other good things will be coming to you. Just duck the bullets!

### What Currency Arrangement?

**Schlanger:** The next question is from an old friend from Beijing, who asks: "Under a New Bretton Woods system, what does LaRouche think as to a global currency arrangement? Should it still be the U.S. dollar, or a basket of currencies? Or should we create a new currency?" And we had a similar question from Manuel Frías, a prominent engineer in Mexico, on whether or not to have a new currency. "If yes, to the last part, how should the new currency arrangement be linked to gold, or to a basket of currencies?"

**LaRouche:** My advice is, never desire or apply to become a basket case. Because, that's exactly what you would be. A basket of currencies is a piece of idiocy, it's a piece of diplomatic nonsense, that some people like to utter when they're not thinking, for want of something else to say.

There's only *one* solution: And that is to go back to a Bretton Woods design as *Roosevelt* intended in 1944—not Keynes. Forget Keynes; Keynes was a fascist, as he said so in 1937, his book on the general theory, in which he said he was publishing his book in Germany in '37, because he thought the ideas would get better sympathy in that country's present economic policy, political policy. This is that kind of thing. You have to have the American System; it has to be a fixed-exchange-rate system. To have a fixed-exchange-rate system that works, you must have agreement among the United States, which is a keystone without which you can not have a fixed-exchange-rate system on this planet; it has to include Russia; it has to include China; and it has to include India. If you can get that, you can do something. Anything else is a fool's paradise, which will only lead to disaster.

And that's the thing to concentrate on. That is the solution. That needs a system that is going to be based on a credit system, not a monetary system. You have to eliminate the present world monetary system, by re-

*John Maynard Keynes wrote, in the 1937 German edition of his General Theory of Employment, Interest, and Money:*

*"[T]he theory of production as a whole, which is the object of this book, can be much better adapted to the conditions of a totalitarian state, than the theory of production and distribution of wealth under circumstances of free competition and a large measure of laissez-faire." This endorsement of Nazism was deleted from English editions.*



placing it. You put the monetary system into receivership and bankruptcy, and create a credit system to replace it. You then have an administration where you process the monetary system assets and liabilities, and you process them so that the essential things, which are in monetary possession, are now transferred to the credit account. And the things that are not accepted as acceptable for investment under the credit system, will simply be frozen or disposed of in some other way, over time, not necessarily immediately. But the thing would be what would be immediately accepted is what's crucial. You create an agreement, which, under treaty agreement among those four powers, would have sufficient capability and credibility to force through the reorganization and bankruptcy of the international monetary-financial system, and would do so by creating a credit system, as a treaty of organization of the United States. And it has to be the United States, because we're the only nation that has that kind of system: the United States, Russia, China, and India, and other countries will join.

So now you create a credit system. The members of

the credit system will then engage in buying out salvageable elements which are important for security, of the existing monetary system, leaving the monetary assets still in the monetary basket, by putting some of these things in the credit basket. So, the credit basket will function immediately, and this will include obvious things—towns, cities, municipalities, the whole business, essential industries and so forth, all go into the credit basket. That is, those things which are essential to society must be funded; therefore, you put them in the credit basket. Those things which are dubious, like financial derivatives and so forth, remain in the monetary basket, unless somebody wants to pick them up. Well, let them pick it up, they want to take the risk—and it's a very big risk. And sooner or later, a lot of these things that are left in the monetary basket will be bought out—if they're valuable—but they'll be bought out at a discount. Somebody says, "Okay, I'll take ten cents on the dollar," or something like that. And that's the only way you're going to get out of this mess. That will work, but it's the only way, and I highly recommend it. You can breathe better, you have a better chance of survival for your children and so forth. That's the way to do it—but you have to have the guts to do that.

### **The Homeowners and Bank Protection Act**

**Schlanger:** The next question came from a group of state legislators who introduced the Homeowners and Bank Protection Act in their state legislatures, and they all have a very similar question on what to do beyond the Homeowners and Bank Protection Act, or what to do to get it implemented. This is from State Sen. Constance Johnson in Oklahoma City, State Sen. Joey Pendleton from Hopkinsville, Kentucky, and State Rep. Jameela Nashid from St. Louis, Missouri. They all have a similar question. They introduced the bill—I think it passed in Kentucky and several other states—but Pelosi blocked it in the Congress. So the first part is, what should they do in terms of the Homeowners and Bank Protection Act, and then secondly, what remedy is there for state governments, where you have growing unemployment, and huge deficits? How can they deal with this problem on the state level?

**LaRouche:** Well, you have to have a political lynching of people like Nancy Pelosi. Or, maybe if you walk in with a rope, maybe she'll be nicer to you.

These elements which I proposed, both for the Federal system, as for the state system, housing and the state systems, these are intended as really permanent

changes. I mean, these are not temporary measures at all. These are permanent measures. First of all, putting the banks, the legitimate banks, the real banks and the homeowners under protection on the state level with Federal support—that's something that should be done anyway; that's part of the way you're dealing with the problem. The banking: the same thing. The credit system, the Federal banking system, the reform—what I was really aiming at is reforming the Federal Reserve system to make it actually a national bank, in the Hamilton sense. That would be a permanent change. You don't have to change anything else from those, because you're doing an international negotiation. So, these are permanent elements.

And it's extremely important that these things were voted up where they were voted up, because it creates a precedent and a starting point from which to actually implement the thing. It's something which, like you say, the Obama Administration will simply put a favorable sign on this thing, and push it through. And all the legislation and effort which was made on behalf of these reforms, can remain, can be made now, because they're still necessary. You still have homeowners in jeopardy, you still have banks in jeopardy, because this thing has not been resolved by the kind of protection, homeowners' protection, which will protect the banks involved—the legitimate banks. You still need this kind of reform of the Federal system, that is, the Federal banking system, the Federal banks, by converting the Federal Reserve System into a permanent national bank, as Hamilton had intended.

In other words, you've got Federal credit sitting in the middle. The Federal credit is created by the Federal government under our Constitution. You have, over here, you have the regular banks and other projects, which are authorized by the Federal government for Federal consideration. Now, you need an institution which operates as a national bank, which uses this relationship between the power of taxation and the regular banking community, the private banking community, and uses this function to manage that relationship, which is what Hamilton essentially intended. So, you need all these relationships: You need to convert the Federal Reserve system into a true national bank. It's in bankruptcy already; it's hopelessly bankrupt. So, take advantage of the fact that it's hopelessly bankrupt, and put it under Federal protection. Then take the institution of the Federal Reserve system, which is in receivership, and take the institution and move it into the

credit department, where it functions as a service unit to the U.S. government as a regular bank, which is what it should be. And now the pieces fall into place. And then, the kind of thing you're proposing under international agreement level falls into place, too.

My concerns in these designs that I made was specifically, to have several elements, each of which had its own independent validity, but which would also fall into place as a part of a step-wise approach to creating a new Federal system. And we need a new Federal system which is sane. And the way you create it is, by taking things which are valuable, intrinsically, and putting them into place, getting them legal authorization to be in place, and knowing that they're all going to function and intermesh as they should. So, you want the least effect on the individual citizen, or small business, and so forth, down the line. You want to make it *simple*, so that they have something they can understand, and if they go along with that, we can work this thing out. They know where they stand; you've protected their savings, you've protected their local bank, you've protected the community which needed this banking access, and you have these elements together, and they all fit.

Why do they fit? Well, we know how they fit. We have in our national experience, and observing what other nations had, we have the experience to know that this will work; that these kinds of institutions are things that people in place can understand, and can make work. So, you just put the system together; it's that simple. Because highly decentralized is very good, in this sense: You want a system which is understandable, people know how to react to it easily, learn easily how to react to it. "Oh, okay, I understand. Now, this is what you're saying? Okay, I can do that."

That's the way you want things to work, and then you can sort of get at a distance from it, let it operate on its own; you'll keep some supervision, see things aren't going differently than you imagined, and it will work automatically. The best system is one in which most of the parts work automatically, without constant direction from central supervision. And what I have done in these cases, is simply to specify the kind of things which, done individually, will fit together as individual parts, and will function in a largely decentralized way—will fulfill a centralized principle, but will function in a decentralized way. That's the best way to get performance. The best way to get performance is to inspire people to give it to you.

## Threat of Terrorist Attacks

**Schlanger:** This next question comes from New York City, but I know, from representing you on radio programs around the country, it's something on a lot of people's minds, and there's a lot of discussion of this. The questioner wrote: "Over the last week, a number of articles have appeared, talking about the threats to the President-elect's life, as well as warnings about some kind of major terrorist assault very early in Obama's first term. I believe the threat of both to be very high. Obviously, those protecting the President and the nation should be well aware of these threats. However, since so much attention is focussed on the President's security, one question that I raised, was to assess the risk to other prominent figures. I was assured that the risk was low. I'm not sure I agree with that, and I'd appreciate your view."

**LaRouche:** Well, you know, on Jan. 3 of 2001, before the inauguration of George Bush for the first time—George W. Bush—I warned of the likelihood of a major terrorist attack against the United States. Now, I had no specific indication of an actual terrorist attack. How did I know that? How did I know that something like 9/11 was going to happen, without knowing that 9/11 was going to happen? Why did I warn about that? Well, because I understand these processes, and I don't believe in the usual, silly conspiracy theories. I know how many Presidents of the United States have been assassinated. Virtually every assassination I know of, of a President, or attempted assassination of any significance, was done by the British. Lincoln was assassinated by the British. There's no doubt of that; the whole conspiracy was outlined, unless some details were kept out of the public view there. Who assassinated McKinley? It was by the British. Why'd they assassinate him? Aaah! Why? To get in Teddy Roosevelt. Why? In order to prepare for the King of England's intention, or what was to be the King of England soon, his intention to have World War I. And it would not have happened under McKinley.

There were two things, actually three things, that were crucial for starting World War I, which had already been intended by the British monarchy, especially the Prince of Wales at that time. One, was the ouster of the Chancellor of Germany, Bismarck, from office. Because Bismarck had put the plug in against the use of a Balkan war to trigger a Russia-Germany conflict. That was the reason he was put out: to clear the way for what became World War I, which, as Bis-

*President Woodrow Wilson. D.W. Griffith's famous film "The Birth of a Nation" (originally called "The Clansman"), promoting the KKK, drew heavily on Wilson's A History of the American People. On Feb. 18, 1915, the film was the first ever to be shown in the White House. Wilson's comment:*

*"It is like writing history with Lightning. And my only regret is that it is all so terribly true."*



Library of Congress

tention to replay the Seven Years War. So now, therefore, to understand that plot, you have to understand the Seven Years War, and you have to understand history, and you have to understand that history is not a matter of individual actions, randomly, but it's a matter of institutions which have built-in reflexes, and when certain things happen, you're going to get a certain kind of reaction. So, it happened.

Now, what was the significance of the assassination of McKinley? McKinley was an American patriot, and his Vice President, Teddy Roosevelt, was not. As a matter of fact, Teddy Roosevelt was the nephew of the former head of the British intelligence service in charge of the Confederacy. And he trained Teddy Roosevelt, and catered his backing. Teddy Roosevelt was succeeded by Taft, but then he was succeeded by another President, Woodrow Wilson. Woodrow Wilson came from a family which was the founding of the Ku Klux Klan, and when Woodrow Wilson was in the White House as President, he refounded the Ku Klux Klan on a national basis, with a ceremony in the White House itself. So, you have two characters who are British

assets—Woodrow Wilson and Teddy Roosevelt—who are both sent in as a part of a British-front operation, because the Confederacy was a British operation, of Lord Palmerston. So, therefore, you understand these things.

Now, you've got the situation that I faced on Jan. 3, 2001. You have a situation of an absolutely incompetent piece of crap—this President—who'd become the President. A worthless piece of crap! A complete creation of George Shultz, the same George Shultz who helped give us the Pinochet regime in Chile—not a good guy, and with some other similar kinds of things. Totally a British asset; not a patriotic American, a British asset—has been for a long time. You had an incompetent coming in as President, on a whisper. And with the crisis, as I knew it at the time, they were going to control the situation with some kind of dictatorship. How do you get a kind of dictatorship in the United States? You create a national emergency. How do you create a national emergency? Well, shoot the President, or do something similar, something on a similar scale.

All I said was, that what we're going to get is some kind of terrorist action, this year, which will be used to orchestrate some kind of an emergency situation, and that emergency situation will be used as a vehicle for controlling the Presidency under the President, George W. Bush, Jr. And it came.

I was looking at it in late August of that year; we were watching a number of cases which were likely terrorist attacks, one, around Washington, D.C. There was a big one around there, highly organized. And then you had another one, which was in New York City. And they used the New York City one. And everything that we saw that was going to happen, happened as a result of that. It was used for exactly that reason—to create a degree of dictatorship which had never existed before in the United States, under this President. We've been running under a dictatorship, under George W. Bush, Jr. How was it put into effect? This is the way it was done.

Now, I've got a new kind of a President. My indications are, that he's not long for this world. He might be elected, but he's not going to be long for this world. When did I get that? Early this year. I checked it; I've got a situation on my hands: This is a made-ready situation for an assassination of a prospective Presidential candidate, or President, either one. Before or after the election. The British are saying that, too. Look at Chicago, where the key factors are there; it's all there.





FEMA/Michael Rieger

*The World Trade Center, Sept. 18, 2001. LaRouche had forecast, when G.W. Bush was inaugurated in January of that year, that a “Reichstag Fire”-style terrorist incident would be used by the British as the pretext for imposing a U.S. dictatorship.*

See, it’s not a matter of having some insight into this or that; it’s a matter of understanding the process, and understanding the institutions, understanding how they work. When you get into certain kinds of situations, you’re on the edge of war; a different kind of situation, you’re not on the edge of war. Another situation, you’re in danger of an assassination attempt against a head of state; another situation, not.

So, you don’t operate the way these crazy people do. You operate on the basis of knowing that society is a process, a systemic process, and that under certain conditions, societies react in a certain way, and that’s the way it happens.

Now, where you’ve got a situation where you’ve got a naturally incompetent President-elect—for the present situation, he’s totally incompetent. Only some sudden inspiration would get him to act contrary to profile. It could happen; there have been religious conversions in the past. You could pray for one now. But in the present situation, since he’s useless as a policy-maker, unless he gets this magical conversion which I pray for him to receive, but unless that, the British have got a problem. They’re trying to control the United States. This guy can’t do it. What do they do? Well,

they’ve got to do a level of dictatorship. How do they get the necessary, desired level of dictatorship to control the United States, in a system where the whole damn world system is collapsing and they want dictatorship? Assassinate the President-elect. It solves their problem, from their standpoint.

Therefore, despite, or because of, all the stories I get from various sources, especially British sources, including the British press, that he’s “in danger of being assassinated”—and I say, you’re damn right he’s in danger of being assassinated. Being what he is, in his situation, with the present situation, he’s very likely to be assassinated. Why? Is it personal? No, it’s not personal. Nothing personal, buddy. Bang! Bang! This is policy; this is not personal. Bang! Bang! The best thing you can do to defend him, is for me to tell you what I know, which I just did. So, if some-

thing happens, you know it was done by them, and I know they’re the ones who would do it, or their agents. So, if something bad happens to him, you know who did it, and you know what to do about it. And that’s the best protection I can give him. I don’t want him assassinated, anyway. I don’t like that idea. I don’t think he’s qualified to be President, but he shouldn’t be assassinated.

In the meantime, let’s hope for a miracle. Let’s hope that somehow some miracle descends upon him, and he does become qualified, or at least under our Presidency, that can happen. If you have the right combination of people in the government, they can make a very incompetent President look very good, if he goes along with that. And that’s the best hope we have right now for this guy.

### **Obama and the New Bretton Woods**

**Schlanger:** This next question is somewhat of a follow-up to the last one, and I think it goes toward the lines of what you were just talking about as praying for a miracle. But it’s from the Italian Senate, where they do have a New Bretton Woods resolution which has been introduced. And someone writes to you: “Hello,

Mr. LaRouche. Your comments in recent months concerning Barack Obama have been very surprising. It often seemed like you wanted him to lose, which would have meant John McCain becoming President. I recognize that Obama is not perfect, like many others, and that his election is not the solution by itself. But isn't the best approach to try to influence him, so that it will be possible to adopt the New Bretton Woods?"

**LaRouche:** You should pray to God, that a miracle occurs, in that case. The best thing would be to get a better candidate, and we did have a better one, but it was not John McCain. But the problem here was that we allowed the influence of British institutions of the worst type, such as the biggest drug pusher of the Western Hemisphere, George Soros, who's a no-goodnik from way back, who worked for Hitler. Now, the fact that he worked for Hitler in the death squad operation, is not the whole story on him. The point is, he *liked* the job, and his behavior since then has followed that track. In other words, he really was recruited to doing that kind of work. Only now he doesn't do it for Hitler as a kid; now he does it for the British Empire as a regular job. And he's the biggest drug pusher in the Western Hemisphere. He's also a killer, and a ruthless killer. He's committed crimes all over the world; organized coups and everything of that sort. The man is a piece of filth.

That's your problem. This piece of filth, under British direction, orchestrated the nomination of the President-elect. And without that effort, he would not have been nominated, which means that he's a British-controlled event. He may not be a British-controlled person, but he's a British-controlled event. His nomination was a British-controlled event. More money was poured in, through drug trafficking circles and others, to get him nominated, to get him elected, than had ever been poured in before for any candidate, on a vast scale. And it was done by the British government, with George Soros playing a key part. So, you have to look at things that way.

Now, you would hope that redemption would have occurred. We hope that the good Lord would have struck something there and said, "Sinner, you've got to change your ways. You're going to betray the Devil."



EIRNS/William Salisbury

*LaRouche addresses a conference on the U.S-China Relationship & Peaceful Reunification of China, in Los Angeles, 2007.*

### China's Unemployment

**Schlanger:** We have another question from China, someone who has a publication in China, a scholar who met you when you came out about a year ago, to keynote a convention in Los Angeles, and it's an interesting question: "Mr. LaRouche, you say that Chinese workers are underpaid, and that the Chinese government has underpaid them to compete in the global labor market for cheaper production costs. But, raising labor costs has already made many companies bankrupt, so how do you take care of the unemployment issues of the Chinese population?"

**LaRouche:** The issue here is that, what has happened, is not that the Chinese workers are underpaid, but that *China* is underpaid. What was happening? You had a transfer of production from the United States to China, in the main; that's the key point here. All right, now, what was the difference in the payment for that production? It was a vast reduction in the payment, in net effect to China, relative to what would have been paid in the United States, if the production had occurred here. That was the argument in favor of this: that the Chinese worked cheaper, that China works cheaper.

Now, does the Chinese population, particularly that which is employed, have skills and infrastructural capabilities which are comparable to those of the United States? By no means! The United States, for example,

the United States and Germany have the highest level of skilled productivity in the world. No one in any part of the world, could actually produce, in the long run, more cheaply than the United States and Germany, because we have superior technology. Now, you put the production over into China, on the basis that China requires, is paid *less* than the United States would be paid. What does that mean? That means that what China is getting as a nation for its production is below the actual cost of production. In other words, China is allowed to have about 30% of the population of China on the one hand, and 70% on the other. You've got this whole thing throughout, this whole thing of development of export of industries from here in the United States. What you do is, you move something into a market. The money you save by moving into that market, is largely what you do *not* pay for in supporting infrastructure in the economy as a whole. So, you move into a country, and you don't provide the infrastructural development, which is what China's problem is right now. The infrastructure of China as a whole is not sufficiently developed to maintain the levels of productivity that the United States would have achieved before.

What we have at the same time done, is to lower the level of payment for whole categories of goods, below the actual cost of production. And you often do

that by cutting infrastructure, and cutting other essential components of production, by cutting resources.

Can you get fresh water out of a tap in the United States these days? You wanna drink it? Used to be able to. What happened? The investment in the infrastructure required to give you drinkable water at the faucet was taken away. It was just cut out of the budget. All kinds of things were cut out of the budget. Now, you're going to China, and what's happened is, what is *paid* for production in China is *below* the assessable actual net cost of physical production on a world scale. So therefore, China works for *below cost*. It's not just necessarily that the Chinese worker is paid below cost. It means that China is paid below cost for its contribution.

Now, you turn around, and China is now extremely vulnerable, because of what it's *not* being paid for. It's vulnerable for a lack of infrastructure. Its present national income from exports abroad is not sufficient to give it the kind of growth it wants. China does expend on growth. It does expend on the railway system and other infrastructural systems, the large water systems, the dam, the Three Gorges Dam. These are good projects, useful. But it's not enough! China has a large population, and this does not account for the needs of the Chinese population.

So therefore, what would that mean? That would mean,



clipart.com

*Much of China's agriculture proceeds as it has for millennia, leaving some 70% of the rural sector impoverished.*



clipart.com

*When Chinese peasants leave the land and seek urban jobs, many remain in poverty, as investment has been largely limited to coastal areas. The government is trying to redress this imbalance.*



www.ane.uz

*A factory in Beijing. "What China is getting as a nation for its production," LaRouche stressed, "is below the actual cost of production."*



Workers constructing China's Three Gorges Dam, now the largest source of hydroelectric power in the world. The dam is a useful project, but it's not enough for a country the size of China.

on a world scale, a shock effect of raising the cost of production, the *price* of production, to levels which correspond to the actual *cost* of production, by society. Not just some individual, but by society. In other words, you have to take the whole community in which production occurs, and it's the cost of maintaining that community, not just the production, that's important. So therefore, we should be raising the price of production, and cutting the income of other things that are not productive, such as the slumlords and whatnot, cut that kind of production, that kind of payment, and realize what the real costs of production are; and then, what the result would be: We would be compelled to go to methods of increase of productive powers of labor productivity, physical productivity, per capita, and improvements, and invest in those high-technology improvements in order to lower the actual cost of production. We have not done that. What we have done is, we've gone constantly back to

*cheap* labor in various parts of the world, running from one country to another seeking cheap labor, looting these populations with cheap labor operations, instead of developing the economy.

Actually, if you look at the United States, for example, in 1967-68, since that point, the United States has been losing money, itself. This was a cut in infrastructure that year, especially in the latter part of the '68 period, in that year. Since that time, the United States has been operating at a net loss, as measured in physical terms to the present day. We have a loss in infrastructure, a net loss. We have a net loss in manufacturing, a net loss in every category. A net loss in income. Look at pensions! Look at health care! Look at all these things that we're being deprived of. Net loss! And therefore, we have to increase the productivity of the world, by raising the prices at the expense of some foolish things, raising the prices to cover the actual cost of production worldwide. And compensating that, at the same time, by increasing the investment in technology and in capital intensity, which will enable us to cheapen the actual net physical cost of production by more advanced technologies.

But, in the meantime, we have to maintain, pay the *full bill* of all the costs, the national costs that go into production, at the point of production. And we haven't done that. So that's what we have to get to.

For example, we need nuclear power. Give us nuclear power, on a large scale, and I can increase the productivity and lower the cost of production worldwide. Get you better water, and everything else. Go back to mass transit, instead of relying on highway transportation. I can give you a cheaper cost of transportation. I can give you a better household life. I can save hours a day, back for family life, because you're not commuting, stuck on the highway going to and from work five days or more a week. These are the ways we have to think, not just in terms of what somebody says that the production costs, this or that. We have to think about a system. We have to think about providing the kind of system which meets *all* the requirements of society.

And we need to fully employ China! We're going to have to raise what they get paid. Raise the level, or increase the production to a level that China as a whole is better able to pay its own bill. So the way we reach that, is, you come to an agreement with China, and with India, and with Russia, and with other countries, and you set forth an agreement, a Roosevelt-style agreement, over a long term. You set five-six year agreements, and long-term agreements, and these projects

will then enable you to work your way out of the thing. Right now, it's chaotic.

So yes, China does need help. And the United States should help it. The United States *can* help it, and we should help it. But that's the way to do it: by going to this high-gain method, and getting a more equitable consensus of who gets paid and who doesn't.

**Schlanger:** There are a lot of questions coming in that express urgency, but many of them are urgent about what Lyn is going to do. "Are you going to do this?" "Can you get this done in the first 100 days?" And so on. Well, Lyn is doing his job. And, I just want to take a moment to say to people watching this web-cast that you have a responsibility also, and LaRouche PAC is going to do its job. We have videos on the website that are being churned out very quickly now, on key issues, such as national banking vs. monetary policy. There's quite a bit more. I urge you to go to the LaRouche PAC website.

But, when we talk about the urgency, don't wait for some mysterious force to whisper in the ear of Michelle Obama so she can have pillow talk with Barack, and he will wake up in the morning thinking like Franklin Roosevelt. We really do need people in this room, and people listening, to take these ideas and go out and spread them. And part of spreading them is contributing, so I would feel negligent if I didn't bring that up, especially for those of you who are out there feeling quite urgent about the need to do something. These are some things you can do right away.

## Hyperinflation and Hyperdeflation

Lyn, I have a question from an economist and a banker from the Southwest of the United States, who has been talking for a while about how much he agrees with you about the problem of low interest rates for feeding the speculative bubble. And he said he's been watching very closely to see when hyperinflation would take off, and it began to happen with the gas prices, the food prices this Summer, the commodities prices, but then it's fallen again. He says, "Is it still your view that this bailout package, the pumping of money into the financial system, that we're still on the verge of a hyperinflationary explosion?"

**LaRouche:** Yes, we are. But you've got two different tendencies, at different levels. On the one level, you have the politically sensitive government, U.S. government, which is doing everything possible to ma-

nipulate prices, politically, wherever they can. But then you have to look at the long-term problem. The way they do that is, look at the big one: Look at the orders of quadrillions of dollars in things tied to hedge funds, and therefore, you're having a real scramble in the hedge-fund resolution area right now, that people are trying to find out how to pay for some of these hedge-fund demands that are coming in heavily.

It's going to get worse. You're going to have—right now, you're on the verge of a real storm of assault on every kind of financial institution. And you will find that you have a terrified Secretary of the Treasury, Paulson, who's sitting there in absolute terror. I don't know what he's doing in his pants, but I do know what I see on his face. That's the general situation.

So no, we are in an intrinsically hyperinflationary situation, but also, at the same time, a hyperdeflationary. Now, to understand how these things balance, you've got to, on the one hand, consider the rate of collapse that's going on, absolute collapse. Which means that you're going to go into absolute disintegration of the world economy, and if you try to maintain the system, you're going to go into a Weimar style of hyperinflationary blowout. If you *don't* go to a hyperinflationary blowout, you will go to a hyperdeflationary blowout at the bottom, one of the two.

Now, you're getting the hyperdeflationary blowout, how? You have a collapse of trade. Why a collapse of trade? Well, trade is not exactly collapsing; something else is collapsing: Letters of credit are not being issued, are not being uttered. Now, that means, that if a manufacturer is shipping something from one place to the other, it's not going to get delivered. No letter of credit. The manufacturer has processed it, the buyer has purchased it, but they can't move it in between. So you get international letters of credit, and you get bill of lading credit and so forth, inside the United States, and you can not get the goods shipped, because the shipper will not carry the goods for you, because they're not getting the letter of credit or equivalent that's required to ship those goods.

So, it's not the fact that purchases are not occurring. The purchase is occurring. It's not that the goods aren't being produced to be shipped. They are being produced to be shipped. There's a contract between the buyer and seller, but the goods aren't being shipped. No letter of credit. The letter of credit system has collapsed.

So you're getting these kinds of complications, in which everything is disintegrating. And, on the one hand, you have an intrinsically hyperinflationary pro-

cess which is tied to the driver of the financial derivatives sector. You've got an actually deflationary process, as a result of collapse of production, with people selling at any price, to try to get out from under the debt. Both things are going on at the same time.

Essentially, the process, since it's tied, the determining factor here is the financial derivatives sector. That's your driver. So don't look at the system from the bottom up, from the individual purchase and sale, or act of production. Look from the top down. The top level is the financial derivatives, and that's the driver of the whole crisis. All the phenomena in between, up and down, are simply a reflection of an environment in which the financial derivatives factor of debt is the main driver.

### Europe's Potential Role

**Schlanger:** We have a question from the audience, from someone who's visiting from Denmark, Feride Gillesberg, who asks the question about the Four-Power Agreement: What about Europe? How much power does Europe have in this, and what should the Europeans do, and the relationship in this sense between the American system and the European parliamentary system?

**LaRouche:** Well, the European system has no independence anymore. The European system has no political control over itself. It has no credit-creating capability. It's not allowed to do that, not *real* credit-creating capability. You know, you go to [European Central Bank president Jean-Claude] Trichet—it's a waste of time. So Europe has given up sovereignty, as a group of nations.

Now, that doesn't mean it's going to stay that way. The tendency now is for people to ignore the Maastricht Agreement. And, when you mention Trichet, the roomful of people will burst out laughing, because nobody's paying any attention to that anymore. They're in an emergency situation; they're doing what they have to do in the short run. There are no solutions, no nothing. So Europe is not a factor in making a decision.

The key factor in Europe in making a decision is a certain relationship between Russia and France, under Sarkozy. There is a connection there. Sarkozy is threatening to play an independent role of some type, and he does play something of an independent role, a very peculiar kind of independent role, which most people don't understand, but it's there. And therefore, Sarkozy is the only head of state on the continent of Europe,

outside of Russia, who has any particular significance in these kinds of matters. And the possibility is that he *will* come to play a role.

Now, under what condition would he play a role? *If* Russia, India, China decide to approach the United States with the kind of proposal that I've indicated, then the role of Sarkozy in Europe would become crucial. Sarkozy could be a factor in bringing that about. Apart from Sarkozy, I don't see any government of Western or Central Europe which is going to play a significant initiating role at this time. And I think Sarkozy's role would be catalytic, that he would probably indicate certain things, that his discussion with China, with Russia and India—particularly China and Russia—would indicate something, and that might be a factor in catalyzing something.

But the key thing lies essentially: The direct United States relationship to Russia, China, and India, is what is needed to break the barrier here. And therefore, the United States coming in one way, directly or indirectly, into an agreement with India, Russia, and China, would be the key thing. That would make things change. Europe would then change, suddenly. But short of that, until that occurs, I don't see much possibility of anything coming from Europe. And therefore, you can not interchange these parts. You have to have U.S., Russia, China, and India, in some way brought together. I think it can be done, and other countries can play a part in influencing that, outside of that group; but they're not capable of initiating it. I mean, Sarkozy could play, probably—of the countries I can think of, France under Sarkozy is the country most likely to play, outside that group, a significant role in influencing something on that group. That's the best I can give you.

**Schlanger:** I must say I'm quite impressed by the scope of questions coming in literally from all over the world. By the way, I should recognize, in addition to the groups meeting in Ibero-America, there are LaRouche Youth Movement meetings around this web-cast throughout Western Europe—in Paris, throughout Germany organized by the BüSo, and also at universities throughout the United States. I know the University of Texas, the University of Houston, all over the Boston area, up and down the West Coast, and we won't have time for all of the questions, obviously, but we will make sure they are passed on to Mr. LaRouche. If you didn't get your question answered today, and within his constraints, we'll see what he can do.



EIRNS/Helene Möller

*Antonella Banaudi and Matt Ogden*

*LaRouche stressed that the job of both artists and scientists “is to understand the universe, to understand the environment, to understand the conditions that shape us and shape our lives and shape our nations. And use the human mind—its creative powers, its insight—to see what these situations are and how we can change them, for the benefit of mankind.” The photos here are from workshops by Italian Classical singer and educator Antonella Banaudi, with the LaRouche Youth Movement in Boston, in September 2008.*



EIRNS/Helene Möller

*Ms. Banaudi and Myhoa Steger*



EIRNS/Helene Möller

*Emily Reuter and Jessica Tremblay*



EIRNS/Helene Möller

*Anna Shavin and Matt Ogden, as Zerlina and Don Giovanni, perform a duet from Mozart’s opera.*

## What Future for Young Classical Artists?

But I have a question that I think you’re going to like, Lyn, from a young Classical artist in the heart of Europe, who writes that he “surrounds himself with many talented painters, sculptors, poets, and musicians, and we’ve all come to support your person and your ideas very much. As we agree very much that a new rebirth, a renaissance, is the only way of turning the focus again towards physical production and the investigation of the true sciences, I have the following important questions about the arts: Apart from the study of nature and her principles, what advice could you give to young Classical artists in a time of post-

modernism? Once we have perfected our skills, where are we to turn? Are there people in the world today willing to support us, and willing to listen? And how do we recognize those who are truly noble from those who are crooks?”

The second part of the question: “What themes would you consider the most relevant to cover in new literature, and in a new reborn dramatic art, in paintings. Great deeds, be they good or evil, make up splendid material for drama, and as our renaissance project might go on for generations, we ask for your advice that we may lay the right foundations.

**LaRouche:** On this matter, I can call your attention

to something I have just written which has just been published in *EIR* [Nov. 21, 2008], and will be available in other locations, on the subject of “Mathematics Is Not Science.” And it pertains to two areas, first of all on physical science, because no principle of physical science is determined by mathematics. Because by its very definition, any principle of physical science lies outside the domain of mathematics. And this is nowhere better illustrated than in the case of Johannes Kepler’s uniquely original discovery of the universal principle of gravitation, which, as Einstein emphasized, in looking at this matter from the standpoint of Bernhard Riemann, is that the principle itself lies *outside* mathematics and confines mathematics.

In a similar way, the principle of artistic creativity can be looked at in various ways. Take the case of Classical drama, as a relative case, especially Classical tragedy. Now, there is no such thing as an individual hero or tragic figure in Classical drama. That is, no figure in Classical drama qualifies as an individually tragic figure. That’s not a Classical drama. Because if the failure—and take all the histories of Classical drama. Start it from what we know in European history. Start with the first famous Classical drama, which was attributed to Homer, the *Iliad*. That is the model for European Classical drama. What’s the cause of the tragedy of the *Iliad*? You have, except for one figure who acts in most cases as an individual hero, all the gods and demi-gods are bums. And the poor people are listening to the whispering advice of these gods and goddesses who are running around whispering in their ears with various schemes and so forth. And so you have a slaughter.

Now, you take the entirety of Classical Greek tragedy, it’s modeled on this *Iliad* model. “Voices, voices from outside, have given me this mysterious message. Aaugh! I have to act accordingly. Ohhhhhhh!” Tragedy. And you get this sort of thing. Therefore, the principle of Classical drama is simply, there is no tragic hero. There is no individual who is guilty of the tragedy. That’s simply Romantic nonsense. People say that, and I don’t want to see the plays they perform. They disgust me. The tragedy lies in the fact that society whispers to imagined gods, and is unable to act rationally, because it’s trapped in the advice it gets from these crazy gods, or what it imagines to be these crazy gods. “We can’t do this.” “You’d better not do that!” “Something will happen to you if you do that.” “Don’t do that!” “Oh no, don’t do that! Please don’t do that!” So therefore, society is trapped, as if in a barbed wire

fence, or electrified fence, by a set of fears, a set of mysterious fears, and they can never act.

Once in a while, a figure who says, “Enough of this crap, I’m going to do it. It has to be done, for rational reasons. I will not listen to the voices of the gods,” acts, and acts as a hero to save society from itself. But in the usual case, as in the case of many among our recent U.S. Presidents, the President—no matter how talented otherwise—is a damned fool, who listens to the whisperings. “You won’t seem successful if you won’t do this. We won’t like you, we won’t help, if you don’t do this.” So he turns into a cringing coward who does things out of expediency. “Don’t you realize you wouldn’t dare do that? You’re foolish to do this.” “Yes, I would do that!” “No, I can’t do that!” Boom! Crash! Society goes to Hell.

Therefore, the hero exists, the tragic case does not, not as an individual. The hero is one who is able to convince a society, as Roosevelt did, or Lincoln did, to lift a society to do what is necessary without regard to foolish fears of the whisperings of the people who are whispering to the gods. So the hero exists, but not the tragic figure as an individual. What is tragic is the society, as such. A society of people who listen to the whispers: “Don’t do this! Mother says don’t do this! Father says you’d better not! The guy next door who’s very well informed says, that’s not a good idea, you know! They may get you.” And that kills you. And therefore, the idea of the hero, of the tragic hero, *exists*; the tragic individual does not exist.

Take the case of the famous one in Schiller, *Wallenstein*. *Wallenstein* is a tragedy, but not of a Wallenstein. Wallenstein is unable to recognize a solution outside the framework of what he’s been given. And you get a sense of this in the first part of Wallenstein, *Wallenstein’s Camp*. The assembly of this vast army to engage in what is going to become religious warfare, which is going to destroy everything. And the drama, the trilogy, ends with the death of Wallenstein. But the Thirty Years War didn’t end there. And Schiller wrote this thing based on his studies, not only of the Thirty Years War, but also his studies of the Netherlands War before it. He combined the two. The war in the Netherlands and Wallenstein war, the Thirty Years War, or part of it, as one.

The tragedy lies within the *society*, not within the leading individual. The society wants to blame the leading individual for what it’s done to itself! Like the United States has done to itself! There was no one President who did what’s been done to this United States since Roosevelt was there. Most of the Presi-



dents of the United States have been tragic figures in that sense, but they were tragic because they listened to the powers that control the United States, to the whispering gods and goddesses, and to the foolish people on the street. And where reason would have told them to act differently, they said, “You’ve got to think about the way my family feels. Look, my wife would divorce me,” and so forth and so on. All these kinds of fears.

And the problem in politics and in real life is what real drama is concerned about—the greatest dramatists are not some bum, imagining stories in an attic. They are people looking at *reality* as in great poetry, other great drama. They are looking at reality, and adducing from reality a way of trying to show people what the reality is that they’re living in. Why they behave the way they do. Why societies behave the way they do. This is not to titillate you with an amazing story. It’s to give you a sense of coming out of a society which is frightening to you. As a member of an audience, you walk in, you’re dealing with a situation you can’t understand, you can’t solve it. And if the dramatist does a good job, and the actors do a good job, you go out, not with a sense that you understood the problem fully, but you go out with a sense that this is something you could possibly comprehend! It’s something you could deal with. It reminds you of situations in life which maybe you could deal with. Society on a grand scale.

And so, *that* is the relationship. That’s science. Science involves man’s attempt to master the universe, as in the first chapter of *Genesis*. Man and woman are unique in understanding the process of Creation, and being able to do something to change that process, as ministers to change the process in a necessary way, down the line. Our job is to understand the universe, to understand the environment, to understand the conditions that shape us and shape our lives and shape our nations. And use the human mind—its creative powers, its insight—to see what these situations are and how we can change them, for the benefit of mankind.

Roosevelt did. Abraham Lincoln did. George Washington did. John Quincy Adams did. In a sense, Bismarck did. Bismarck is actually a hero, in what he did, within the framework within which he was operating. He was no failure. Lazare Carnot was a hero, within the framework of what he did. He wasn’t a failure. Many great scientists have been true heroes, in the sense that they succeeded in meeting a challenge. Some leaders on a minor scale—I mean, Martin Luther King was one of the greatest heroes of the United States. He was a man

that stood up and did something that nobody else could do. He should have been President. That’s probably why they killed him. He had that quality that nobody else around him had. Unique. He was a true hero.

And this is what we try to understand from tragedy. And we have to have the same attitude, as toward Classical art, the same attitude toward matters of science, how the universe is organized. So the two are essentially the same thing. And this involves going to a higher state of mind, like the questioner is talking about—a group of people. They have a certain amount of skill. Can they make the next step? Yes, good, fine. You know this, you know that. Can you actually understand the kind of thing you’re talking about, as it applies to real life? Can you actually understand that? And that’s the challenge. It’s the same challenge in physical science.

For example, I’ve said recently in this piece [“Mathematics Is Not Science”], I refer to the last paragraph in Shelley’s “In Defence of Poetry,” there’s a summation of the state of mind which the individual must have, as a creative state of mind, what the function of poetry and similar aspects, to understand society, and to understand what you have to do to try to influence society to solve its problems, and that attitude, which you find in the way Rembrandt paints a picture. Rembrandt, this wonderful thing of the bust of Homer looking up at the ridiculous spectacle of Aristotle. That sort of thing. This is what you must perceive.

And you must think of yourself as comparable to a scientist, in art, in trying to understand mankind better, looking at the greatest works of the greatest artists, and seeing what it is they really give you. What makes them great artists? What’s great about Leonardo da Vinci, apart from his scientific skills, in some of his paintings? This is the sort of thing. And the motive is, the gratification is, to come out of the experience feeling good about yourself, because you have understood mankind a bit better than you did before. And you have understood yourself, also a bit better than you did before. And the feeling between physical science and great Classical art is exactly the same.

**Schlanger:** With that, we’re going to bring the webcast to a close. This will be archived, it will be on the LaRouche PAC site, and we should make sure that everyone in the country sees it in the next days ahead. I’d like you to join me in thanking Lyn, not just for his speaking today, but for what he’s been doing for the last 86 years. Thank you, Lyn.

# Brutish Empire Calls for A New Hjalmar Schacht

by John Hoefle

Nov. 21 — We have repeatedly warned that the Anglo-Dutch Liberal empire is using the death of the global financial system to eliminate the nation-state system and impose a global, fascist, corporatist dictatorship upon the world. One does not need inside information to see this; one merely need examine the policies being pushed by the international banking crowd and take them to their natural conclusion. The push for fascism is, to use H.G. Wells' term, an "open conspiracy."

However, it is always useful to receive confirmation of their intent from inside the enemy camp: According to reliable sources, there is an active discussion within the halls of HSBC's London headquarters of the need for a new Hjalmar Schacht.

This should not be a surprising development. HSBC is the lead bank of the Brutish Empire, which was the political force behind the rise of Adolf Hitler in Germany. And Schacht was the empire's man on the scene, as head of the Reichsbank and then, Minister of Economics under Hitler.

Schacht's role was to impose an even more brutal austerity on a German population whose standard of living had already been destroyed by the hyperinflation which resulted from the savage reparations imposed on the nation after World War I. Schacht helped create the conditions which made Hitler possible, and then helped finance the rise of Hitler, working closely with the Bank of England. Just as the bankers created Hitler in the 1930s, they are now pushing fascism again, this time, on a global scale.

## Corporatism

Hitler was just one of the projects of the Brutish Empire. Another was Benito Mussolini, the Italian dictator who took office a decade before Hitler, then allied with him in World War II. Mussolini took the title "Duce of Fascism," a term which can be translated as either Duke or Doge of Fascism, Doge being the highest office in the Venetian system. Behind both the Hitler and Mussolini governments lay a complex of imperial financiers and corporate cartels, which used the governments to keep the people in line. The German cartels, many of which came together to form the infamous IG Farben, were actually creatures of the Anglo-Dutch Liberal system; they, like Schacht, helped finance Hitler and build his war machine for the purpose of having Germany attack Russia—having rivals fight debilitating wars against each other is a specialty of the Brits. It was only when Hitler turned his guns west toward the heart of the empire, that the oligarchs were forced to defend themselves against the monster they created.

The purpose of this corporatist movement was to eliminate the role of the nation-state as a force in world affairs, and replace it with a system run by financial houses and corporate cartels. There were fascist parties in all the major Western nations in the 1920s and 1930s, including the U.S.A., where the Morgan and du Pont interests tried to organize a coup against Franklin Roosevelt, in a plot exposed by Gen. Smedley Butler, in 1934.

The coup against Roosevelt was thwarted, and FDR led the United States and its Allies to victory over Germany and Italy in World War II. The tools of fascism had been defeated, but not its imperial core. This corporatist movement resurfaced in a big way with the 1968 Bilderberg meeting in Mont Tremblant, Canada.

At that meeting, George Ball, a senior banker at Lehman Brothers and a major figure in the Anglo-American Establishment, gave a speech outlining the need for a new structure to replace the “outmoded” nation-state. Ball called this new structure the “world company,” an explicitly corporatist formulation. This “world company” would, in the view of its sponsors, take control over raw materials and other resources worldwide, allowing the empire to use them as it saw fit. Nations, it was said, were too selfish, tending to view the resources within their borders as theirs, to be used for the benefit of their own people.

Fast-forward to today, and look at the world from that perspective. This world company approach has largely been implemented, under the name globalization; nations everywhere are dependent upon the empire’s financial markets for their funds, and dependent upon the empire’s cartels for many of the necessities of life. Though we do not—yet—have the jackboots of Hitler and Mussolini, we do have the corporatist fascism they represented, and that system is coming to the fore under the guise of bailing out the financial system.

## Debt Overload

It should be obvious to all thinking persons by now, that we cannot solve a debt crisis by taking on even more debt. All the bailout really does is transfer losses from the books of the banks to the books of the government—and thus to the taxpayer—without doing anything to increase our economy’s ability to pay that debt. It does, in fact, do just the opposite, as the physical economy is further cannibalized by the demands of the bailout. We incurred this debt as a result of the decision to deindustrialize the U.S. economy, and switch to a service/finance economy; with every passing year we produce less while we spend more, making up the difference by borrowing from the rest of the world.

Wall Street financed this expansion of debt by creating an ever-wilder series of financial instruments. This process, in which debt was treated as an asset, and then that asset used as the basis to create even more assets, *ad absurdum*, resulting in a mountain of highly over-

leveraged securities and derivatives bets which far exceeds the debt-carrying capacity of the economy. The same is true, to varying degrees, in most other countries of the world.

We are, to put it simply, flat broke, with no prospect of recovering unless we break with the failed Anglo-Dutch Liberal system and return to the time-tested policies of the American System.

## Fascism, or Renaissance?

The clear intent of the British Empire is to use this crisis to return the world to the way it existed before the American Revolution, a rentier-financier feudalist model coupled with the modern technology of “Big Brother.” This is explicit in the call for a new Schacht, but it is also implicit, at least, in the efforts by the Bush Administration, the Congress, and the Federal Reserve to bail out the system. From the insane perspective of the financiers, the only chance they have of saving their system is to ram through a savage consolidation of the financial system into a dramatically smaller number of global institutions—giant banks, insurance companies, and a few others, which owe their allegiance to the empire rather than any nation. This would give the Anglo-Dutch Liberal empire even greater control over the issuance of credit than it now has, giving it a greater stranglehold over the peoples of the world. Credit would be largely limited to the financial institutions and the cartels of the empire, eliminating all competition, and accelerating the collapse into a new Dark Age.

The alternative, as laid out clearly by Lyndon LaRouche, is a return to the credit system established by the U.S. Constitution, in which Congress appropriates credit for infrastructure and related projects for the public welfare, and the Executive branch administers the issuance of that credit through a national bank. This method provides the optimum combination of government control over the money supply and the distribution of that credit in a manner that insures the money is used for the most productive purposes. The national bank would issue the credit to private companies via private banks, tapping the entrepreneurial spirit and creativity of the American people. Naturally, this would also require educating Congress and the citizenry in the American System, so that we can make sure Congress follows the Constitution. Were we to do this, we could lead the world into a new Renaissance.

*johnhoeftle@larouche.org*

# Business Briefs

## Hedge Funds

### **October Redemptions Hit \$63 Billion; More Coming**

Net withdrawals from hedge funds in October are estimated to have hit \$62.7 billion (according to data from Eureka-hedge), which is higher than any time since records started in 1990, for tracking these speculative money pools. Still bigger waves of redemptions are in line for the end of the year, as many funds allow only quarterly withdrawals, and have long required notice periods which have been activated. Many funds are in a frenzy of stock sell-off, preparing for redemption. Others have shut down and/or frozen their assets, or otherwise are setting new limits on withdrawals.

## Italy

### **Tremonti: Get Rid of 'Derivatives Monster'**

Speaking at Catholic University in Milan Nov. 20, Italian Economics Minister Giulio Tremonti developed the theme of his speech, "social market economy," by calling for a new economic system that allows the long-term survival of society, and said the current crisis is due to globalization. He repeated his call for dealing with the derivatives bubble in the only way possible: cancel it.

"If I can use an image, it is like living in a video game, with the difference that in a video game you can turn it off: Game is over. This is a video game that is not over. And as in a video game, you face a monster, you beat him and start to relax, but another one comes, bigger than the first; the first monster was the subprime crisis, and somehow it was managed; the second monster was the collapse of credit, and it was somehow managed; the third monster is the bankruptcy of the main financial institutions, and it was somehow managed; the fourth one is the collapse of the stock

markets, but around the corner there are more monsters: credit cards, the expected corporate bankruptcies due to troubled classification of corporate bonds, and then the monster of monsters, the derivative one, where the folly of incalculable risk appears, of non-intentional but collateral effects, definable not *ex ante* and not manageable without procedures that could bring about, in the economic realm, the ancient wisdom of the Shabbat year [debts were forgiven every seven years, in the Hebrew 'Shmita' year]."

## Russia

### **Crisis in Real Economy As Wage Arrears Grow**

While the 75% drop in the Russian stock market from its Spring 2008 highs might have gone unnoticed by the Russian population at large, the financial crisis is now hitting more broadly and in ways nobody can miss. High anxiety is spreading, about keeping one's money in rubles, as the Russian currency has lost 17% against the dollar since August. The government has relaxed the band within which ruble fluctuation is allowed, in what Finance Minister Alexei Kudrin on Nov. 19 told the State Duma was a "correction," but everybody else called it a 1% devaluation of the currency.

The drop-off in industrial activity was already reflected in declining rail freight figures, released earlier. In mid-November, the auto manufacturer GAZ, based in Nizhny Novgorod, announced it was going onto a three-day week, due to declining demand. Steel giant Severstal announced on Nov. 18 that its output has been cut by 50% since last Summer, and that it will postpone most of its \$8 billion investment plans for the next three years.

On Nov. 13, the Russian Ministry of Labor said that over 3,000 Russian companies have announced layoffs, totalling 99,000 workers. That level had doubled in a two-week period. Interfax reported on Nov. 19 from the Federal State Statistics

Service, that wage arrears zoomed up by 33.4% during October, to a total of 4.024 trillion rubles (\$149 billion).

## Ecuador

### **Report Documents Usury Of Foreign Debt System**

Ecuadorian President Rafael Correa, after being presented Nov. 20 with the final report of the government's Commission to Audit the Public Debt, announced that his government will seek to halt payments on the foreign debt, because that debt is "illegitimate, corrupt, and illegal." Those who contracted the debt "through trickery, blackmail, and treason" should rather bear responsibility for those debts, he said.

Consideration of the effects upon the general welfare of paying this debt, must be the criterion for judging the sustainability of the debt, Correa insisted. He defined the report as Ecuador's contribution to the necessary reconstruction of international financial structures. There will be no full resolution of the problem of the foreign debt until the international financial architecture is reformed, and this audit of Ecuador's debt lays out the parameters of what Ecuador should say in that regard, he said.

The 172-page final report was issued after a year of painstakingly sifting through what documentation exists (and doesn't exist!) on 30 years of ever-expanding foreign debt. The mechanisms employed typify the system of debt looting imposed on all developing nations under the Anglo-Dutch floating-exchange-rate system begun in 1971, and thereby lays bare the disastrous effects of a monetary system per se, as opposed to an anti-usury sovereign credit system. J.P. Morgan Chase, one of the principal agencies named as responsible for illegalities, will not be pleased.

The extent of the looting involved is demonstrated by the debt totals. Ecuador's foreign commercial debt alone grew from \$115.7 million in 1976, to over \$4.1 bil-

lion in 2006. Over that same period, Ecuador's net transfers to international private banks totalled \$7.13 billion. This looting mechanism is what *EIR* has dubbed "banker's arithmetic": \$115.7 million minus \$7.13 billion equals \$4.16 billion! The more you pay, the more you owe.

### China

## Soros Says: Go Green, Fund IMF, Follow Keynes

George Soros, who was thrown out of China for financing an attempted "regime change" in 1989, was given voice in an interview in the Chinese economics newspaper *Caijing* on Nov. 1, where he peddled the doctrines of Lord John Maynard Keynes and green fascism. Soros admitted that he had lost a bundle on his speculation in Asia and Southwest Asia: "I thought that China and India and the Gulf States would be immune to the crisis, but they were not. That has been a source of actual loss for me—a lot of money."

But his bets will be made good, he said, if China does three things: undergoes political and economic "reform"; bails out the International Monetary Fund to save the banking system; and goes green. China, he said, must implement a stimulus which is "directed at stimulating investment in preventing global warming, because that is a problem that is facing the world. I hope that both the U.S. and China will introduce energy-saving and alternative energy generation as a way of stimulating the economy, because that is what you need to come out of this global recession."

Soros also exposed his own fascist proclivities: "We are back to Keynes," he said. "He had the right idea for the 1930s, and these ideas have come back in a cyclical fashion, and they are right for the 21st Century." Keynes admitted in the 1930s that his policies were better implemented in a fascist dictatorship like that of Germany under Hitler, and later fought to re-

ject FDR's anti-colonial proposals for the post-war world, in favor of the revived British Empire.

### India

## Globalization Backfires, Job Cuts Accelerating

Some 1 million jobs have already been cut this year in India's industrial and corporate sector, and many more job cuts are coming very soon, *India Today*, one of the most widely read magazines in the country, reported in its cover story Nov. 15. While India's economy is officially only about 20% dependent upon goods exports, it has become very dependent upon the IT and service sectors for "growth," especially of internal private consumption, and these sectors are on the chopping block with the world financial meltdown.

India's IT and software sectors are dependent upon the United States and European Union for 66% of their business—and 60% of that is concentrated in the financial sector, the magazine reported.

Some 9 million people enter the Indian workforce every year, so the reported slashing of new job creation means more unemployment, on top of the current level of about 10%. The *India Today* report is focussed, as it acknowledges, on the "organized" sector of the labor force, and that is only 10% of the total. The so-called "organized" sector is typified by factories, and the "unorganized" sector by home labor. "And for every organized sector job lost, three to four jobs will be lost in the unorganized sector as vendors/suppliers who are largely from the small- and medium-scale sectors are impacted by loss of orders from big companies," the magazine reported.

So far, the textile industry has been hardest hit, where 700,000 jobs have been lost so far, and planned new job creation is already down by 51%. Indian exports—in which textiles play a big role—were down 15% in October.

## Briefly

**'NO BRETTON WOODS!'** In the Nov. 18 *Daily Telegraph* of London, columnist Ambrose Evans-Prichard screamed, "No New Bretton Woods, Ever!" Reflecting the demands of the City of London financial oligarchy, his piece is entitled "Bretton Woods Is a Dangerous Trap." He began, "Please, please, no more Bretton Woods monetary systems for the world ever again. They are poisonous."

**'BACK TO KEYNES!'** *The Guardian* of London tried to put lipstick on the late imperial Lord Keynes Nov. 21, with a piece by George Monbiot, titled "John Maynard Keynes Not To Blame for Current Financial Mess."

**COMMERCIAL BUBBLE:** Will the commercial real estate bubble be the next to blow? Sources on Wall Street report that commercial real estate and the associated bond market are about to blow out, and that Citigroup and others have been unable to find buyers for their assets.

**THE SWISS NATIONAL** Bank has cut its interest rate in half, to 1%. Switzerland's situation is similar to that of Iceland: bankrupt. The total liabilities of the two top banks in Switzerland, UBS and *Crédit Suisse*, amount to eight times the country's GDP.

**HOME FORECLOSURES** may reach as many as 5 million in the U.S. during 2009-10, Sheila Bair, the head of the Federal Deposit Insurance Corp., told a House of Representatives committee Nov. 18. So far this year, she said, 1.2 million American homeowners have had their houses foreclosed. The forecast of 5 million more would be 10% of all mortgaged homes in the country. That is comparable to the home and farm foreclosure rates of the early 1930s plunge into the Depression.

## The Tsunami Is Coming: We Need FDR's Policies!

by Helga Zepp-LaRouche

*Mrs. LaRouche is the chairwoman of the Civil Rights Movement Solidarity (BüSo) in Germany. She issued this leaflet on Nov. 21; it has been translated from German, and subheads added.*

Most people sense that the financial crisis that has now been escalating for 15 months, and the “sudden” collapse of the real economy, are only the beginning. These were just the first waves of the storm, but the really powerful tsunami wave is coming toward us. The catastrophe could still be avoided, but that would require responsible figures in governments and financial institutions to admit their mistakes and accept competent help.

But here we have a problem: Those who now should be taking decisive measures to defend the common good are still not ready to face up to the origins of the crisis. The communiqué of the G-20 summit in Washington on Nov. 15 admitted that “risks in the financial markets were underestimated.” The latest annual advisory of Germany’s Council of Economic Advisors, the so-called Five Wise Men, speaks in nebulous terms of “a darkening of the entire economy” as the main reason for the crisis. “The chain of failure includes many,” declared President Horst Köhler at a conference of top bankers in Frankfurt—and one can only agree with him.

But Köhler’s perhaps well-intentioned, but completely ineffective, appeal to the bankers who made “a lot of money” in recent years, to set up a “Hardship-

Case Fund,” is hardly a strategy to overcome the crisis, and the answer from those so addressed was just a tired smile. It is clear from all these statements, that the government, as well as the so-called experts, are still not willing or able to take the necessary steps to reorganize the financial system.

### **Derivatives: The Main Problem**

In Europe, it is Italian Finance Minister Giulio Tremonti who, as a government representative, has had the courage to call a spade a spade, when he compared the financial crisis to a video game, in which every time you kill one monster, another pops up. And when you kill all of them, along comes the super-monster, which is derivatives outstanding.

This is exactly where the body is buried! Now panic is setting in, as investors in November have been massively withdrawing their deposits from hedge funds and financial institutions, in turn, forcing these to sell whatever assets they can. This generates a double feedback-loop: Since the depression is coming to a head, asset prices are falling—most of them having been bought on credit in the first place—which further stresses the balance sheets of banks and hedge funds, which therefore curtail their lending even further. These various intensifying phases of “deleveraging” of so-called structured paper are the main problem.

The volume of derivative contracts outstanding was said to be, according to the Bank for International Set-



EIRNS/Christopher Lewis

*Opel, the German subsidiary of GM, is seeking a government loan guarantee of 1.8 billion euros, in the event of a “worst case scenario.” Here, the factory in Rüsselsheim.*

lements, \$675 trillion at the end of 2007; the French magazine *Marianne* recently gave the figure as \$1.4 quadrillion, but it could be much more. If an attempt is now made to honor what these bankers themselves call “toxic waste,” then, on the one hand, this leads to hyperinflation, since more and more liquidity is pumped in to try to back up the virtual values; but at the same time, it brings on deflation, since the collapse of the real economy leads to falling prices.

This is the reason for the breathtaking speed of collapse of the real economy worldwide—the auto sector, the steel industry, petrochemicals, construction, shipping, etc., etc. And it is a global phenomenon: The U.S.A. is plunging into depression; China’s American export market is collapsing; the Chinese economy is falling apart; China is no longer buying textile machinery in Germany; shipping is collapsing, since in the four or five weeks that it takes a ship to go from Europe to Asia, conditions have dramatically changed, so that the letters of credit are no longer accepted, etc., etc.: a downward spiral to . . . ! Until an orderly bankruptcy reorganization is carried out.

### **The Roosevelt Solution**

Fortunately, there is an historical precedent for how the problem can be solved: We need a new financial architecture, in the tradition of Franklin D. Roosevelt’s Bretton Woods System: a New Bretton Woods. That was the idea that motivated French President Nicolas Sarkozy to propose the summit meeting of the G-20 countries, and this is the policy that is being proposed by Tremonti on a daily basis. This is what Lyndon LaRouche and I have proposed for a long time—since the

beginning of the 1990s, to be precise. We must win the Berlin government over to supporting this policy.

We need a real New Bretton Woods conference, at which a new financial system is decided upon, just as Roosevelt intended in 1944; that is, replacing colonialism with a new, just economic and financial order.

Second, we need a worldwide New Deal, such as Roosevelt implemented in the U.S.A. during the 1930s, to end the Depression through state credit creation.

Concretely, for Germany, this means that after (!) reorganization by means of a New Bretton Woods system, there must be an investment program of about Eu200 billion for the creation

of full, productive employment, as the BüSo has demanded for years. We need to build the Eurasian Land-Bridge as the centerpiece for reconstruction of the world economy.

From a technical standpoint, such a reorganization is absolutely no problem. The problem lies elsewhere. For the last four decades, the economy and morality have been completely separated from one another, and a unrestrained dog-eat-dog society and personal profiteering have taken control. On the one side, you have totally unnecessary luxuries, such as the recent dedication of an artificially created luxury island in Dubai, which was apparently planned as a refuge for the super-rich before the outbreak of a world financial crisis; at the opening festivities, the fireworks alone cost \$20 million and 1.7 tons of lobster was consumed; on the other side, billions of people are threatened with starvation and brutal poverty.

Pope John Paul II, in his encyclical *Centesimus annus* (1991), called it an “abuse in the sight of God and humanity, if someone directs his capital against the people and their work,” and this has happened, without a doubt, under the now-shattered system of globalization. We need a new paradigm, in which the economy and morality are brought into harmony, and man is placed at the center of politics and economics.

Do you really want those who neither foresaw the crisis, nor are ready now to come to terms with its real origins, to be left to decide what should happen now?

I propose that you help us, the BüSo, to carry out the necessary mobilization of the population, so that we can implement a New Bretton Woods System and a new New Deal!

# Mexican Nationalist Leader Backs PLHINO: Northwest Hydraulic Plan

by Alberto Vizcarra Osuna

*The author is the secretary of the Pro-PLHINO Committee, and a longtime associate in Mexico of Lyndon LaRouche.*

“The Northwest Hydraulic Plan (PLHINO) is one of the projects that should be aggressively promoted, so that, through investment in infrastructure, the entirety of the economy is reactivated, which is without doubt one of the necessities facing the country in these times of world financial crisis.” This endorsement of the PLHINO came from Cuauhtémoc Cárdenas Solórzano, national leader of Mexico’s Party of the Democratic Revolution (PRD), at a press conference held just hours before he participated in the forum “Oil: Lever for Mexico’s Industrial and Agricultural Development,” sponsored by the Pro-PLHINO Committee of the 21st Century and held November 13 in Ciudad Obregón, a city in southern Sonora located in the Yaqui Valley, one of Mexico’s most important agricultural regions.

Attending the forum, in addition to representatives of the 30 organizations that make up the Pro-PLHINO Committee—which include agro producers, trade unions, and business and other types of associations—was a gathering of citizens representing all of the region’s main political interests. Over the past few months, these have identified with the fight to reestablish an economic policy in which the state returns to an emphasis on investment in infrastructure, in order to deal with the tremendous challenges the current crisis is posing.

Also participating in the forum was Sen. Alfonso Elías Serrano (PRI), currently on leave from the Senate, who mobilized support in that body last April to demand that both the Congress and the President allocate funds for building the PLHINO. Sonora Gov. Eduardo Bours Castelo, also a PRI leader, sent his Secretary of Agriculture Alejandro Elís Calles, as his representative to the forum. Also present was Ciudad Obregón’s Municipal



*Cuauhtémoc Cárdenas*

President Francisco Villanueva Salazar.

In his opening address to the forum, Elís Calles reiterated Governor Bour’s commitment to the campaign to build the PLHINO, and warmly greeted Cuauhtémoc Cárdenas, saying that his presence at the event reminded everyone of the importance of using oil resources to fund great infrastructure projects. He contrasted that necessity to the fact that in just three days recently, the federal government decided to allocate the equivalent of the entire PLHINO budget—more than \$12 million—to try to halt the speculative run against the Mexican peso.

## **A Great and Noble Cause**

The social and political composition of the audience, including leaders of the opposition PRI and PRD parties as well as various social organizations, and representatives of the state government, proves that the invitation to participate in a great and noble cause holds the potential to inspire the most profound national ideals. In that sense, the social and political alliance that has formed to demand the building of the PLHINO, is the seed crystal of the kind of national unity that we Mexicans need to reverse the disastrous economic policies that have, over the past two decades, decimated the country’s productive capabilities and driven half the population into poverty, unemployment, and hunger.

Alberto Rosas López, head of the Committee’s board of directors, gave the welcoming speech to Cárdenas before an audience of more than 250 people (see below), who listened attentively to his assessment of the world financial crisis. He noted that the G20 summit in Washington was about to take place, and said that the majority the governments of the world “publicly recognize that the idea of an omnipotent market, which should not be changed by any state intervention, is crazy.”



After this introduction, the event continued with the speeches of Alberto Vizcarra Osuna and of Cuauhtémoc Cárdenas. Vizcarra opened his presentation by stressing that Cárdenas's presence at the Forum coincides with a nationwide debate over the management of the country's oil resources, and that linking defense of the national patrimony with the building of great water, energy, and food infrastructure projects gives the population a clear idea of how to proceed in the face of the world crisis.

To propose austerity plans and redistributionist economic policy, along with such gestures of "solidarity" with the poor as the proposed reduction of wages of the upper levels of the bureaucracy, are simply variants of the same monetarist thinking that has destroyed the country over the past 25 years, said Vizcarra. The nation needs to be *physically* rebuilt, he argued, and towards this end, the PLHINO is not a single issue, but rather a crucial strategic intervention for the present and future of the nation.

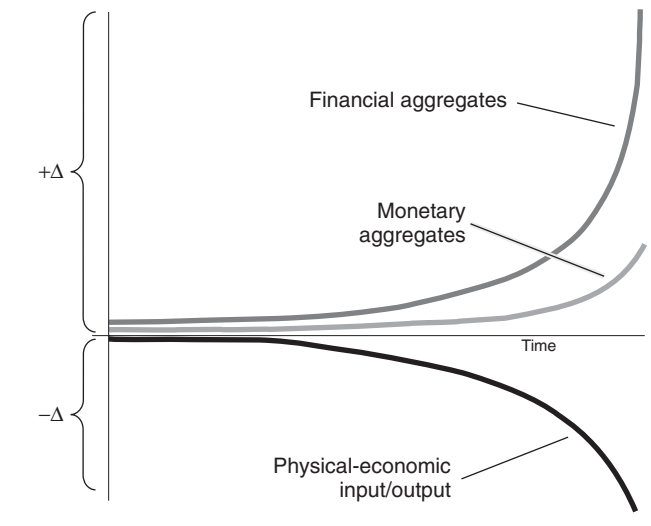
Vizcarra dedicated the major portion of his address to explaining how one arrives at formulating a capital budget, using the case of the PLHINO as an example. He presented the recent document published by the Committee, entitled "PLHINO or Chaos." Using a pedagogical approach, Vizcarra went through the contents of that paper, driving home the point that the expression "PLHINO or Chaos" is not just a nice media soundbite, but the reality in which Mexico finds itself today, in the context of world financial collapse. To dramatize, he said, is not to exaggerate, but rather to provide the population with the elements it needs to be able to locate itself within reality.

### LaRouche's 'Triple Curve'

If this is our methodology, Vizcarra continued, then we will ask the right question. And that, he said, is not how much the PLHINO will cost, but how much chaos will cost us if we don't build the PLHINO. Assisted by a slide presentation, he explained the reason we are in a crisis whose nature cannot be summed up by the word "recession," or even "depression." Rather, he said, it can only be understood as the concept contained within the "Typical Collapse Function" represented by LaRouche's "Triple Curve" graphic (Figure 1).

Elaboration of this graphic, along with an explanation of the disproportionate relationship between the growth index of the world's GDP and the wildly growing financial derivatives bubble, allowed the audience

FIGURE 1  
LaRouche's Triple Curve



to grasp the idea that only by eliminating that vast cancerous speculative debt, and protecting physical-productive activities, as well as banking operations, will the world economy be able to survive.

Vizcarra went on to explain that when the time came to present a capital budget for the PLHINO, the last thing to be considered were the monetary and financial elements, so as to avoid falling into a fatal mistake based on the insane ideology that money is the source of wealth. At the same time, he said, we prepared a bill of materials for the PLHINO, which he also demonstrated with a slide. That bill of materials, he said, allowed us to come up with a balance between the capacity of the national economy and the physical requirements of building the PLHINO. What we discovered, he said, is that 85% of the PLHINO's requirements could be comfortably met by the physical capabilities of the national economy. This means, said Vizcarra, that in order to build such projects, the nation does not need to resort to foreign indebtedness. Only 15% of the project would require the use of foreign currency to import capital goods.

In terms of physical capabilities, Vizcarra said, the Committee prepared a capital budget for the PLHINO which was based on the idea of creating a Fund for Economic Expansion and Growth, supported in part by oil revenues, which would permit the issuance of sovereign credit exclusively directed toward production, and under the strict condition that the rate of growth of the economy must always exceed the net growth of the debt and its service.

# Mexico's PLHINO Project



# Mexico's Major Rivers



*The PLHINO (Northwest Hydraulic Plan) "is one of the projects that should be aggressively promoted, so that, through investment in infrastructure, the entirety of the economy is reactivated," declared Cuauhtémoc Cárdenas, at a press conference preceding the Pro-PLHINO Committee forum on Nov. 13. The map above also shows the PLHIGON (Hydraulic Plan of the Northern Gulf). This map shows the major rivers in Mexico*

Source: INEGI (Mexico).

Credit policy, Vizcarra concluded, is based on the principle of believing in economic potential, and not in the suicidal monetarist aberration of cost-benefits. If we believe in economic potential, if we believe in the PLHINO, then we have a future. Without that, we have no future.

### **The National Debate on Oil**

Cárdenas then gave an comprehensive presentation on the debate surrounding the oil reform, and emphasized that the oil industry is playing an important role in the country's strategies for dealing with the difficult situation that is evolving, due to lack of economic growth and job creation. He indicated that one mustn't lose sight of the role that oil plays in the life of the country. It has already contributed, he said, to 40% of the nation's public investment. Cárdenas acknowledged advances in the energy reform, but indicated that there are omissions in planning, and in the use of resources, to strengthen national productive chains.

Loopholes that would allow for the designation of oil exploration and exploitation zones should be closed, Cárdenas said, so that contracts can be granted based on the size of the project to be built in a specified period of time. This would prevent PEMEX from losing control over decision-making in matters related to oil exploration and exploitation in specific zones of the country.

In insisting that oil should once again serve as a lever for Mexico's industrial and agricultural development, Cárdenas said that projects like the PLHINO should be promoted in these times of world crisis, through investment in infrastructure and public works, thereby reactivating the entirety of the economy.

Cárdenas drew on the bill of materials to emphasize that the nation has sufficient engineers and capacity to produce the cement and steel required by a project like the PLHINO. The latter, he said, is a daring and ambitious project since it needs an investment of \$14 billion, a figure which is not beyond the means of the Mexican state, as it is a program designed to be completed in ten years, and therefore is achievable.

He criticized the inadequacy of the Calderón government's infrastructure program, and proposed that the Pro-PLHINO Committee's organizing in the Northwest region be replicated with the same intensity in other areas of the country, but especially in the states of Sinaloa and Nayarit, both of which would be directly involved in the hydraulic project. He concluded with a call for a debate in the Senate of the Republic.

---

## **'One Mexico for All'**

---

# **Pro-PLHINO Committee Welcomes Cárdenas**

*On Nov. 13, the Pro-PLHINO Committee of the 21st Century held a public forum in Ciudad Obregón, Mexico, on the topic of "Oil: Lever for the Industrial and Agricultural Development of Mexico." Pro-PLHINO Committee leader Adalberto López Rosas gave the following introduction of the featured speaker at the forum, Cuauhtemoc Cárdenas Solórzano, national leader of Mexico's Party of the Democratic Revolution (PRD). Rosas's speech was translated from Spanish; subheads have been added.*

Dear Engineer Cuauhtémoc Cárdenas,

I want to thank you for having agreed to participate in this Forum, a meeting in many respects similar to the one we held in July of 2005, when you were willing to exchange ideas with us on your proposal for "One Mexico For All." At that time, we jointly reviewed the signs of the world financial crisis, and we acknowledged the principle that the speculative dynamic of the international financial system was leading to an unprecedented crisis that would endanger the very existence of the financial system as a whole.

In that context, we located the urgency of Mexico reviving a vigorous policy of public investment in infrastructure projects, especially for water and energy management, to encourage economic growth and meet the urgent need to guarantee the food supply. We recognized that that would strengthen our internal market and would make us less dependent as well as limited to merely supplying cheap labor for the U.S. consumer market.

Months later, you sent us a personal letter of support for the Northwest Hydraulic Plan (PLHINO), and for the regional movement that we were launching at that time to promote this crucial water infrastructure project.

A little more than three years have passed since that meeting, and the speed and density of economic developments places us now in an extreme situation,

about which we had warned, to a large extent, during that Summer of 2005.

I remember that in our review of your proposal “One Mexico for All,” we emphasized that there was no way to maintain civilized social coexistence within the parameters of a world financial system designed to finance the speculator, to the detriment of productive processes. The continued existence of those practices for nearly 30 years on a global scale, has left us standing today on the threshold of a planetary economic hecatomb.

### **An Omnipotent Market Is Insane**

Although not all the governments of the world adequately grasp the nature of this crisis, the majority publicly recognize that the idea of an omnipotent market, which should not be changed by any state intervention, is insane. Today, nations such as Russia, China, Italy, and France recognize that the international financial system demands a restructuring to correct the aberrations that threaten the existence of civilization itself.

The day after tomorrow [Nov. 15], 20 nations representing Europe, Asia, Africa and Latin America will be meeting in Washington, and prior to that international gathering, Presidents, like France’s Nicolas Sarkozy, have already harshly questioned the economic doctrine that has led us to the current disaster, saying that the idea that the markets are always right is crazy. At the same time, they criticize the fact that the banks are speculating in the markets instead of investing savings in economic development—financing the speculators instead of the entrepreneurs. This is madness, acknowledged the French President, and “today, we are paying for it.”

Italian Finance Minister Giulio Tremonti warned that the incoming U.S. government must not continue with the bailouts that are transferring private speculative obligations to public budgets, and passing off current losses to future generations. The Italian minister said that the healthy finances should be separated from the bad, so as to neutralize the pernicious effect of financial derivatives.

The nations of the world are coming to recognize the correctness of what noted U.S. economist Lyndon LaRouche forecast concerning financial overleveraging, leading to a disintegration of the system as a whole.

With a scandalous blindness, the Felipe Calderón

government has, for months, underestimated the dimensions of the crisis. Now that the world is crashing down on our heads, the government has been forced to admit the threat that this crisis poses, although it has not taken a single important step to protect the country from its consequences.

It is clear that the crisis itself has ripped apart all the premises on which economic policy has been based, for the past 25 years, in our country. Major changes are going to be needed, far beyond what we’ve been hearing from the majority of the political forces represented in the government and in the Congress.

### **The Crisis Demands Solutions**

The idea that this crisis can somehow be managed, is unacceptable. The crisis demands solutions, not just austerity proposals for a population already desperate from unemployment and hunger. The crisis demands actions far beyond romantic gestures of solidarity with those who have less. The crisis demands that we rid ourselves of the belief structures that led us to accept the notion that the source of wealth is money, and that credit policy, the state’s key tool for promoting development, must be handed to private interests wedded to speculative practices.

Among other things, the crisis demands that the oil policy this nation has endured for more than two decades, be reformulated. It demands that oil profits be turned into the main support for a national credit policy directed toward capital investments. The crisis demands that the PLHINO be built, and that is why we have invited Engineer Cuauhtémoc Cárdenas to participate in this Forum.

The figure of Engineer Cárdenas is undeniably a national asset—not only because of his proven expertise in questions related to oil, but also because of his solid nationalist convictions. His character is clearly of great value, because of those two fundamental attributes, which combine intelligence with patriotism. But at times of crisis such as these, when the nation tends to become polarized, and simple posturing and stridency confuse the issues, Cuauhtémoc Cárdenas’s calm becomes indispensable: indispensable primarily in the challenge to make “Oil Once Again the Lever for the Nation’s Industrial and Agricultural Development”; indispensable in the fight to build the PLHINO.

Engineer Cárdenas, many thanks for accepting the invitation and the commitment.

---

# International Intelligence

---

## ***APEC Meeting: EIR Raises LaRouche Four-Power Plan***

EIR's correspondent Sara Madueno de Vásquez on Nov. 21 placed on the table what most of those attending the ministerial pre-meetings before the 2008 Asia Pacific Economic Cooperation (APEC) summit in Lima, Peru are too scared to say publicly: that the international financial system is dead and has to be replaced.

She asked Chinese Finance Minister Xie Xuren at his press conference: "Do you, Mr. Minister, believe that China would be prepared to propose to the United States, Russia, and India, as American economist Lyndon LaRouche is proposing, that jointly you convoke the rest of the world to discuss the urgency of imposing a new world financial architecture, a New Bretton Woods, inspired by that established with Franklin D. Roosevelt? By now, there is not the least doubt that the conclusions reached by the G-20 meeting, as LaRouche says, avoided the seriousness of the problem, and instead, worsened it. One of these nations definitively must take the first step toward turning the direction of history. Would China be willing to do so?"

The minister said that the question is a very interesting one, but did not answer it. The exchange was broadcast live, and again later, by Peru's 24-hour news channel, Canal N.

---

## ***Lord Malloch-Brown Seeks To Prolong Congo Crisis***

Lord Mark Malloch-Brown, the British Minister for Africa, Asia, and the United Nations, spent three days in the Democratic Republic of Congo the week of Nov. 17, and then went to neighboring Rwanda, intent on ensuring that the destabilization of the region continue. In Congo, he opened an officers' training school, saying that building up the Congo army was bet-

ter than sending in British troops. (This is something that should have been done ten years ago, after the end of the Mobutu regime, and before the subsequent, foreign-sponsored civil wars.)

On Nov. 20, he was in Rwanda, whose government has been sponsoring the rebel, Laurent Nkunda, who kicked off the latest unrest when he broke a ceasefire in August. Malloch-Brown called on Rwandan President Paul Kagame to use what he euphemistically referred to as his "influence" over Nkunda, to end violence in eastern Congo. Malloch-Brown said that Nkunda's group is "just a puppet group whose strings are pulled from Kigali," the capital of Rwanda. He said he would ask the Rwandan leader "to use his influence on the rebel movement."

As London's *Daily Telegraph* reported, "Rwanda is one of Britain's closest African allies, receiving 46 million British pounds of aid last year." So Malloch-Brown has a lot of leverage, if he wants to use it. He could stop the destabilization overnight, since, according to rebels cited in the *Telegraph*, Rwandan officers crossed the border and joined Nkunda's offensive in August.

Malloch-Brown also said that the mediation of former Nigerian President Olusegun Obasanjo, the official UN mediator, has helped to ease tensions. Obasanjo is closely linked to George Soros, a close associate of Malloch-Brown.

---

## ***Fallout from U.S. Rocket Attack in Pakistan***

One day after Pakistani Gen. Ashfaq Kayani, Chief of the General Staff, visited NATO headquarters in Brussels on Nov. 19, trying to keep the transport route through the Khyber Pass open for U.S. supplies to the Afghan War, the United States launched another rocket attack into Pakistan, killing five militants—two Arabs and three Uzbeks, according to a Pakistani intelligence source cited by the *New York Times*. This was the first of the 20 U.S. attacks across the Afghan border

which went beyond Pakistan's tribal areas in the border region.

The head of one major Islamic party, Jamaat-e-Islami, threatened to mobilize demonstrators to block the Khyber Pass if the U.S. air strikes are not halted, while Pakistani Taliban spokesman Ahmadullah Ahmadi said in a statement: "We will start revenge attacks across other districts if the U.S. drone attacks do not stop after Nov. 20."

Pakistani Premier Yousuf Raza Gilani, who is believed by many to have privately agreed to these U.S. attacks, was publicly critical. "These attacks are adding to our problems, he said. "They are intolerable and we do not support them." The Foreign Ministry lodged a protest over the air raids with the U.S. ambassador in Islamabad.

---

## ***UN Official: Gaza Faces 'Humanitarian Crisis'***

John Ging, the director of United Nations Relief and Works Agency (UNRWA), which feeds about half the population of Gaza, told McClatchy News Nov. 20, that the situation inside Gaza, as a result of an Israeli blockade now entering its third week, is "very precarious." Fuel has been cut off, power is being rationed and some neighborhoods are blacked out for 16 hours a day. Restaurants and bakeries have shut down for lack of food and fuel, and families are paying black-market prices for cooking fuel.

Israeli leaders say that the blockade will end as soon as Palestinian militants stop shooting rockets into Israel, but some Israeli leaders (not named by McClatchy) may be having second thoughts about the strategy of strangling Gaza.

Ging has no doubt that the strategy is backfiring. "Everybody involved in this is advocating very strongly for a change in approach of punitive sanctions through closure of the crossings," he said. "It's devastating from a human perspective, but also for the prospects for security, prosperity and peace."

LAROUCHE ADDRESSES PRIVATE GATHERING

## A Four-Power Bloc Can Break The Opposition to Reform

*Lyndon LaRouche made the following remarks to a private luncheon meeting in Washington, D.C., on Nov. 19. Subheads have been added.*

The most important thing is a clear understanding of where we stand. We have two issues: You have the issue of what the U.S. policy is going to be. I don't think the U.S. knows what its policy is going to be. There may be people in the incumbent government, and that which is about to be incumbent, who may respectively have ideas about what they're going to do, but I don't think any of them know what they're actually going to do. They may have ideas which they think they're going to have, but that's going to change because the circumstances are going to change in a very shocking way.

We're leaving an administration which is totally bankrupt. It's created a greater mess than any U.S. Presidency in recent record. The situation's almost hopeless. We're now in the terminal phase of the existing international monetary system: This monetary system will not exist much longer. I'm talking about weeks, as a probable case. You probably will have, as of the middle of January, you might have a peep out of France, from the President; so far, I don't think he's made up his mind exactly what he's going to do, but he might do something. Otherwise, from Western and Central Europe, you can't expect much of an initiative. You certainly will not get anything useful out of the United Kingdom at this time.

What is probable, and what is possible—but it's a big question mark—is, what is going to happen with the incoming administration in the United States. It's a very complicated question. Because there are deals, there are interests, there are arrangements, and I don't think any of these plans are going to work. I think this is a period in which most of the plans that people are making in government are going to fail, because the system is going to change very rapidly, and very profoundly.

We are in the end-phase of a general *breakdown* crisis, of the international monetary system. There has been nothing comparable to this in European history, since the 14th-Century New Dark Age. We are going to have a total collapse of the system.

### **Governments Have Been Lying**

Now, the system's failure is complicated by the fact that governments have been lying. The crisis is not caused by a breakdown in some mortgage crisis inside the United States, or something in England. The crisis comes from the top down: The crisis comes from a long-term trend since 1968, which is the beginning of the problem, which led into what the Nixon Administration did in cancelling the Bretton Woods system. This opened a period of instability, which was aggravated by the creation of the expanded spot market for petroleum, 1973 and so forth.

So, suddenly, you had a fundamental change in the characteristic of the world monetary system, and this

went through a phase. It went through a phase of deindustrialization of Europe and the United States, especially following the developments of 1989-1990, and so forth. So we have gone through a fundamental change.

In point of fact, the United States has had *no net growth*, in terms of physical standards, since fiscal year 1967-68. There has been absolutely *no* physical expansion in the United States. We've had a comparable situation in Europe, which became worse, after the fall of the Wall, when the conditions were put in by Margaret Thatcher, François Mitterrand—then the President of France—and George Bush, the father, then. These conditionalities sent Europe into a spin: Germany has been shrunken, actually, in net effect, as a result of these conditions. And from now, Europe—Western and Central Continental Europe—are essentially impotent; Britain is going heavily into a crisis.

Therefore, the only remedy, in this crisis, because of the nature of the breakdown of the system, is creating a new international system, to replace the present monetary system, while putting the old monetary system into bankruptcy. Remember, most of you know that the United States, constitutionally, is not a monetary system. The United States is unlike any nation of Europe: that our system is a credit system, not a monetary system. All other countries in Europe—some with more or less independence—are participants in an international monetary system, which is not controlled by any government. Even though the monetary system has agreements with governments, it is not controlled by them; whereas under the U.S. Constitution, the creation of currency, or related credit, can only be done by consent of Congress, and by action of the Executive branch.

Therefore, our currency—when our law is enforced—is entirely a credit currency; it's a currency of the U.S. government, the currency of the U.S. people. Whereas the other countries have monetary systems, where they participate by agreements with governments at a central monetary system, or a group of central monetary systems.

Therefore, the European system is essentially an imperialist system, in the sense that Europe is dominated by a monetary system, which belongs to no country, although each country has agreements with the monetary system. This is a continuation of the old Venetian system, under which an imperial power, in the old times, since about 1000 A.D., the Venetian interests, the financier interests, control the credit and currency of

the world. And functioned like an empire. This financial empire made agreements with governments, or controlled governments entirely. That was the system that crashed in the great crash, the great breakdown crisis in the 14th Century.

Since that time, there has been no fundamental

---

---

*The system is going to change very rapidly, and very profoundly. We are in the end-phase of a general breakdown crisis, of the international monetary system. There has been nothing comparable to this in European history, since the 14th-Century New Dark Age. We are going to have a total collapse of the system.*

---

---

change: Europe still operates on the basis of monetary systems, which are based on *supranational* monetary systems, which have contracts with governments.

### **The United States Is Unique**

But the United States is unique among leading governments, even though de Gaulle wanted to go in the same direction, but unique in the sense that our Constitution means that our government, in its credit system, is the system of the United States.

Now: Since we have a world monetary system, the so-called IMF system, today, this system is hopelessly bankrupt. The cause of the problem is not some mortgage crisis. The cause of the crisis, which broke out in July of 2007, was a result of an increase of an expansion of derivatives, which now totals to obligations in excess of *quadrillions of dollars!* The greatest amount of this expansion occurred under the administration of the former head of the Federal Reserve System, Alan Greenspan. And we have now quadrillions of dollars of obligations, so denominated, which are *self-expanding* obligations. This hyperinflationary monster is eating the world, and the only thing we can do is put it out of its misery: Put it into bankruptcy by governments, by agreements of governments, and create a new international system, which is based on credit systems, such as the Constitution of the United States provides.

What we have to have, also, is a fixed-exchange-rate system, like the one that Roosevelt intended, when he was still President. So, what we will have to do, is, we're going to have to put the entire system into bankruptcy reorganization, by decisions by the sovereign governments.

### **Four Sovereign Governments**

Now, to do this, there are four sovereign governments on the planet, who are absolutely crucial in launching something, which can then be participated in by other governments. These are, the United States, Russia, China, and India. If these four countries enter into an agreement to reform the monetary system, and replace it with a credit system, we can get out of this mess alive, and safely. Because, if these four powers agree, and this represents a margin of power absolutely required to force through the reform, then Japan will automatically join; it's in its interest to do so. Korea will join; it's in its interest to do so. Other weaker countries will join; it's in their interests to do so. On that basis, we can create a *fixed-exchange-rate system*, to do what the original fixed-exchange-rate system was intended to do. We can use the credit system, based on this agreement, to reorganize the bankrupt monetary system, make sure that the immediate agreements that have to be reached can be settled. We can start to expand production, solve some of these problems, and postpone settlement of some of the other matters into the future, as you often do in a general bankruptcy reorganization.

It's the only chance, right now. And it depends upon good diplomacy, among the United States, Russia, China, and India, knowing that other countries will gladly join such a union, once it's started. And it will have to lead to a fixed-exchange-rate system, because we're going to have to launch long-term credit agreements, for large projects, especially in areas such as Asia, where you have whole regions, 70% of the population is extremely poor, and underdeveloped; Africa, which is potentially a large food-growing area, but is not able to do so, because of the present conditions.

We must create those conditions. This means, large-scale infrastructure development of things like power systems, sanitation systems, and so forth, to enable Africa to get on its own feet again. So these kind of projects will be necessary, and these are long-term projects. They need two generations of investment, or longer, in mass transportation, power, and so forth. And we can come out of this.

But we're at the point, that this kind of agreement and discussion among nations is absolutely indispensable: There is *no way*, that you can make a compromise with the existing system, and survive. All attempts at compromise will fail! Because they will lead immediately to disaster: You have quadrillions of dollars of obligations, all of a short-term nature, coming down on the whole system! And there's no way you can postpone that thing. You come to the point, and say, "We are not going to honor derivatives obligations! We're going to freeze them, first. We're going to defend the economies, first. We're going to have a bankruptcy reorganization, which is in the *general interest*, first, the general interest of nations and their peoples.

And this requires power to push it through, because the powers that are imposing this crash upon us, do have a lot of power. Therefore, you need a combination of power strong enough to break the will of that opposition. With that combination, we can succeed.

And that's the kind of crisis we face.

### **A New American President**

Now, we have a new President of the United States coming in, a President-elect—if somebody doesn't kill him, because you're in a kind of period where those things happen, in times of crises like these, highly unstable. And the trick is, to get *this* Presidency, of the United States, by one way or another, to enter into this kind of agreement, with Russia, China, and India, that I've indicated; and bringing in other nations who are informed of what this is all about, into the agreement. But the basic thing, is we need a power bloc, which is powerful enough to break the back of the opposition to a reform. And that's where I think we stand right now. Everything flows from that.

So it's a very interesting period. And the month of January is going to be extremely interesting, if we don't have a complete blowout before the end of this year. That's the kind of world we're living in. It had to come to this. We've been insane for a long time; we've been doing insane things for a long time. And now somebody came up and just presented the bill to us, for what the costs of this insanity were. And so, the time is, we just have to act like governments, take our responsibility seriously, come to agreements, agreements of reform, and adopt a perspective which is *fair to all concerned*. Which I think we can do fairly easily, if reasonable governments realize how serious the danger is, right now.

Thank you.



---

# National News

---

## Senator Inhofe: Paulson Threatened Martial Law

Sen. James Inhofe (R-Okla.) said Nov. 20 that it was Treasury Secretary Henry Paulson who personally told members of Congress that there would be martial law in America, if they did not pass the bailout of the banks as demanded by the Bush Administration.

Inhofe, speaking on KFAQ radio in Tulsa, has confirmed who it was that issued this threat. Interviewer Pat Campbell asked Inhofe, "Somebody in D.C. was feeding you guys quite a story prior to the bailout, a story that if we didn't do this, we were going to see something on the scale of the Depression; there were people talking about martial law being instituted, civil unrest. Who was feeding you guys this stuff?"

Inhofe replied, "That's Henry Paulson... The 19th of September, we had a conference call. In this conference call, and I guess there's no reason for me not to repeat what he said, but he said, he painted this picture you just described. He said, 'This is serious. This is the most serious thing that we faced.'"

Inhofe has demanded that the remaining funds not already given away be taken back by the government.

---

## Paulson May Be Hit With Criminal Probe

The political newsletter *The Big Picture*, produced by Richard Whalen, a longtime Republican Party strategist and author, has reported that Sen. Charles Grassley (R-Iowa), the ranking Republican on the Senate Finance Committee, has written to the Treasury Department inspector general, Eric Thorson, demanding an investigation into a conflict of interest involving Treasury Secretary Henry Paulson. "Grassley's immediate concern," Whalen wrote, "questions the 'relationships' between ex-Goldman Sachs officials now

serving in Washington and Board members at two merging banks, Wells Fargo and Wachovia. These 'relationships' gave the 'appearance of preferential treatment,' to the tune of nearly \$20 billion in tax savings for Wells Fargo. This was done by making a tax code change without Congressional approval."

Whalen documented the sequence of events, beginning in late September, when Robert Steel, a former Goldman Sachs colleague of Paulson, who was brought to Treasury by Paulson, moved over to become CEO of Wachovia Bank, at precisely the moment that Wachovia was going under, and was going to have to be bailed out or taken over. A takeover battle between Citigroup and Wells Fargo ensued, and was only settled when Wells Fargo was given a preferential tax break by Paulson, acting unilaterally without Congressional approval.

---

## Catholic Church Stops All Funding of ACORN

The Catholic bishops' subcommittee of the Campaign for Human Development, the domestic anti-poverty agency of the Church, has decided to cut off all its funding for ACORN (Association of Community Organizations for Reform Now), the community organizing group controlled by the George Soros funding apparatus. ACORN is an anti-Democratic Party "grassroots" network that helped Barack Obama to win the Democratic nomination and the November election.

Bishop Roger Morin, chairman of the subcommittee, said the Church has given \$7.3 million to local ACORN groups in the past ten years, and about \$1 million to various ACORN groups in 2007. The New Orleans *Times-Picayune* reported, "Morin said [the] bishops ... decided in June to cut off grants to all local initiatives of the Association of Community Organizations for Reform Now after learning that eight years ago, ACORN covered up a \$950,000 embezzlement at the national level... He said

[that] after ... alleged voter registration irregularities surfaced, that cutoff became permanent."

Aside from the Soros apparatus, ACORN entities received direct funding from the Obama Presidential campaign, huge subsidies from various Federal agencies, and millions in payoffs from banks in the predatory lending business, for ACORN to serve as their partners in "counselling" their mortgage victims.

---

## Senators, Others Demand Open Relations to Iran

At a meeting of the National Iranian American Council held in a conference room of the U.S. Senate Hart Office Building on Nov. 18, about 300 attendees broke into applause several times at the mention of the end of the Bush Administration.

Trita Parsi, an Iranian-American who heads the NIAC, opened the conference as one of the 20 experts who have signed a document calling for a new start with Iran, aiming at opening full diplomatic relations with that country.

Amb. James Dobbins is a co-chair of the American Foreign Policy Project that produced the proposal, and he spoke strongly in favor of opening up the talks now through the U.S. ambassadors in Baghdad, Kabul, New York (at the United Nations), and Geneva, with their Iranian counterparts, in addition to the nuclear talks. Dobbins served as the Special U.S. Envoy to the Afghanistan opposition just after the 9/11 attacks, and he talked about the full cooperation that Iran demonstrated after these attacks.

Sen. Arlen Specter (R-Pa.) and Rep. Tierney (D-Mass.) also spoke, advocating dialogue between the U.S. Congress and the Iranian parliament.

The NIAC meeting was one of several recent events in which senior diplomats, who have been shut out of the Bush-Cheney Administration, stepped forward to counter the Administration's war drives.

## In the Footsteps of Giovanni Boccaccio

by Michele Steinberg

On Jan. 11, 2006, Lyndon LaRouche gave an international webcast in Washington, D.C., “Rebuild a Looted U.S. Economy.” Three years later, the situation is far worse—the leaders of the world did not act as LaRouche prescribed, and we now stand on the precipice of a New Dark Age. In some regions it has already happened. But in that webcast, LaRouche provided the key to the puzzle of how to uplift the population, when all leaders have failed, and the people themselves must take the responsibility: the understanding of history with great irony, through the eyes, or in the footsteps, of such great figures as Italy’s Giovanni Boccaccio, Spain’s Miguel de Cervantes, and France’s François Rabelais.

Boccaccio lived from 1313 to 1375. In the middle of his life, the Venetian-controlled Lombard banking houses collapsed, because of which, coupled with the spread of the Bubonic Plague, Europe was plunged into a



*Giovanni Boccaccio's Decameron, written as the city of Florence was overcome by the Black Death in the mid-14th Century, is a caution for us today, as we face a similar collapse of civilization.*

Dark Age of nearly a century. In 1353, Boccaccio completed the *Decameron*, which opens on a hillside overlooking the once-prosperous Florence, ravaged by an unending collapse. In the book, 100 tales are told, over a ten-day period. It is a warning that few, outside of Lyndon LaRouche and his collaborators, understand today. However, unlike what Boccaccio faced in the mid-14th Century, today, there is still time to prevent the needless extermination of one-third to one-half of the population.

For citizens of all nations, we provide here a translation of an excerpt from the Introduction to the *Decameron*. But to situate this work, first listen to the wise words of LaRouche from that January 2006 webcast:

### In Grim Times, Use Irony

“These are grim times.

“Now, in grim times, people tend to become desperate, and frightened, and become incom-

petent, incapable of responding to the situation in a rational way. This has often happened in history. And there are certain people who have understood how to deal with this kind of problem.

“One of them was a fellow called Boccaccio. He comes from Florence, the area of Florence. And the events that he refers to occurred during the period of the Black Death, a period of a great financial crisis, like the one threatening the world today, in which one-third of the population of Europe was wiped out. Half of the cities, these parishes, in Europe, were wiped out. And roving bands of mad people, went from place to place, looting, in great mobs; they were called the Flagellants; they would whip each other, and go out in mobs and loot—that’s the way they would live.

“So, this happened: the Black Death. And Helga and I sat, one evening, back in the 1980s, on a hillside, across the Arno from Florence, in the same place that Boccaccio and his companions had sat, when he wrote the *Decameron*. And think of the content of the *Decameron*: Here they are, people who are outside the plague area, sitting on a hillside, looking across the River Arno, down into the city of Florence, where bodies are being dropped in the street, from this epidemic.

“This kind of thing is potentially going to happen here, in a depression. And the case we refer to here, in the case of what’s happened in Baltimore, Maryland,<sup>1</sup> is an example of how that can happen: These are grim times. And they require what Boccaccio did, which was to present this situation with irony. Not with slapstick humor, but with irony. And the fact that people could see the irony of the situation, enabled him, with the aid of the *Decameron*, to pick up the spirits of some of the people of that time. And they mustered the courage to go on to create what became known as the 15th-Century Renaissance, which was the beginning of modern European civilization.

“So, sometimes when you face grim times, as now, you must reach deeply into your sense of humor, to lift people up to, in a sense, laugh at the ugliness of fate. And in laughing at such fate, to find the strength in yourself to see clearly what can be done, rather than whimpering, and whining, and screaming, about how awful the situation is.”

1. The once heavily industrialized and economically thriving city of Baltimore, had fallen into desperate conditions, and seen a total collapse of public health, characterized by the spread of HIV/AIDS.

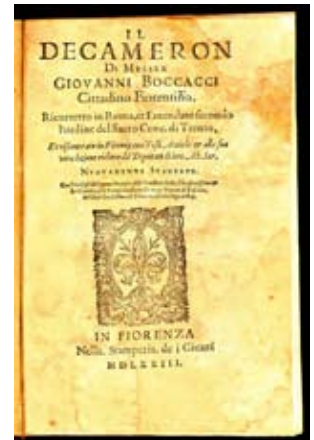
---

## The 14th-Century Dark Age

---

# Boccaccio’s Classic Tale of the Plague

*This selection from The Decameron by Giovanni Boccaccio, written ca. 1350-53, during the height of the Black Death in Europe, is taken from a translation by J.M. Rigg, London, 1921 (first printed 1903).*



### First Day: Introduction

Beginneth here the first day of the Decameron, in which, when the author has set forth, how it came to pass that the persons, who appear hereafter, met together for interchange of discourse, they, under the rule of Pampinea, discourse of such matters as most commend themselves to each in turn.

As often, most gracious ladies, as I bethink me, how compassionate you are by nature one and all, I do not disguise from myself that the present work must seem to you to have but a heavy and distressful prelude, in that it bears upon its very front what must needs revive the sorrowful memory of the late mortal pestilence, the course whereof was grievous not merely to eyewitnesses but to all who in any other wise had cognisance of it. But I would have you know, that you need not therefore be fearful to read further, as if your reading were ever to be accompanied by sighs and tears. This horrid beginning will be to you even such as to wayfarers is a steep and rugged mountain, beyond which stretches a plain most fair and delectable, which the toil of the ascent and descent does but serve to render more agreeable to them; for, as the last degree of joy brings with it sorrow, so misery has ever its sequel of happiness. To this brief exordium of woe—brief, I say, inasmuch as it can be put within the compass of a few letters—succeed forthwith the sweets and delights which

I have promised you, and which, perhaps, had I not done so, were not to have been expected from it. In truth, had it been honestly possible to guide you whither I would bring you by a road less rough than this will be, I would gladly have so done. But, because without this review of the past, it would not be in my power to shew how the matters, of which you will hereafter read, came to pass, I am almost bound of necessity to enter upon it, if I would write of them at all.

I say, then, that the years of the beatific incarnation of the Son of God had reached the tale of one thousand three hundred and forty-eight, when in the illustrious city of Florence, the fairest of all the cities of Italy, there made its appearance that deadly pestilence, which, whether disseminated by the influence of the celestial bodies, or sent upon us mortals by God in His just wrath by way of retribution for our iniquities, had had its origin some years before in the East, whence, after destroying an innumerable multitude of living beings, it had propagated itself without respite from place to place, and so, calamitously, had spread into the West.

In Florence, despite all that human wisdom and forethought could devise to avert it, as the cleansing of the city from many impurities by officials appointed for the purpose, the refusal of entrance to all sick folk, and the adoption of many precautions for the preservation of health; despite also humble supplications addressed to God, and often repeated both in public procession and otherwise, by the devout; towards the beginning of the spring of the said year the doleful effects of the pestilence began to be horribly apparent by symptoms that shewed as if miraculous.

Not such were they as in the East, where an issue of blood from the nose was a manifest sign of inevitable death; but in men and women alike it first betrayed itself by the emergence of certain tumours in the groin or the armpits, some of which grew as large as a common apple, others as an egg, some more, some less, which the common folk called *gavoccioli*. From the two said parts of the body this deadly *gavocciolo* soon began to



*As the great pestilence descends on Florence, bodies lie in the street, until removed by other citizens, who then are struck themselves by the disease; and so it spreads.*

propagate and spread itself in all directions indifferently; after which the form of the malady began to change, black spots or livid making their appearance in many cases on the arm or the thigh or elsewhere, now few and large, now minute and numerous. And as the *gavocciolo* had been and still was an infallible token of approaching death, such also were these spots on whomsoever they shewed themselves. Which maladies seemed to set entirely at naught both the art of the physician and the virtues of physic; indeed, whether it was that the disorder was of a nature to defy such treatment, or that the physicians were at fault—besides the qualified there was now a multitude both of men and of women who practised without having received the slightest tincture of medical science—and, being in ignorance of its source, failed to

apply the proper remedies; in either case, not merely were those that recovered few, but almost all within three days from the appearance of the said symptoms, sooner or later, died, and in most cases without any fever or other attendant malady.

Moreover, the virulence of the pest was the greater by reason that intercourse was apt to convey it from the sick to the whole, just as fire devours things dry or greasy when they are brought close to it. Nay, the evil went yet further, for not merely by speech or association with the sick was the malady communicated to the healthy with consequent peril of common death; but any that touched the clothes of the sick or aught else that had been touched or used by them, seemed thereby to contract the disease.

So marvellous sounds that which I have now to relate, that, had not many, and I among them, observed it with their own eyes, I had hardly dared to credit it, much less to set it down in writing, though I had had it from the lips of a credible witness.

I say, then, that such was the energy of the contagion of the said pestilence, that it was not merely propagated from man to man, but, what is much more startling, it was frequently observed, that things which had be-

longed to one sick or dead of the disease, if touched by some other living creature, not of the human species, were the occasion, not merely of sickening, but of an almost instantaneous death. Whereof my own eyes (as I said a little before) had cognisance, one day among others, by the following experience. The rags of a poor man who had died of the disease being strewn about the open street, two hogs came thither, and after, as is their wont, no little trifling with their snouts, took the rags between their teeth and tossed them to and fro about their chops; whereupon, almost immediately, they gave a few turns, and fell down dead, as if by poison, upon the rags which in an evil hour they had disturbed.

In which circumstances, not to speak of many others of a similar or even graver complexion, divers apprehensions and imaginations were engendered in the minds of such as were left alive, inclining almost all of them to the same harsh resolution, to wit, to shun and abhor all contact with the sick and all that belonged to them, thinking thereby to make each his own health secure. Among whom there were those who thought that to live temperately and avoid all excess would count for much as a preservative against seizures of this kind. Wherefore they banded together, and, dissociating themselves from all others, formed communities in houses where there were no sick, and lived a separate and secluded life, which they regulated with the utmost care, avoiding every kind of luxury, but eating and drinking very moderately of the most delicate viands and the finest wines, holding converse with none but one another, lest tidings of sickness or death should reach them, and diverting their minds with music and such other delights as they could devise.

Others, the bias of whose minds was in the opposite direction, maintained, that to drink freely, frequent places of public resort, and take their pleasure with song and revel, sparing to satisfy no appetite, and to laugh and mock at no event, was the sovereign remedy for so great an evil: and that which they affirmed they also put in practice, so far as they were able, resorting day and night, now to this tavern, now to that, drinking with an entire disregard of rule or measure, and by preference making the houses of others, as it were, their inns, if they but saw in them aught that was particularly to their taste or liking; which they were readily able to do, because the owners, seeing death imminent, had become as reckless of their property as of their lives; so that most of the houses were open to all comers, and no distinction was observed between the stranger who pre-

sented himself and the rightful lord.

Thus, adhering ever to their inhuman determination to shun the sick, as far as possible, they ordered their life. In this extremity of our city's suffering and tribulation the venerable authority of laws, human and divine, was abased and all but totally dissolved, for lack of those who should have administered and enforced them, most of whom, like the rest of the citizens, were either dead or sick, or so hard bested for servants that they were unable to execute any office; whereby every man was free to do what was right in his own eyes.

Not a few there were who belonged to neither of the two said parties, but kept a middle course between them, neither laying the same restraint upon their diet as the former, nor allowing themselves the same license in drinking and other dissipations as the latter, but living with a degree of freedom sufficient to satisfy their appetites, and not as recluses. They therefore walked abroad, carrying in their hands flowers or fragrant herbs or divers sorts of spices, which they frequently raised to their noses, deeming it an excellent thing thus to comfort the brain with such perfumes, because the air seemed to be everywhere laden and reeking with the stench emitted by the dead and the dying, and the odours of drugs.

Some again, the most sound, perhaps, in judgment, as they were also the most harsh in temper, of all, affirmed that there was no medicine for the disease superior or equal in efficacy to flight; following which prescription a multitude of men and women, negligent of all but themselves, deserted their city, their houses, their estates, their kinsfolk, their goods, and went into voluntary exile, or migrated to the country parts, as if God in visiting men with this pestilence in requital of their iniquities would not pursue them with His wrath wherever they might be, but intended the destruction of such alone as remained within the circuit of the walls of the city; or deeming, perchance, that it was now time for all to flee from it, and that its last hour was come.

Of the adherents of these divers opinions not all died, neither did all escape; but rather there were, of each sort and in every place, many that sickened, and by those who retained their health were treated after the example which they themselves, while whole, had set, being everywhere left to languish in almost total neglect. Tedious were it to recount, how citizen avoided citizen, how among neighbours was scarce found any that shewed fellow-feeling for another, how kinsfolk held aloof, and never met, or but rarely; enough that this

sore affliction entered so deep into the minds of men and women, that in the horror thereof brother was forsaken by brother, nephew by uncle, brother by sister, and oftentimes husband by wife; nay, what is more, and scarcely to be believed, fathers and mothers were found to abandon their own children, untended, unvisited, to their fate, as if they had been strangers. Wherefore the sick of both sexes, whose number could not be estimated, were left without resource but in the charity of friends (and few such there were), or the interest of servants, who were hardly to be had at high rates and on unseemly terms, and being, moreover, one and all, men and women of gross understanding, and for the most part unused to such offices, concerned themselves no further than to supply the immediate and expressed wants of the sick, and to watch them die; in which service they themselves not seldom perished with their gains.

In consequence of which dearth of servants and dereliction of the sick by neighbours, kinsfolk and friends, it came to pass—a thing, perhaps, never before heard of—that no woman, however dainty, fair or well-born she might be, shrank, when stricken with the disease, from the ministrations of a man, no matter whether he were young or no, or scrupled to expose to him every part of her body, with no more shame than if he had been a woman, submitting of necessity to that which her malady required; wherefrom, perchance, there resulted in after time some loss of modesty in such as recovered. Besides which many succumbed, who with proper attendance, would, perhaps, have escaped death; so that, what with the virulence of the plague and the lack of due tendance of the sick, the multitude of the deaths, that daily and nightly took place in the city, was such that those who heard the tale—not to say witnessed the fact—were struck dumb with amazement. Whereby, practices contrary to the former habits of the citizens could hardly fail to grow up among the survivors.

It had been, as to-day it still is, the custom for the women that were neighbours and of kin to the deceased to gather in his house with the women that were most closely connected with him, to wail with them in common, while on the other hand his male kinsfolk and neighbours, with not a few of the other citizens, and a due proportion of the clergy according to his quality, assembled without, in front of the house, to receive the corpse; and so the dead man was borne on the shoulders of his peers, with funeral pomp of taper and dirge, to the church selected by him before his death. Which rites, as

the pestilence waxed in fury, were either in whole or in great part disused, and gave way to others of a novel order. For not only did no crowd of women surround the bed of the dying, but many passed from this life unregarded, and few indeed were they to whom were accorded the lamentations and bitter tears of sorrowing relations; nay, for the most part, their place was taken by the laugh, the jest, the festal gathering; observances which the women, domestic piety in large measure set aside, had adopted with very great advantage to their health. Few also there were whose bodies were attended to the church by more than ten or twelve of their neighbours, and those not the honourable and respected citizens; but a sort of corpse-carriers drawn from the baser ranks, who called themselves becchini and performed such offices for hire, would shoulder the bier, and with hurried steps carry it, not to the church of the dead man's choice, but to that which was nearest at hand, with four or six priests in front and a candle or two, or, perhaps, none; nor did the priests distress themselves with too long and solemn an office, but with the aid of the becchini hastily consigned the corpse to the first tomb which they found untenanted.

The condition of the lower, and, perhaps, in great measure of the middle ranks, of the people shewed even worse and more deplorable; for, deluded by hope or constrained by poverty, they stayed in their quarters, in their houses, where they sickened by thousands a day, and, being without service or help of any kind, were, so to speak, irredeemably devoted to the death which overtook them. Many died daily or nightly in the public streets; of many others, who died at home, the departure was hardly observed by their neighbours, until the stench of their putrefying bodies carried the tidings; and what with their corpses and the corpses of others who died on every hand the whole place was a sepulchre.

It was the common practice of most of the neighbours, moved no less by fear of contamination by the putrefying bodies than by charity towards the deceased, to drag the corpses out of the houses with their own hands, aided, perhaps, by a porter, if a porter was to be had, and to lay them in front of the doors, where any one who made the round might have seen, especially in the morning, more of them than he could count; afterwards they would have biers brought up, or, in default, planks, whereon they laid them. Nor was it once or twice only that one and the same bier carried two or three corpses at once; but quite a considerable number of such cases



*These illustrations are from an early edition of the Decameron. Above: On the sixth day, a tale in which a character avoids embarrassment through a witty remark. Below: The seventh day; tales in which wives play tricks on their husbands.*

occurred, one bier sufficing for husband and wife, two or three brothers, father and son, and so forth. And times without number it happened, that, as two priests, bearing the cross, were on their way to perform the last office for some one, three or four biers were brought up by the porters in rear of them, so that, whereas the priests supposed that they had but one corpse to bury, they discovered that there were six or eight, or sometimes more. Nor, for all their number, were their obse-

quies honoured by either tears or lights or crowds of mourners; rather, it was come to this, that a dead man was then of no more account than a dead goat would be to-day. From all which it is abundantly manifest, that that lesson of patient resignation, which the sages were never able to learn from the slight and infrequent mishaps which occur in the natural course of events, was now brought home even to the minds of the simple by the magnitude of their disasters, so that they became indifferent to them.

As consecrated ground there was not in extent sufficient to provide tombs for the vast multitude of corpses which day and night, and almost every hour, were brought in eager haste to the churches for interment, least of all, if ancient custom were to be observed and a separate resting-place assigned to each, they dug, for each graveyard, as soon as it was full, a huge trench, in which they laid the corpses as they arrived by hundreds at a time, piling them up as merchandise is stowed in the hold of a ship, tier upon tier, each covered with a little earth, until the trench would hold no more.

But I spare to rehearse with minute particularity each of the woes that came upon our city, and say in brief, that, harsh as was the tenor of her fortunes, the surrounding country knew no mitigation; for there—not to speak of the castles, each, as it were, a little city in itself—in sequestered village,

or on the open champaign, by the wayside, on the farm, in the homestead, the poor hapless husbandmen and their families, forlorn of physicians' care or servants' tendance, perished day and night alike, not as men, but rather as beasts. Wherefore, they too, like the citizens, abandoned all rule of life, all habit of industry, all counsel of prudence; nay, one and all, as if expecting each day to be their last, not merely ceased to aid Nature to yield her fruit in due season of their beasts and their

lands and their past labours, but left no means unused, which ingenuity could devise, to waste their accumulated store; denying shelter to their oxen, asses, sheep, goats, pigs, fowls, nay, even to their dogs, man's most faithful companions, and driving them out into the fields to roam at large amid the unsheaved, nay, unreaped corn. Many of which, as if endowed with reason, took their fill during the day, and returned home at night without any guidance of herdsman.

But enough of the country! What need we add, but (reverting to the city) that such and so grievous was the harshness of heaven, and perhaps in some degree of man, that, what with the fury of the pestilence, the panic of those whom it spared, and their consequent neglect or desertion of not a few of the stricken in their need, it is believed without any manner of doubt, that between March and the ensuing July upwards of a hundred thousand human beings lost their lives within the walls of the city of Florence, which before the deadly visitation would not have been supposed to contain so many people! How many grand palaces, how many stately homes, how many splendid residences, once full of retainers, of lords, of ladies, were now left desolate of all, even to the meanest servant! How many families of historic fame, of vast ancestral domains, and wealth proverbial, found now no scion to continue the succession! How many brave men, how many fair ladies, how many gallant youths, whom any physician, were he Galen, Hippocrates, or Æsculapius himself, would have pronounced in the soundest of health, broke fast with their kinsfolk, comrades and friends in the morning, and when evening came, supped with their forefathers in the other world!

Irksome it is to myself to rehearse in detail so sorrowful a history. Wherefore, being minded to pass over so much thereof as I fairly can, I say, that our city, being thus well-nigh depopulated, it so happened, as I afterwards learned from one worthy of credit, that on a Tuesday morning after Divine Service the venerable church of Santa Maria Novella was almost deserted save for the presence of seven young ladies habited sadly in keeping with the season. All were connected either by blood or at least as friends or neighbours; and fair and of good understanding were they all, as also of noble birth, gentle manners, and a modest sprightliness. In age none exceeded twenty-eight, or fell short of eighteen years. Their names I would set down in due form, had I not good reason to withhold them, being solicitous lest the matters which here ensue, as told and heard

by them, should in after time be occasion of reproach to any of them, in view of the ample indulgence which was then, for the reasons heretofore set forth, accorded to the lighter hours of persons of much riper years than they, but which the manners of to-day have somewhat restricted; nor would I furnish material to detractors, ever ready to bestow their bite where praise is due, to cast by invidious speech the least slur upon the honour of these noble ladies. Wherefore, that what each says may be apprehended without confusion, I intend to give them names more or less appropriate to the character of each. The first, then, being the eldest of the seven, we will call Pampinea, the second Fiammetta, the third Filomena, the fourth Emilia, the fifth we will distinguish as Lauretta, the sixth as Neifile, and the last, not without reason, shall be named Elisa.

'Twas not of set purpose but by mere chance that these ladies met in the same part of the church; but at length grouping themselves into a sort of circle, after heaving a few sighs, they gave up saying paternosters, and began to converse (among other topics) on the times.

So they continued for a while, and then Pampinea, the rest listening in silent attention, thus began: "Dear ladies mine, often have I heard it said, and you doubtless as well as I, that wrong is done to none by whoso but honestly uses his reason. And to fortify, preserve, and defend his life to the utmost of his power is the dictate of natural reason in every one that is born. Which right is accorded in such measure that in defence thereof men have been held blameless in taking life. And if this be allowed by the laws, albeit on their stringency depends the well-being of every mortal, how much more exempt from censure should we, and all other honest folk, be in taking such means as we may for the preservation of our life? As often as I bethink me how we have been occupied this morning, and not this morning only, and what has been the tenor of our conversation, I perceive—and you will readily do the like—that each of us is apprehensive on her own account; nor thereat do I marvel, but at this I do marvel greatly, that, though none of us lacks a woman's wit, yet none of us has recourse to any means to avert that which we all justly fear.

Here we tarry, as if, methinks, for no other purpose than to bear witness to the number of the corpses that are brought hither for interment, or to hearken if the brothers there within, whose number is now almost reduced to nought, chant their offices at the canonical





*The ninth day, on which there is no prescribed theme for the stories. In this illustration by Sandro Botticelli (1487), the city of Florence can be seen in the background, beyond the trees, on the left.*

hours, or, by our weeds of woe, to obtrude on the attention of every one that enters, the nature and degree of our sufferings.

And if we quit the church, we see dead or sick folk carried about, or we see those, who for their crimes were of late condemned to exile by the outraged majesty of the public laws, but who now, in contempt of those laws, well knowing that their ministers are a prey to death or disease, have returned, and traverse the city in packs, making it hideous with their riotous antics; or else we see the refuse of the people, fostered on our blood, *becchini*, as they call themselves, who for our torment go prancing about here and there and everywhere, making mock of our miseries in scurrilous songs. Nor hear we aught but: Such and such are dead; or, Such and such are dying; and should hear dolorous wailing on every hand, were there but any to wail.

Or go we home, what see we there? I know not if you are in like case with me; but there, where once were servants in plenty, I find none left but my maid, and shudder with terror, and feel the very hairs of my head to stand on end; and turn or tarry where I may, I encounter the ghosts of the departed, not with their wonted mien, but with something horrible in their aspect that appals me. For which reasons church and street and home are alike distressful to me, and the more so that none, methinks, having means and place of retirement as we have, abides here save only we; or if any such there be, they are of those, as my senses too often have borne witness, who make no distinction between things

honourable and their opposites, so they but answer the cravings of appetite, and, alone or in company, do daily and nightly what things soever give promise of most gratification. Nor are these secular persons alone; but such as live recluse in monasteries break their rule, and give themselves up to carnal pleasures, persuading themselves that they are permissible to them, and only forbidden to others, and, thereby thinking to escape, are become unchaste and dissolute.

If such be our circumstances—and such most manifestly they are—what do we here? what wait we for? what dream we of? why are we less prompt to provide for our own safety than the rest of the citizens? Is life less dear to us than to all other women? or think we that the bond which unites soul and body is stronger in us than in others, so that there is no blow that may light upon it, of which we need be apprehensive? If so, we err, we are deceived. What insensate folly were it in us so to believe! We have but to call to mind the number and condition of those, young as we, and of both sexes, who have succumbed to this cruel pestilence, to find therein conclusive evidence to the contrary. . . .

*Following this, the group of seven young ladies and three gentlemen flee plague-ridden Florence to a pleasant villa in the countryside, overlooking the city (today, Fiesole). There, over a two-week period, they share 100 amusing and ironic tales, and while away the hours, as Italy, and the rest of Europe succumb to the ravages of the Black Death.*

### *When They Say Snow Is Black...*

Among the more telling remarks made by that archenemy of humanity, Lord Bertrand Russell, was his assertion that the test of an effective education was to produce in the student the “unshakable conviction that snow is black.” Some aspects of the current political debate on the global economic/financial breakdown crisis raise the question as to whether this condition has now been reached.

Take, for example, the statements made Nov. 19 by four economists on a telephonic press conference, in support of a new Federal government “economic stimulus,” in response to a question from *EIR*. Our reporter asked the four why they hadn’t emphasized that the cause of the economic collapse sweeping the globe was the breakdown of the financial and banking system, or discussed the need to reorganize the financial system in bankruptcy. All four, three of whom came from allegedly Democratic think tanks, vehemently agreed with the statement made by Dean Baker of the Economic Policy Research Center: “I think we stopped the financial collapse!”

He might as well have said that snow is black!

Of course, the Bush Administration itself has been at pains to try to support a similar assertion. But with each crash of the markets, or announcement of mass layoffs, or declaration of corporate bankruptcy, whatever “technical” interpretation Treasury Secretary Paulson is trying to put on the figures looks more and more ridiculous. And why would the so-called opposition be agreeing with Paulson and Fed chairman Bernanke’s assertions that they had stabilized the financial crisis?

The only explanation is that *none* of these economists are in the real world, or, if they are, are too terrified to admit that reality. To them, the economy basically comes down to the question of

money—where it is, and where it isn’t, who has it, and who doesn’t. They are prepared to pass judgment on the morality, or usefulness, of how the money is distributed. But they will *not* face the fact that the whole financial system on which this money is based, is kaputt—and must be replaced. They might as well be playing a game of Monopoly (and, under the current Fed system, that’s about what the currency will be worth!).

Real economy, on the other hand, as was defined by Gottfried Wilhelm Leibniz, U.S. Treasury Secretary Alexander Hamilton, and Lyndon LaRouche, concerns the physical principles by which a society reproduces itself. Thus, what must be measured is the production of the goods and services, the capital goods required for that production, the infrastructure upon which that production depends, and the productive powers of labor itself (dependent upon the creative powers of mind). None of this can be measured by money.

It is endemic among the Baby Boomer generation to believe that the U.S. economy, which has been collapsing consistently ever since the late 1960s, has progressed over the past 40 years, because “everyone” has more money! But, what will that money buy? What standard of living can it buy? And how much of it is nothing but debt?

Does no one today realize the irony of the prevailing practice of counting consumer *spending* as part of the Gross National *Product*?

There is reason to hope that the general population is not as “well-educated” as Russell hoped (and as the economists are), and will thus revolt against the raging depression, in favor of creating a new economic/financial system based on sound physical principles. Will it happen in time? That truly depends upon what you, dear reader, choose to do.



SUBSCRIBE TO

# EIR Executive Intelligence Review

## EIR Online

# EIR

Executive Intelligence Review  
September 19, 2008 Vol. 35 No. 37 www.larouchepub.com \$10.00

Since Sept. 7 Bailout: Pelosi Democrats Buckle  
LaRouche Asks: Are You Neotenusus?  
Will U.S. Allow Zardari's Political Survival?

**Bailout of the Speculators:  
Tantamount to Treason!**



**EIR Online** gives subscribers one of the most valuable publications for policymakers—the weekly journal that has established Lyndon LaRouche as the most authoritative economic forecaster in the world today. Through this publication and the sharp interventions of the LaRouche Youth Movement, we are changing politics in Washington, day by day.

## EIR Online

Issued every Tuesday, EIR Online includes the entire magazine in PDF form, plus up-to-the-minute world news.



I would like to subscribe to **EIR Online**

(e-mail address must be provided.)

- \$360** for one year  
 **\$180** for six months  
 **\$120** for four months  
 **\$90** for three months  
 **\$60** for two months
- Send information on receiving **EIR** by mail.

—EIR Online can be reached at:

**www.larouchepub.com/eiw**

e-mail: **fulfillment@larouchepub.com**

Call **1-800-278-3135** (toll-free)

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Country \_\_\_\_\_  
Phone ( \_\_\_\_\_ ) \_\_\_\_\_  
E-mail address \_\_\_\_\_

I enclose \$ \_\_\_\_\_ check or money order

Make checks payable to

**EIR News Service Inc.**

P.O. Box 17390, Washington, D.C. 20041-0390

Please charge my  MasterCard  Visa

Card Number \_\_\_\_\_

Signature \_\_\_\_\_

Expiration Date \_\_\_\_\_