

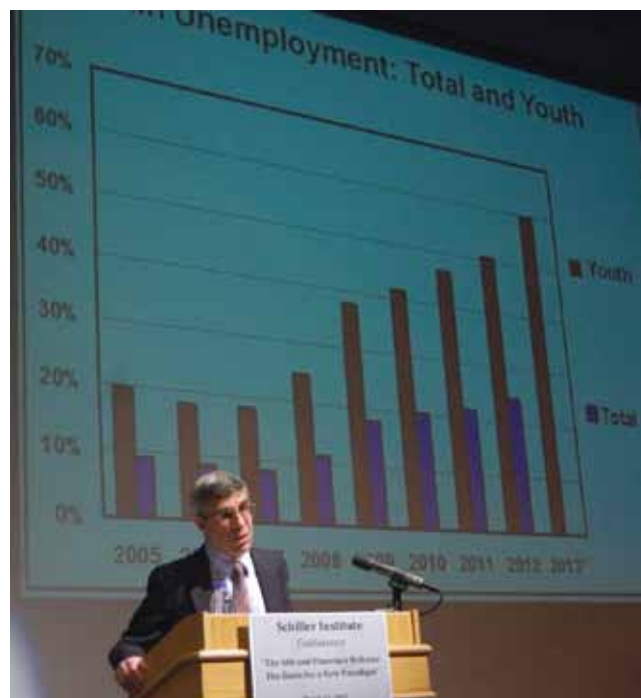
Glass-Steagall or Hyperinflation

We continue this week to present the speeches from the March 23 Schiller Institute conference, “A New Paradigm To Save Mankind: After 30 Years, the Need for the Principle of the SDI Today!” commemorating the anniversary of President Reagan’s announcement of the Strategic Defense Initiative on March 23, 1983. (See *EIR*, March 29, 2013, for coverage of the first panel, which included speeches by Helga Zepp-LaRouche and Lyndon LaRouche. Videos of the entire conference are posted at www.schillerinstitute.org).

The second panel was titled, “How To Stop the Hyperinflationary Blowout of the Trans-Atlantic Financial System through Glass-Steagall, a Hamiltonian Credit System, and the North American Water and Power Alliance (NAWAPA).” The speakers were: Dennis Small, *EIR* Ibero-American Editor; Alabama State Rep. Thomas Jackson; Indiana Farmers Union President James Benham; Michael Kirsch, LaRouche Political Action Committee; and Paul Gallagher, *EIR* Economics Editor. The panel was moderated by Dennis Speed.

Dennis Small: LaRouche’s Program To Solve The Breakdown Crisis

The fact of the matter is, that we are now in the thick of the breakdown crisis. The crisis has indeed struck. The crisis is in fact upon us, exactly as LaRouche has warned would be the case. In 2008, when the bubble

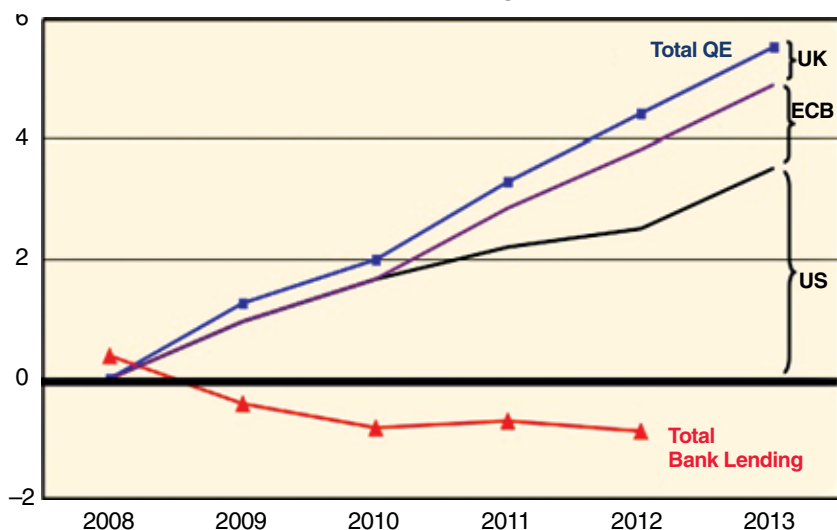


EIRNS/Stuart Lewis

Dennis Small focused on the destruction of labor power, as Nazi economic policy, under the regime of “quantitative easing”/hyperinflation. This is no accident, he said, but the deliberate intention of the British imperial system.

burst, it was so-called “solved” in the *exact worst way imaginable*. What happened is that massive amounts of bailout money, of so-called quantitative easing, were issued, which led to a hyperinflationary blowout which has made things simply worse. And if you take a look at

FIGURE 1
Trans-Atlantic QE and Bank Lending



the first slide (Figure 1), you'll get an idea of what I'm referring to.

Now, you may have seen things similar to this in our earlier presentations, but what you have here is the fact that the total amount of quantitative easing—let me explain what that term means: It means funny money, it means Monopoly money. It's just plain Monopoly money with no backing whatsoever. Since 2008, on principally Barack Obama's watch, there has been a total of about \$4.5 to \$5.5 trillion in funny money issued, between the United States, the ECB, and the Bank of England. Against that, supposedly the purpose of those was, of course, to give the banks some money so they could be so kind as to lend to us, and so on. And, of course, they got all of this money, and did they lend? No! Of course, they didn't lend. What actually happened is that total bank lending, dropped by a \$1 trillion over this period.

But this is only a small reflection of the problem. This is really not the gist of it. This is just one small piece, because what you had, was a massive bailout, way beyond this \$5 trillion or so in quantitative easing, and what you had was a total collapse of the physical economy in all parts of the world, in some places worse than others, but nonetheless, the entire physical economy has been imploding over the last five years. And that has brought us to the situation that we're facing today.

We Are All Cypriots

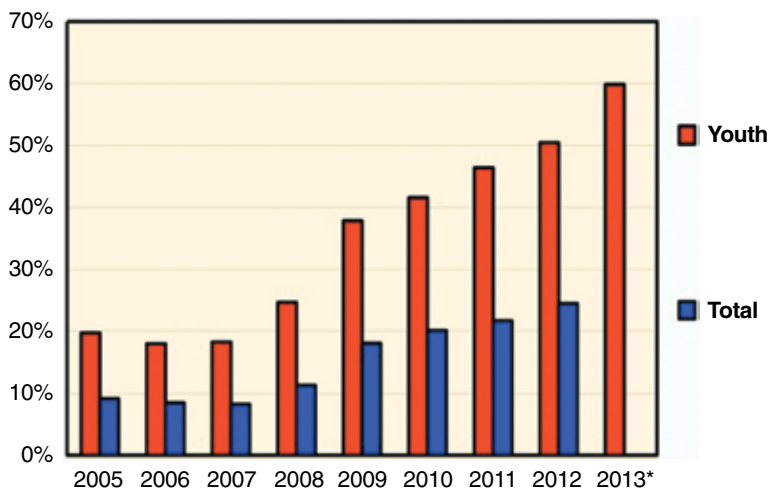
I'll give you an example: what happened just now in Cyprus. What you had was the seizure of the bank accounts around the Cyprus situation. In Spain, there are economists who are saying that right now, we're all going to face the same thing. They're going to seize our bank accounts, too. And you know what? It's okay: It's the way it goes. We simply have to accept that it is actually what is going to occur. And this very prominent Spanish economist says, "What we have to do, is realize that, out of the 23 million people in the labor force of Spain, there are no jobs for 5 or 6 million of them, as there is unemployment now for that many people (Figure 2). And what we have to do, he said, is,

we have to throw 'em out of the country. Just expel 'em! After all, they're foreigners, most of them."

So, if this smells a little bit like "first the Gypsies, then the Jews, and then everybody else," you're right! That's exactly what this is! This is Nazi economics, and that is the alternative that is being posed, and that we're facing today.

Now, what is behind this? What you have to ask yourself, if you want to know what the enemy is going to do—know thy enemy: If you want to know what he's going to do, look at his *intention*. Intentions are actually critical. And if you take a look at the next slide [quote

FIGURE 2
Spain Unemployment: Total and Youth



from Bertrand Russell, below—ed.] I think you have a very good summary of what the intention of the British Empire is. This is Bertrand Russell in 1951. You’ve heard a bit about him. He was the nice guy, who wanted to blow the Soviet Union to smithereens with nuclear weapons, before they had one themselves. After that, he became a little bit different in his tenor.

But Bertrand Russell is a straight genocidalist, and there’s a reason that Lyndon LaRouche called him “the most evil man of the 20th century”—and he would have been of the 21st, had he lived that long. What he said, and this is just one of his quotes, “War . . . has hitherto been disappointing in this respect [of population control], but perhaps bacteriological war may prove effective. If a Black Death could spread throughout the world once in every generation, survivors could procreate freely without making the world too full.” Now, this is the policy of the British Empire today, reducing the world population from 7 billion people down to 1 billion! And they’re very explicit about this. So, it’s very important to know what *the intentions* are, of your enemy. And in fact, I think it’s safe to say that, actually, the road to Hell is paved with *bad intentions*.

From the Top

Now, what’re we going to do about this? Let’s take this actually from the top. People are fairly familiar, I believe, with the LaRouche program, the three-point program: Glass-Steagall; a credit system, a Hamiltonian credit system; and great development projects like NAWAPA, like asteroid defense, like the common aims of mankind. But I want to go at it from the other way around: I want to take it from the top down. So this was as top as I could get, with a quick search for some pictures on the Internet (**Figure 3**). And I cannot vouch for the truth of that statement, that you’re actually there. I also want to assure you that this was *not* taken by Google Earth. They’re not up there yet. They’re not up to the task.

Now, we have to get outside the here and now. We’ve got to look at this from a standpoint of simultaneously looking at this, not just from here, from the local planet, as Ben [Deniston] was discussing earlier.

FIGURE 3



FIGURE 4

An Asteroid-Eye View of Planet Earth



We have to think of this from the standpoint, minimally, of our Solar System, and in fact, of our galaxy and the entire universe. And we have to look at this, not simply in terms of the immediate here and now, of this situation today, and this hour. We’ve got to think towards the future, because the future is actually here, now, and will happen, unless we change the course of events.

Now, the problems that we’re facing—I’ve been told by reliable sources, that the Sun is more than likely going to explode some time in the next 2 billion years. Now, that may seem like it’s fairly far away; it will, however, pose a pretty big problem to us. But, even more quickly than that, as the next slide indicates, what we’re looking at are very serious dangers to the existence of the entire species (**Figure 4**): This is an asteroid’s-eye view of the

planet Earth. And we've been discussing today, the kinds of dangers that the existence of the species faces, *if we don't get beyond the boundaries of the here and now*, and look at things from the standpoint of actually changing and affecting the future and the far reaches of our Solar System, the galaxy and the universe.

Now, possibly sooner than an asteroid impact, is the danger of thermonuclear war, which is a *very real* danger, and immediate danger, if we do not get humanity on the course of jointly organizing around the common aims of mankind. That is something that could happen in the very short term. And what's going to be required, to solve all of these problems, starting with the disappearance of our Sun, to the possibility of an asteroid impact, to the danger of nuclear war, to the *very great danger* of the entire world financial system disintegrating, *as is now occurring*, all of which threaten the human species in different ways, what we are going to have to do, is to think differently. We have to *think differently* to come up with solutions to these problems.

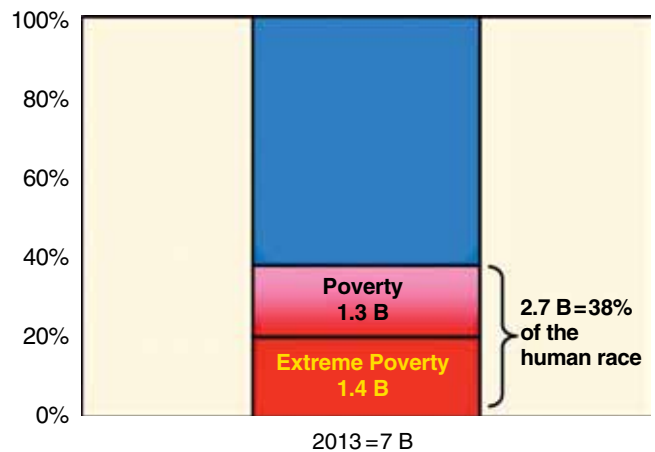
The Strategic Defense of Mind

We have to figure out, not what our senses detect around us, but we have to think about what the intention of the universe is: What are the principles that are guiding the development of the universe? And for anyone who doubts the concept that the universe actually has intentions, or that there is an intentionality given to the universe, in terms of its development, I simply ask you to contemplate the fact that man is part of the universe. In fact, we're a highly functional part of the universe, if we choose to not be jerks.

And that man is endowed with free will, which is to say, the same thing as creativity. That has been demonstrated empirically, not in an empiricist way, but empirically, over the course of human development of our species; and it demonstrates, in fact, that since *we* are characterized by that capacity for creativity, thus, free will, thus intentions do matter—good and bad—that the universe as a whole, of necessity, if we're part of it, which we are, is characterized by those same principles.

So we have to figure this one out, and we have to figure it out fast, and operate on that basis. That's what I mean, by taking this problem, the economic problem, from the top. The question is, man's ability to detect, to know, and to *change the intention of the universe*, depends on the development of the productive powers of labor. What I mean by the productive powers of labor, is this: the ability to think, creativity. That's labor. It's

FIGURE 5
World Population and Poverty



activity which changes the physical universe, and there's nothing more powerful, as a force, as a *material force* in the physical universe, than creative ideas.

Now, that increase of the productive powers of labor, is in fact, the source of wealth. That's where actual wealth comes from, not money—for sure, not these days, and you don't have to have a bank account in Cyprus to know that, although it's certainly proven there! But that's not the source of wealth. The source of wealth is man's unending, continuous *capability*, not guaranteed capability, of actually coming up with new solutions and new ways of addressing problems.

So, in one sense, what we're really talking about here, that I would pose is the real challenge facing mankind, is that we have to establish something that I would call the "strategic defense of mind." Because it is *that* which is most dearly threatened, and which is the most crucial thing to be defended.

How're We Doing?

Now, with that approach and outlook, that *intention* in mind, let's take a look at the planet, starting from the top, from the outside. Let's take a look at the population of planet, the most *precious* resource that we have: If it is in fact the case, that the development of the productive powers of labor *is the source of wealth*, of real wealth in an economy: How're we doing? As former mayor of New York City Ed Koch used to say, "How'm I doin'? How'm I doin'?" Some people will remember that. How are we doing? Where do we stand?

Well, take a look at the next slide (Figure 5): This

comes from plain old World Bank data, most of which I take to be false, so what I'm showing you are proportions, and they're probably off to some degree, but it gives you the idea. The stupidest thing we could possibly do, as a human species, is to take that which is most precious, and is the source of wealth, and either make people incapable of exercising that capability by making them so poor they can't think, so poor they're hungry all the time; or the other thing that's quite effective, if you want to achieve that result, is to just make sure they don't work—*unemploy* them.

Now, what we have here, is the fact, that *2.7 billion* human beings, out of a total world population of about 7 billion, *currently live in poverty*. Poverty, according to the wisdom of the World Bank, is defined as an income of less than \$2 a day.

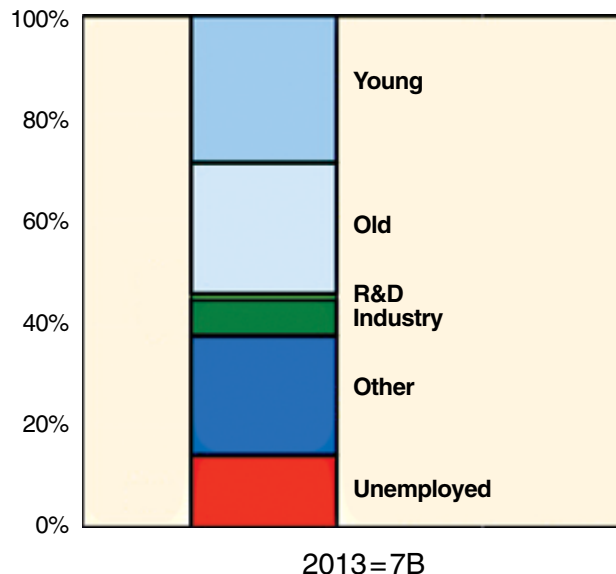
Now, again, forget the units and the measurements, just think about the idea here: *38% of the human race is poor!* And of that 38%, more than half, which is to say, 20% are *extremely poor*, live in extreme poverty. That's sometimes classified as "food hunger," which I gather does not require any further explanation from me. They quantify it as less than \$1.25 a day in income. So, that's pretty *stupid*, if we're allowing this to happen to the human race.

Now, let's look at the question of employment and unemployment. This is LaRouche's bar diagram (Figure 6), which many of you may be familiar with. It's reorganized a little bit to make the point. There's a certain amount of information on here, just to give the idea, but the important thing to look at is, first of all, *15% of the entire world's population is unemployed*. Now, since their [the World Bank's] figures say that about half of the population is part of the labor force—which I would dispute, but nonetheless, let's take them at their word on that—you're talking about a global unemployment rate of approximately 30%: A third of the workforce *of the world* isn't working! Pretty stupid. Or, pretty genocidal, depending on who's causing it and what their intention is.

Then, if you take a look at the areas of economic activity, even those who *are* working, the areas of economic activity, which produce changes in the productive powers of labor, which increase our ability to know, master, and make advances in the physical universe around us—industry, manufacturing, science, technology—where do we stand? *How're we doing?* Not so good! Seven percent of the world's population, 14%

FIGURE 6

Economic Activity of the World Population



perhaps, of the labor force, are involved in industry, and that's *very loosely* defined. Believe me: That's not all actually productive; it's their category, though. And of that, 1% is engaged in R&D, maybe 2% of the labor force worldwide, with a significant component of that, obviously, in the United States, Japan, Germany; *even* with the collapse going on here, the rest of the world is nowhere on this thing.

This is about as stupid as you can get, if you sit down, and you say, "Okay, I'm part of the human race, where do we stand?" It couldn't have been done worse, had it been done intentionally. Which it was.

Now, let's be very specific. How stupid is it to unemploy your population? Take a look at the next slide: This is the situation in Spain. Spain, which is following close behind on the heels of Greece, tumbling over the edge of the cliff into fascism, fascist economics. Over the course of the last eight years, the total unemployment in Spain has risen from about 9% to 25-26%; and *youth unemployment* in Spain is now 55%, just behind Greece at 62%.

Now, you tell me, what does it mean for a society, for nation, for the world, *for morality*, if *60% of your youth have no job?* What does that mean? It means there's no future. I've said this before, and I'll say it again: *There is no difference between this and Hitler's concentration camps.* There is no systematic distinc-

FIGURE 7
The World Land-Bridge



tion. There's a distinction of degree, but it's also coming from the same intention, the same British intention behind those concentration camps.

Increasing the Power of Labor...

Now: What are we going to do? Well, again, let's take this from the top. Our intention, as opposed to their intention, is to increase, and improve, the proportions of the labor force that are dedicated to those areas of activities, which actually produce wealth. Wealth, not defined in money terms, not even defined in terms of physical output; but produced wealth, which is an increase in the productive powers of labor. How do we take that horrible bar diagram that I showed you before, those terrible proportions, *and change them*? So that more people, for starters, *eat*; more people, work; more people produce things that are productive; more people are involved in science and Classical culture and so forth? How do we do that?

Again, let's take it from the top. This is (pardon the Spanish; that's the only version that I could find that I had handy for this) a polar view of Lyn and Helga

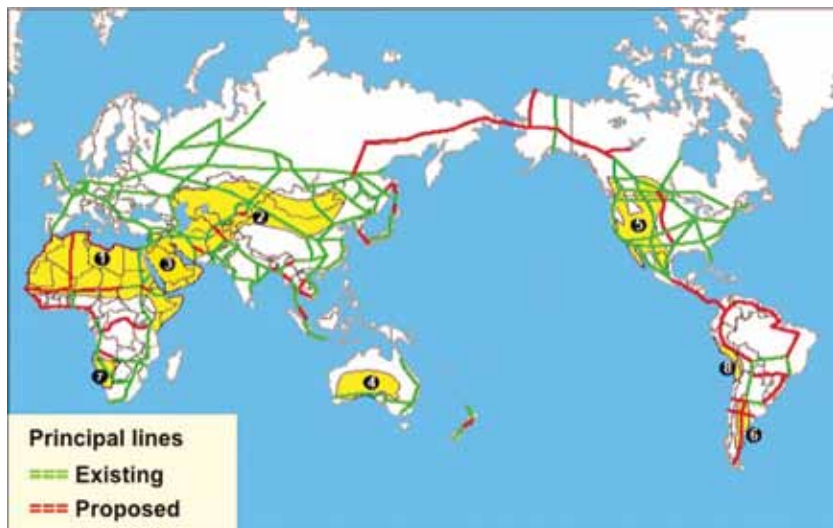
LaRouche's proposal for the World Land-Bridge (Figure 7). And it identifies, you could call this, the asteroid's-eye-view of things, but this is *human* eye view, this is the way human beings need to think: Let's take a look at the whole planet—okay, what're we going to do?

Now, you see this in a slightly more familiar presentation, which is the World Land-Bridge (Figure 8), showing in red, what does not yet exist, but which must be built, and in green, the rail lines that do exist. And this is superimposed on something which I find quite useful to think about, the world's great deserts. Because the entire planet has to be terraformed. In other words, we have to improve the functioning of the biosphere, of which we are not only a part, but the highest expression, as the noösphere, and we have to improve this by our economic activity to increase the productive

powers of labor.

Well, what shall we do? Here are some ideas: Why don't we build a tunnel under the Bering Strait, and let's build rail links that actually link together in productive corridors, 100 kilometers on each side, high-speed rail lines, maglev if possible, wherever possible—moving toward that where not yet quite feasible—and that we establish energy-intense forms

FIGURE 8
The World Land-Bridge and Principal Deserts



of industry all along these rail lines, move into the next stages of nuclear energy development, and that we use this, these kinds of massive infrastructural projects, to get everyone back to work, and to get them back to work producing productive things, and especially those things that lead toward an increase in the productive powers of labor, i.e., *idea-intense* activity. We have to increase the *idea-flux* density of our economic activity.

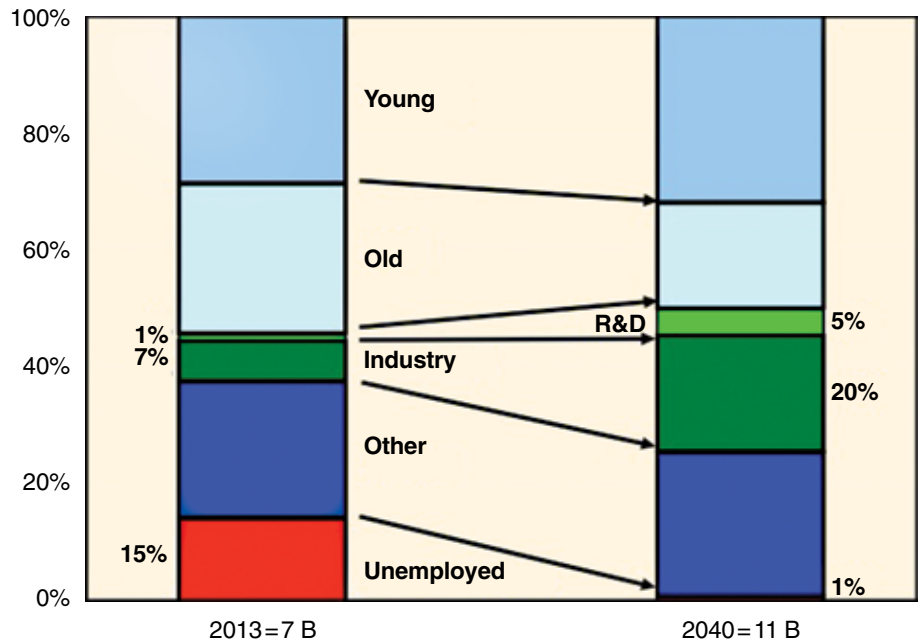
Now, not just the Bering Strait tunnel which is up in the North there, which you probably are familiar with; that's where Sarah Palin sits, looking over a couple kilometers towards Russia, so long as she's pointed in the right direction (which is by no means guaranteed)! But other major projects. Just look at the world, take it from the top! What else needs to be done?

Well, I'll identify it by three other major projects: We need to have a rail link built through the Darién Gap—that's in Panama and Colombia—to link in all of South America with North America; there *is no* passage there of any sort now, except if you're a drug-runner, in which case you've got plenty of passage. But there's *no* rail, there are *no* roads, there's no nothing. We need another sea-level canal, connecting the Atlantic and the Pacific, where the current Panama Canal exists, and we have to build high-speed rails through there. It's a bottleneck to the integration and development of those regions.

Then, extremely important, Gibraltar: The passage from Spain into Africa, is one of the crucial links to bring the Land-Bridge into Africa and to bring the process of salvaging probably the most benighted continent on the planet at this point. Also, an ambitious project that needs to be done.

And then the third one, which I'll only mention, because Michael [Kirsch] will be talking to you about this somewhat, is the crucial NAWAPA project, for the United States, Canada, and Mexico, which affects the Great American Desert.

FIGURE 9
Economic Activity of the World Population



...and Energy-Flux Density

These are the kinds of things that need to be done, which will require the development of all sorts of ancillary industries. It will increase the technologies in terms of their energy-flux density—the power that can be wielded, by an individual human mind, to transform the universe surrounding us. Not how much bang do you get for your buck, but rather, how much power do your ideas have to transform the universe around us? And therefore, successful human development, requires increasing energy-flux density, which in turn, requires having some technologies that make some sense, like nuclear energy, as opposed to the insanity of what the Greenies enjoy talking about, which is solar and wind, and so on and so forth. I mean, that is so stupid and so unscientific, and so genocidal; that's almost as bad as if someone had *intentionally* meant, to kill people off. Which they did!

Now, in all of this, of course, we need to, and we will, change the proportions of the labor force, in terms of this activity. And the next slide shows you again what I showed you first (Figure 4), and then, the next one shows you the transformation which we're going to undertake (Figure 9). I want to point to three things: We will be, in 25 years, one generation, by the year 2040, the world population will *increase* to 11 billion. *It will*

not drop to 1 billion people, it will increase to 11 billion—like or not, *Bertrand Russell!* And Parson Malthus! And Prince Philip! And—whatsisname? Barack Obama.

So, 11 billion people. But, more important than just an increase in the population, is, what are the proportions of activity, of *labor force activity, of our species*—our species, yours and mine—to bring about a potential for increased growth of the productive powers of labor? Well, first and foremost, this idea of people being unemployed is just completely ridiculous. And we *will* be able to, within a generation's time, reduce unemployment to perhaps to 2% of the labor force, so, 1% of the population. Industry, we will be able to increase very significantly, probably to 20% of total population, perhaps 40% of the labor force, more rapidly in some areas than others.

It's going to take a little work, in the areas that are further behind to qualify people! It doesn't happen by saying, "Be it done!" It happens by educating people, training people, mobilizing politically, and so on. And then, the R&D, or the research side, the investigation of science side, of necessity moves even slower. But nonetheless, we will be able to bring these proportions up, according to very rough calculations that we've done, to about 5% of the total population, within a generation's time.

That's not enough, that's not nearly enough, because it is that activity, that and Classical culture, scientific and Classical cultural activity, which *makes* us what we are, human beings, our species. And that has to improve significantly, but that's not going to happen in only 25 years, but we'll be on the right road on this thing.

The Special U.S. Role

Now, within all of this, the United States plays a very special role: I mean, the idea here is not to take the entire world's population and sort of distribute the wealth equitably. You will not get the most rapid rate of growth of the productive powers of labor of the species, if you do that. And the United States has a very special role, historically, politically, economically, as taking responsibility, not just for our country, but for the entire world, in the proper way. And that *very special* role of the United States, is something that, again, will be discussed further in the course of this panel.

What it has to do with, is setting up a financial arrangement to make all of this work. So everything I've

said so far, is actually speaks to point three, of LaRouche's three-point program. I've taken it backwards, as you've noticed. Because the rest is a piece of cake! If you get this right, if your intention is to do this, if you understand what it is, about the power of ideas, and we get people thinking in terms of those creative ideas, the rest falls right into place!

What sort of a financial system? Well, it's obvious! You need a credit system, along a Hamiltonian basis, which will do a couple of things: It'll make sure that the necessary amount of credit goes to the proper areas, quickly enough for sufficient periods of time; and in particular, it will allow us to measure in the economy in a way that makes sense. In other words, what sort of a financial instrument, or what sort of money is going to function 25 years down the line? Certainly not one pegged to the derivatives market! It's going to have to be a credit system! But if you have your intentions straight, that falls into place. It really is not that complicated.

And it should make clear as well, that the worst possible way to measure an economy is in terms of monetary values. Money has no value, in and of itself: And you do not have to be a Cypriot to learn that! Learn it before becoming a Cypriot—or you may end up regretting it. So, a dollar is *not* a dollar, is a dollar, is a dollar. It doesn't work that way. It works in a totally different way, in terms of the productive powers of labor.

So, if that's the kind of credit system we need to create, in order to be able to do what is *really* the most important thing, *ideas*, followed by physical economy, that, in turn, dictates what the credit system has to be; and that rapidly brings us to our third and final point, which is: What do we do about the fact that, right now, under the current state of affairs, all of the financial instruments are being channelled into the speculative bubble, into the cancer, and not into productive activity? I mean, you couldn't have done it this badly if you had intended to!

Glass-Steagall vs. 'Onconomics'

Now, I've often thought that we need to define a new discipline, you know, you've heard about economics, and econometrics, and all of these things that you get terminal degrees in if you're foolish enough to study economics in a university. But, really, given what is studied today in what's going, is really a financial cancer, and nothing but—and cancers are studied by oncologists—I really think we need a new discipline

called “onconomics.”

Because, what would you say? If you say, if you, as a patient with cancer, went to an oncologist, and he said, “No problem; you’re doing great! We’re just going to make sure that everything goes to feed that cancer, and nothing at all for that other healthy tissue stuff, here. I mean, you owe it to your cancer! You signed a piece of paper that said you would respect that cancer! I’ve got a piece of paper here, I have an instrument! Yeah... I bet on a little bit, but, you know, that’s what derivatives are. *Those* are the laws of the market!” What would you say about that kind of oncologist? Assuming you didn’t strangle him in the first minute and a half of your meeting?

You would send him where he belongs, which is to rehabilitation in a local facility, either psychiatric or criminal, depending on his outlook.

This doesn’t work. This clearly doesn’t work. The favoring of the cancer has to stop, and what we have to do, the reason for Glass-Steagall, it’s *really* very simple: If your intention is ideas, and from that idea flows the intention of the productive economy, and from that flows the need for a credit system, it’s obvious, you need Glass-Steagall to simply say, to the cancer, “Sorry,

you know what? It’s all over! Done! No more money for the cancer, period!”

And what will be done, is that the resources that are available will be channeled, according to a credit system, into productive activity. The cancer is the held shares in a bank—sorry! The ride’s over! It’s more important that the population and the species survive, than you handful of criminal bankers! And the game is over on this thing.

And this is, of course, exactly what Glass-Steagall says! First of all, take all the other reports, take the Dodd-Frank report, and if you have a shortage of Charmin in your supermarket, you can use the Dodd-Frank report—it’ll last a long time! It’s long! So, you know, even if you have an upset stomach, that’ll work. And, you can take the Liikanen proposal, you can take ring-fencing, you can take electrified ringfencing (although I would not use that for your toilet paper!) It’s all useless!

Take the Glass-Steagall bill, all 36 pages of it (depending on the size of the print), and what’s most interesting to my mind about the Glass-Steagall bill, is that it has, as does our Constitution, a preamble. Now, the Preamble of the Constitution states the *intention*—what is the *intent* of everything that follows? So does the Glass-Steagall Act; the opening of the Glass-Steagall bill says the following—these are the very first words, the first sentence. It says: “An Act, To provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.”

Well, that’s reasonable: Let’s prevent the undue diversion of funds into speculative operations! It’s obvious! Straightforward. And it all flows exactly from that.

So, the way we’re going to win this fight, is not by providing people with “information.” They don’t need information! You have to win people over to a totally different concept of man. You have to get them to understand that sense-certainty, will take them to perdition: Remember, the road to Hell, is paved with sense-certainty. It’s a bad intention; don’t do it. Reject the idea of money as holding any value, which it does not, and join with other forces, in this country and elsewhere, to get this thing implemented, starting *immediately*. People need to change the way they think. And we all have to do that, starting with our own minds.

Done that, I’m fairly confident that the rest will be as music to our ears. Thank you.

REVIVE GLASS-STEAGALL Now!



LaRouchePAC is now leading a nationwide effort to push through legislation for Glass-Steagall

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“The point is, we need Glass-Steagall immediately. We need it because that’s our only insurance to save the nation.... Get Glass-Steagall in, and we can work our way to solve the other things that need to be cleaned up. If we don’t get Glass-Steagall in first, we’re in a mess!”

—Lyndon LaRouche,
Feb. 11, 2013