

# EIR LPAC-TV Weekly Report

LAROUCHE ANALYZES THE GLOBAL CRISIS

## Monetary Value Has Nothing To Do with Real, Human Value

*This special edition of the LaRouche PAC-TV Weekly Update, featuring guest Lyndon LaRouche, aired on April 21. The program, hosted by LPAC Economics Editor John Hoefle and LPAC West Coast coordinator Harley Schlanger, is archived at <http://larouchepac.com/lpactv?nid=14240>.*

**LaRouche:** We're in a period of great lies. There is talk about a so-called "recovery" in progress in the U.S. economy. It's a complete lie. There's no truth whatsoever. You might call it the kind of lie you would expect from AIG, or from similar kinds of entities.

The U.S. economy has actually been in almost a free-fall, since the Summer of 2007: That's the fact of the matter, which most people out there, who live in houses (or used to live in houses), who used to have jobs, who used to have communities, who used to have functioning schools, functioning medical care, know: This economy, the U.S. economy in particular, has been in a free-fall collapse, at an accelerating rate, since the Summer of 2007. And you can't blame it all on Barney Frank (but you can blame a lot of it on Barney Frank!). He has, maybe, not the brains, but he has the malice, to go with the situation.

There's a deeper problem, here, however. Not only is everything being said about the economy under the present administration, and the Bush Administration beforehand, a complete lie—it's not a mistake, it's not

a misjudgment, it's a lie! As we see with the case of this Goldman Sachs operation, it's a complete lie: The world is headed right now, toward a total breakdown crisis, comparable to, but worse than, what happened to Europe, in the 14th Century. That's the situation: a breakdown crisis of the whole planet. And if this breakdown crisis occurs, it will occur first in the trans-Atlantic area, because the trans-Atlantic area is the most rotten part of the world system right now. The Asian side, the Pacific Coast side of Asia, and [the eastern side] of Africa, is actually in better condition, than the Atlantic side.

What we're looking at now, is a general collapse of the trans-Atlantic section of the world financial economy, which will be followed by a pull-down, by the collapse of the Atlantic system, of the Asian system. China, India, for example, and the programs for Russia, for development, represent a commitment to nuclear power and similar kinds of things, [which will bring] progress in productive powers of labor. Unfortunately, their productivity is not sufficient to prop up a collapsing trans-Atlantic economy. The entire trans-Atlantic world is now in a state of terminal collapse, a general breakdown crisis, comparable to, but worse than, what happened in Europe in the 14th Century.

Now, there are reasons for this, and there are also cures for it. As some people know, during the period since the inauguration of President Obama, we have a



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*Lyndon LaRouche, host John Hoefle, and Harley Schlanger discuss the difference between monetarism and real economics, on LPAC-TV, April 21.*

group largely from the West Coast, but tied to other parts of the United States, who have been studying economics from a fresh standpoint, my standpoint, since about March/April of last year. And they have shown, that academic economists, or people with academic foundations but international kinds of activity, that these economists are perfectly capable of understanding at least the essentials of what I'm teaching them—which, if implemented, would assure a general recovery of the U.S. economy.

The fact that they've done that, and made that progress, so their remarks on various things are accurate, means that there is a possibility of educating the United States to come out of this thing alive. That's the situation.

### **The Concept of a Credit System**

But it goes back to a deeper thing: European civilization in general, with the exception of the United States, and the exception of what happened in Massachusetts during the 17th Century, the beginning of an economy—before it was crushed by the Andros revolution—which had already the seeds of the American System of political-economy fully established in it, under the leadership of the Winthrops and Mathers. This conception of economy, of a *physical economy*, of a credit system, not an international monetary system, already existed. All the achievements of the United

States, in terms of economy, during the times we've had achievements, have been based on an economic conception *which is totally alien* to Europe, totally alien to all monetary systems, which is the American credit system. And it was already established in the Commonwealth of Massachusetts, in the 16th Century-17th Century.

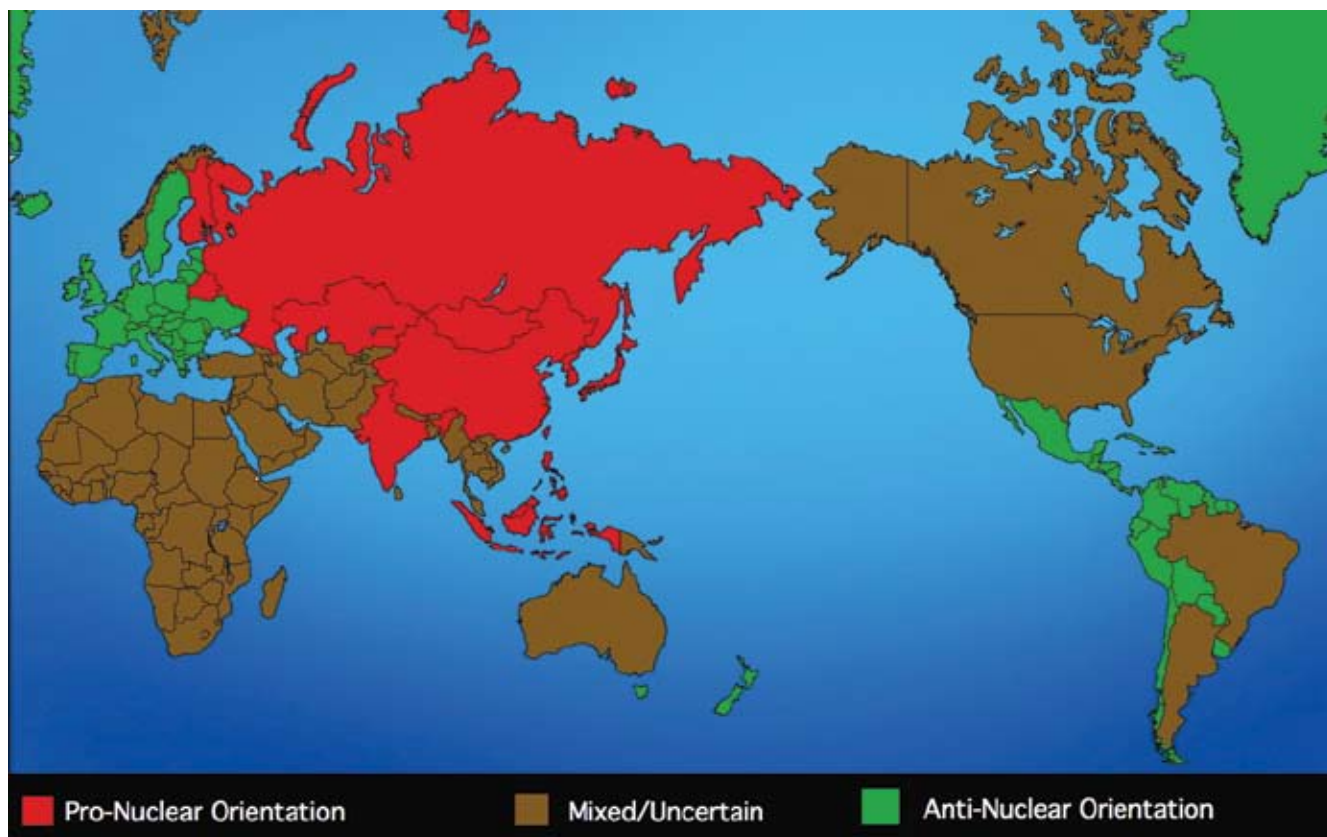
So, it's feasible to know the truth. The problem has been, that European civilization, since the Peloponnesian War, has been in a process of various forms of decay, over the entire period. That is, a culture has risen for a short time, by looting other peoples. Then it collapsed. Then another one came up. It proceeded to progress for a while, by looting other people—and collapsed.

And so, Europe has a long history of collapses. With the exception of Charlemagne, the general tendency in European economy is toward collapse. There's an exception for Bismarck, in Germany, from the 1870s till 1890, as a case of a nation that actually progressed. There was a movement for progress in Russia, in the same period, both under the influence of the United States. The Philadelphia Centennial was the prompting of a tendency toward revival in Europe.

The British reacted to this, by getting Bismarck fired, and getting a foolish Kaiser satisfied, working under his uncle, who owned him. This recovery in Europe, which had been organized by the effect of the

FIGURE 1

## Asia Goes for a Nuclear Future; the West Heads for a Dark Age



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*China, India, Russia, South Korea, and other Eurasian countries are going for development, as represented by their commitment to nuclear power; whereas the trans-Atlantic world is not. But Eurasian productivity is not sufficient to prop up a collapsing trans-Atlantic economy.*

American Revolution, as under Lincoln, the Lincoln revolution, the recovery of the U.S. economy—set the pace for a recovery of the world. France went through a recovery under this influence; Germany went through its recovery, the so-called “economic miracle of Germany,” happened then, under the influence of the United States, and under the direction of Bismarck. That was shut down somewhat, with Bismarck’s ouster.

Then the British organized, the Prince of Wales organized what became known as World War I, with the assassination of the President of France, Sadi Carnot; similar kinds of things. The British organized Japan for a war, against, later the United States, but first against China and Russia, which was organized in the 1890s, about 1894-95. That war continued until August 1945, against China, Russia, and the United States. Pearl Harbor was a British plot: Because we were getting too strong; and so, the British, in a treaty in the 1920s, with

Japan, conspired to the attack on Pearl Harbor by Japan.

So the Roosevelt era was a reversal of the trend downward in the United States, and in 1945 we emerged as the greatest power this planet had ever seen, in terms of economic power! It was done under Roosevelt’s instigation, his leadership. From the moment he entered office, even experimentally, when he was Governor of New York State, the same program.

So we’ve had repeated instances, as initially in Massachusetts, in the formation of Massachusetts; in developments under the leadership of people like Benjamin Franklin, Lincoln’s revolution in defeating the British attack on us in the form of the Confederacy; in terms of the recovery under Roosevelt, from the tyranny of these crazy Presidents we had after the assassination of McKinley.

So we now are at the point of the general collapse

of civilization. The cause of the general collapse is two things: First of all, the incompetence of the British policy, and the British policy has dominated the world in terms of economic policy—*British monetarist thinking*. Wall Street and British thinking are the same thing, and we will never have a secure United States, until we get rid of Wall Street! What we should do, is shut it down, eliminate it totally; go back to a national banking system of the type that Hamilton had set up, use our credit system, and organize the world around our type of credit system. The problem is, that most people in the United States, even economists, have no notion of it!

Fortunately, on the other side, we've had people who have come up, through their work with us, over the period since about March/April of last year, and they have shown themselves, now, to my satisfaction, to be essentially competent economists. And they've proved it. They've conducted independent work, which I've looked at—this is *very* good work. They're competent. We have, also, other economists, who are not in that group but who are competent economists—and if turned loose, would be useful.

If we could take the Obama Administration, and all the chunks that are Obama Administration, especially this bunch of freak shows, like Geithner and the rest of them—get rid of them, dump them, and get Obama out! I'm convinced, now, that unless Obama is impeached or removed by his retirement, we don't have a chance of surviving as a nation. There are people who are trying to adapt to Obama. If you adapt to Obama, you're signing the death certificate of the United States! Because, everything he is trying to do, everything he is doing, including the extension of this war, the support of drugs in Afghanistan, the war he's doing, is all the worst thing you could possibly do.

The only solution, now, is, the United States has to get a new President, to replace Obama: Without that, we're not going to have a nation. We're at the end of the rope for this nation. The next round of another Obama incident, like the extended war in Asia, like the Israeli attack on Iran, can set into motion something that will destroy the United States permanently. Therefore, no patriot will support Obama! Unless he's an idiot, of which we have a large number in the Congress—especially in the Democratic Party. And the Republicans are really no better. The only thing about the Republicans that makes them better, is they're not Democrats. Otherwise they'd be as bad, or worse, than the Democrats.

## How the System Unraveled

**Schlanger:** This gets to the question that you raised about the fakery and the fraud in the economy. Because if you look at what you said, back in 1971—you were alone in identifying the break with the Bretton Woods system as a turning point in history, away from the FDR system. And then, especially with the emergence of Alan Greenspan as Federal Reserve chairman, the whole system has been based on a fraud. And I think it's important, this idea of physical versus monetary policy, the idea that Morgan Stanley today reported profits, and Goldman Sachs has profits. Now, all of these profits come from manipulating financial instruments that have *no connection* to anything real!

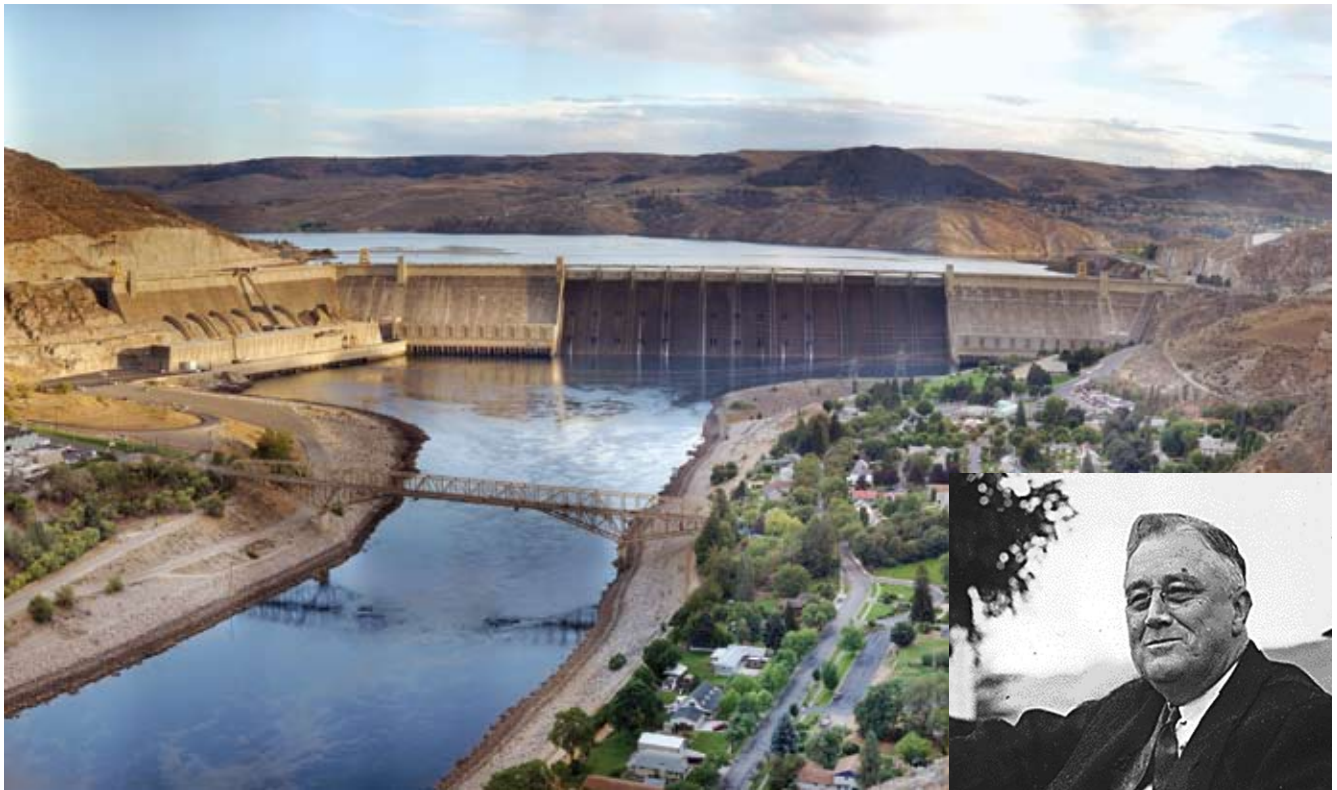
**LaRouche:** That's right. It's this monetarist system we're running, which is Greenspan's initiative. Enron is an example of this—you make money out of stealing. And remember that the operation, which was set up, actually before Greenspan, which was run, these swindles—organized crime! This came from organized crime's trying to set up this so-called new market.

**Schlanger:** Michael Milken and the junk bond operation.

**LaRouche:** Exactly. And this was a complete, organized crime-organized swindle! And Greenspan just put it on that basis.

But the process of our destruction began the moment that Roosevelt died. Now, for example, we had a physical production capability which we developed during the war, in particular, for wartime needs. Roosevelt's intention was, that the moment the war ended, we should take our productive power, which had been war-economy power—don't shut it down. Rebuild the internal U.S. economy, which had been run raw by the efforts of the war effort, debt and everything else, but take the rest of the economy, which was the productive economy we'd used for military production and logistics, and use that to free the nations which had been the colonized of the world, and free them from the British Empire. Roosevelt had been explicit: The post-war intention of the United States was to destroy the British Empire! And the intention of the British Empire was to return the favor to the United States.

And Truman liked Churchill. So the minute Truman became President, we were on the way down. Actually, the U.S. economy, measured in *physical terms*, has been in a rate of net decline, since that day, because Truman shut down large sections of the economy, which had



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*President Franklin D. Roosevelt visits the site of the Grand Coulee Dam in 1937. The dam (shown here as it looks today), in Washington State, was begun in 1933 and completed in 1942; it was one of the most ambitious infrastructure projects of the New Deal.*

FDR Library

been war-economy production, which should have been converted into production for world peace, for the freeing of nations which had been colonized, like India and other countries, free them, help them develop, give them the credit for acquiring modern technology—which was going to take a generation or two at that time, anyway. But do it! And eliminate the British Empire, by shutting it down!

Truman did the opposite: He did exactly as Churchill wanted. We shut down the United States, from that point on. And actually, from that point under the Truman Administration, *we have declined*, in physical economic terms, ever since, in net physical economic terms.

**Schlanger:** You made the point, in 1971, again at this turning point, that the collapse of the physical economy would mean the implementation of fascist austerity measures. And what we're seeing with the way the financial system is organized, this British imperial system, is that the money that's going into the so-called financial instruments, the derivatives and everything

else, comes directly, not just out of the physical economy in terms of no money for innovating in industry, technology, infrastructure, but is now coming out of the hides of the people. It happened with the British system, of course, with the developing sector, but now it's happening to the American people, increasingly. And this fascist austerity budget commission that Obama's setting up, and these discussions in Congress about budget cuts, are precisely that: looting the last bit of real wealth, to feed this bubble.

**LaRouche:** Well, let's take a couple of steps in this process, to get to exactly how this happened.

Eisenhower replaced this crazy Truman: Harry S Truman—middle initial, no middle name. His mother never got around to filling out the S as a full name. So, we call him an S: He's a perfect S of a President.

But Eisenhower was limited, however, in what he could do as President. He did a number of things which are typical Eisenhower, and were brilliant. *But*, by and large, on the economy, he did not act.

**Schlanger:** He had Arthur Burns in there.

**LaRouche:** That's right—Arthur Burns was bad news. Everything Burns. I despised the guy; and as a matter of fact, I made my career as a forecaster at the expense of Arthur Burns. I just mention that, because it's relevant to our discussion here.

I was, at that point, an executive for a consulting firm. And one of my areas of investigation, a prominent one, was the automobile industry and related kinds of industries, particularly hard-goods industries which were in the credit markets. People would buy things like automobiles on credit; they would buy deep freezers on credit, other things on credit. This part of the economy was very significant, because it was praised as being the great growth-driver of the economy, apart from the military expenditures, for military development.

So what happened was, in my investigation of this sort of thing, by the early part of 1956, it was apparent to me, that we were headed toward a collapse, because the entire hard-goods things, General Motors, the auto industry, so forth, was a complete fake, a complete fraud. The quality of the automobile deteriorated—that is, the important thing to consider is the physical life, when you're talking about long-term investments. You have to be concerned with the physical life-span of the particular object which is an investment. So anything in the credit market has to be looked at from that standpoint.

What would happen is, the automobiles were being made more quickly, in greater abundance. Gas stations were being recruited as automobile dealerships! And

you can imagine what a gas station is trying to do with a full-spectrum automobile dealership operation, where they actually have to repair the car that comes out of Detroit—because you would have tin cans, and Coca-Cola bottles, and everything else in these things, and you had to open things up, and replace missing pistons—this kind of thing.

So, the quality became poorer and poorer, and the ability of the dealerships to handle the quality, because of all these gas stations turned into dealerships; and I'd look at the contracts, and the contracts done by the auto industry with the dealerships were a fraud. So now, you had automobiles which had a physical life of somewhere around 18 months or so, and with that deterioration, would have a 36 months' loan. And the 36th monthly payment was a balloon note. All right?

So therefore, on the basis of looking at this characteristic of these industries, where the credit factor in hard-goods, was crucial—housing and so forth—it was obvious to me, that as of the beginning of the fiscal year, in the following year of '57, we were going to have a major crash. And we did.

So, I forecast this, in the Summer of 1956, from my position of responsibility, and I said, "This is going to happen." And people came at me with, "Well, what's your statistical forecast?" I said, "It has nothing to do with statistics, it has to do with economy!" And if you're a competent economist, you don't believe in statistics. Statistics are one of the inherent frauds of the whole idea of economic systems, today.



centerline.grobbe.org

*LaRouche said that he made his career as a forecaster at the expense of Arthur Burns (shown). LaRouche's early work involved the auto industry in the 1950s, which was already "a complete fake, a complete fraud." Shown is a Studebaker dealership in Michigan during the 1950s.*

## What Is Physical Economic Value?

**Schlanger:** I think it would be important for you to talk a little bit about this, because the idea of the physical economy that you have, is based on real science. But we have these people now, called “quants,” the quantitative analysts, who take reams of statistics, put them through fast computers, and then come up with financial instruments, where they’re looking for a marginal gain, a tiny crack between a value today and what might be tomorrow, and they put a lot of money into that, and they’re considered the geniuses, the rocket scientists. But this is based on an absolute attack on any connection of science to real physical value.

**LaRouche:** Well, this goes to the core of the issue we’re discussing here, today. Because there has never been, in the post-war period, a statistical forecast that was competent—never! It’s inherently incompetent. Because the notion of value associated with monetary value, is not real, when you compare it with the question of physical value. Physical value meaning, what’s the improvement of the productive powers of labor of human beings, per capita and per square kilometer? What’s the rate of improvement of those conditions of life? Or, what is the deterioration of those conditions of life?

Now, under this, put the Joseph Schumpeter (whom I call *Schaum*\* Peter) policy, of destructive production, destructive economy. What we’re doing, we’re destroying whole sections of the economy by wasting them, under Schaum Peter’s rule, as the British did in the 1970s.

**Schlanger:** They call it “creative destruction”!

**LaRouche:** Right! Schaum Peter, huh? So, this ignored the fact we were destroying—for example, we used to have, in most towns and cities in the United States, particularly on the Western coast, you could get a drink of water out of the faucet safely. That was characteristic; you can’t today. We lost it. So therefore, this is your “creative destruction” factor—we’re losing it.

And so therefore, from a *physical* standpoint—which is what our friends on the West Coast realized in their own studies—from a physical standpoint, the United States has been decaying *since the end of the war*, since the arrival of Truman as President. Because we didn’t realize, that financial values, nominal mone-

tary values, have no relationship whatsoever, to value. Value is physical; it’s the ability of the human being, to have a physical standard of living, and productivity necessary to maintain the human population and maintain the nation. They go by the financial thing: If the financial corporations on Wall Street, or London, are making a nominal profit, even as today where you have this vast amount of so-called profit—it’s all worthless! With one stroke of the pen as President, I would eliminate the whole thing!

**Schlanger:** On this question of getting rid of Wall Street, I think this idea of the investment banks used to be, they’d take loans from clients, and put it into physical production, building new companies and businesses. It’s almost now entirely trading, trading these worthless financial instruments.

**LaRouche:** It’s a swindle! It’s an outright, fully conscious swindle. And it’s based on a policy—it’s not a mistake, it’s a deliberate crime against humanity. The purpose is, if human beings are well educated—aha! What happened to that? If they believe in physical production, if they believe in physical science, if they invest in that; if you have machine-tool shops all over the place, you have these machine-tool firms, which are generally small, closely held firms, or relatively closely held firms. And you’re starting up a manufacturing firm, or something similar, in an area, there’s always some machine-tool industry nearby that you can call upon, for your needs in terms of developing a product, and perfecting it. That’s what we destroyed.

We have destroyed the machine-tool basis of the U.S. economy. We have destroyed agriculture. What we’re doing has destroyed the agriculture productivity of the nation. We’ve destroyed our industrial productivity; we’ve destroyed the level of income of our people. We’ve now reached the point, we’re negative: The U.S. economy is physically in negative breakdown.

And the only thing we can do, that will save us, is to get rid of this stuff, do a Glass-Steagall clarification of the nations of the world: Because otherwise, right now, in these weeks, and not longer than months, if this continues this way, *the world is going into a dark age, planet-wide*. It will hit the trans-Atlantic nations *first*. And when the trans-Atlantic nations go down, as you can imagine the effect on China of a collapse of the trans-Atlantic economy, China’s market would be destroyed. Therefore, China would go down. Russia

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\*German: scum.



*A society that believes in physical economy invests in machine-tool production, said LaRouche. “[If] you’re starting up a manufacturing firm . . . there’s always some machine-tool industry nearby that you can call upon, for your needs in terms of developing a product, and perfecting it. That’s what we destroyed.” Shown is a research engineer demonstrating a new machine tool at GM.*

ably 12%. A popularity of the head of the Senate of less than *any* percent—and precipitously falling! And you have Democrats, in particular, as demonstrated in California this past week, who think that this President, and this system, is worth something, that they have to be loyal to it. They’re fools! And they are *hated*! The members of the Congress are more hated, by everything we’ve been able to determine—more hated than Obama himself. Obama is the source of the policy which is destroying the United States, but these guys are kissing his butt, and they are the ones who are hated because they are treated as *traitors*. They were elected to represent their people, and they *don’t* represent their people.

Schools are closing, hospitals are closing, medical care is collapsing, jobs are collapsing,

would be obliterated. India would go down. The world would go down!

And therefore, what we have, in terms of the members of Congress right now, we have certifiable idiots—except for those who are going after this new scandal. But, they’re all idiots, they’re all criminals, in effect! Those who are opposed to my opposition to Obama, are essentially, as politicians, *criminals*, opportunists, who have no regard for humanity, for our own people or those of other nations. And the problem here, is that we don’t believe in physical economy. We believe in monetary economy. And the world is run by monetarists.

**Schlanger:** And you see the problem in the population, which gave up on physical economy, because they thought they might get a little piece of the action, by putting some money in an investment bank or here or there. It’s like the whole mass insanity of believing in lotteries to run an economy.

**LaRouche:** But, remember, look at our population today: You have a popularity of Pelosi of less than prob-

ably 12%. Food supplies are collapsing. Desperation has taken over in the majority of the population, and these guys are saying, “We like Obama!”

**Schlanger:** “And Goldman Sachs made a profit.”

**LaRouche:** Yeah, sure. It was a profit by stealing.

### Legacy of the Vietnam War

So therefore, the problem here, is, we are ruled by a British system, which dominates the world, since Roosevelt’s death—with some exceptions. Kennedy tried to change things, and they killed him. They killed him, because he blocked going into the Vietnam War. The Vietnam War destroyed us, destroyed our economy. They killed him, because he was opposed to the Vietnam War; he and Douglas MacArthur said this was a mistake. We went into the Vietnam War—and we never returned. We were destroyed by it.

Other things: Johnson was terrified. He knew the assassination was an operation. The whole story was a lie, of the Warren Commission. He knew it! And he said,



National Archives

*A demonstration at the Pentagon against the Vietnam War, Oct. 21, 1967. That war was a turning point, destroying the morale of the American people.*

later, he thought the guns were aimed at his neck. And I knew who the assassins were—not personally, but I knew where they came from. Other people knew where they came from: They came from Spain, by way of Mexico, into Texas—across the border from Texas, to return to Mexico, back to Europe. Professional assassins, the same assassins that had been used for trying to assassinate Charles de Gaulle, same crowd.

So, this was what happened to us. Then we had Nixon. Nixon was—there was nothing innocent about Nixon. I mean, there was nothing said against him which was an exaggeration. He was rotten from the beginning and all the way through! He got off lightly, because we were relieved to be able to be rid of him, by his consenting to get out of there, without having to impeach him. But effectively he was impeached, because the threat of impeachment was so imminent, that he decided the smartest thing he could do, was resign.

**Schlanger:** He left, but George Shultz remained.

**LaRouche:** Well, Shultz was not that significant, initially. Shultz is a bad piece of work, but Burns was the guy who actually, by shutting down the last remnant of the fixed-exchange-rate system, opened the door for what happened after that. That was the purpose. This actually began to happen, in 1968, in February, the beginning of March 1968, we took down the system. Once we did that, we lost the world's fixed-exchange-rate system, and chaos was easily orchestrated by the Brit-

ish. Nixon was part of that process.

But it was possible, because of the Vietnam War. The Vietnam War, which was a ten-year-long operation, destroyed the morale of the American people. And therefore, the hatred against the war, caused a change from the attitude of the American population when Kennedy was still President, to the time Nixon became President. And we saw people who had been sane, as children, or adolescents, earlier, under Kennedy, became monsters under Nixon and what he represented.

So, the point is, people don't understand economy, because political power is mobilized behind monetarism. And the people actually believe they're cattle; they don't think they believe themselves as cattle, but they act as if

they believe they were cattle.

For example, right now: The great majority of the population hates Obama, and hates the Congress more. And for good reason. Because Obama's a stranger. It's hard to blame him, because there's nothing there you can really latch onto as being substantial. But they hate him, because they've been betrayed. Now, how many people hate him? Well, you're talking about 70, 80% of the population, really despises this government. I mean, look at the lack of popularity of Pelosi—with that kind of popularity, she's Speaker of the House! It means there's something wrong here! There no reason why she should be Speaker of the House—there's less than no reason should she be Speaker of the House.

The point is, people are conditioned to believe that they are sheep. They believe that. You have two layers; you have the financial tyrants, and you have the politicians, the upper layer of the politicians. That's on the national level and to some degree on the state level. They're corrupt! They kiss the butt of what they see as superior authority, financial authority. They're easily bought; they're bought up and down, all the time. And the average person sits out there, hoping that the system works, and thinking that, somehow, they're going to get a fair deal.

## A Process of Change

What has happened now, is they have gone through an experience, through this bailout process, which was

the breaking point for them. 2008 was the breaking point, where they now realize, that they have been betrayed by their government. But they've been accustomed to be—people out there, hoping that the rules that they thought they existed, the rules for fair play, were in play. Now, they've discovered the rules for fair play, for them, are not in play!

They're losing their schools, they're losing their health care, they're losing everything! And they find, they were being *looted*, and they find out, *trillions* of dollars are being looted from them. They're being starved, not because it's just taken out of their pockets, but somebody says, "No: The trillions of dollars we want to give, as bonuses, to these thieves, come first. And you, poor guy, you have to wait in line. I'm sorry, we have nothing for you this week."

**Schlanger:** And Geithner says, "Once we stabilize the financial system, *then* you'll get the benefits."

**LaRouche:** Yeah, well, that's the point.

So, the popular belief that the system is built to take care of them, and they're angry because it's not doing what they think it *should* do, then goes over to the point where they decided that they have to *do something*, to replace those who have betrayed them.

Now, you have a case like that in the French Revolution, which is the model for what we're looking at now. In 1782-83, France, Russia—Catherine the Great—and Spain, were allied with the cause of the United States. We had a peace. Then Lord Shelburne took over; he set up the Foreign Office—as an agency of the British East India Company. And they began to run revolutions all over the world, in favor of the British East India Company. So, under these kinds of conditions, we were weakened, because we suddenly were isolated.

Here we had, formally, 1782-83, Russia, again, for our independence, the League of Armed Neutrality. We had France, a powerful nation, on our side. We had



*The storming of the Tuileries Palace in Paris, 1792. When the King, who was being manipulated by the British Foreign Office, turned against the people, the result was the Jacobin upsurge that became the Terror, the French Revolution.*

Spain on our side, under the King at that time. And so we came out, having won our independence, with these assets. And suddenly, over the course of the 1780s, this was all taken away from us. By the time we had adopted the Federal Constitution, all the assets we had had internationally, had been taken away from us, by these British operations.

And the case of the French Revolution: What did they do in the French Revolution? Well, the King was intimidated, so he backed down. He was a clockmaker, and his wife was the sister of the Emperor of Austria. He wasn't such a bad guy in some ways. But they ran the fraud against the Queen. The case of the Queen's Necklace, in '87, turned the King and his brother-in-law, the Emperor, against the French people. Meanwhile, an austerity program was being run by the British monarchy, under British direction, against the French people.

So, then, you had armies of the Austrian Empire, Habsburg empire, posted around Paris, to protect the King and Queen, against the French population. Lafayette, who was strongly attached emotionally to loyalty to the King, failed to act, to tell the King, "C'mon, cut the crap out. You're doomed if you don't change." It's like an impeachment operation: Tell the King, look, you're going to be slaughtered, if you don't make this change. Get wise, buddy!

So, Lafayette backs down; the in-law of the King, the so-called brother-in-law, ran this Bastille thing—it was a complete fraud. But the issue was, the French people were caused to believe that the Austrian and related foreign troops encircling Paris to protect the King, were the cause of their misery. And therefore, you had the immediate process which became the French Terror, the French Revolution.

We are in a similar kind of thing, in the United States, now. We're at a point where you have a population which realizes it's been betrayed, realizes that the members of Congress have betrayed it, that the Federal government is its enemy at present—there are some people in there who are not the enemy, but, as long as Obama's there, the Federal government is the enemy of the people. They're becoming *angry*, *desperate*, like the French people in 1786, 1787, 1789.

We're turning against them! We're about to put a dictatorship over the American people, which is what this new legislation amounts to; it's what this war, this attack on Iran, is all about.

We are about to be destroyed, and destroyed by ourselves, by this President, and this government. And the problem is, ideology: These *idiots believe* in the monetary system, when we have demonstrated, that competent economists know this is a fraud, and has to be changed!

## The 'Wall of Money'

**Schlanger:** I want to bring up one other question on the current monetary system, because, a major factor in this has been the Greenspan "wall of money," or consistent turn to low interest rates, and Bernanke's continuing this. And you've been insisting that this is hyperinflationary. Now, a lot of economists say, "Where's the hyperinflation?" And again, they don't see the destruction of the physical economy—

**LaRouche:** It's corruption. It's not that they don't see; they're corrupt. They're corrupt, because they believe that by being with the system, the system is going to be favorable to them. It's a matter of butt-kissing. When you're kissing a butt, you don't see what's in front of you. It's that simple: They're cowards.

And also, you have corruption: The Baby Boomer generation in particular, was corrupt. They betrayed Roosevelt. We were taken out of all this mess by Roosevelt, given the chance to have a real nation again, that was betrayed under Truman. It was betrayed after that:

lies, lies, lies, lies! And then corruption, more and more corruption. So we developed a system that was totally corrupt. It was atomized: Everybody's in it for themselves. They all say, "I've got to go along to get along. This is the system, I got to go with the system, I got to go with the system." No principles. And that's the problem.

## A Hunger for Ideas

Now, the only chance, from my standpoint, is, I can tell the truth about this. I know this stuff; I'm an expert. I've lived long enough to become a real expert. When all my contemporaries died off on me and deserted me by dying—it's one of my big complaints: If they hadn't died, we'd have a different world than we have now. But, it's to do what's necessary, and what we can do, and hope that the shock of the collapsing that's ongoing, will prompt people to come forward and overwhelm this virtual treason coming out of the members of Congress, and other institutions. It's the only chance we have.

But in order to do that, we have to find people who are capable of thinking, who are capable of understanding what I'm telling them. I mean, I can't explain everything to them, unless there's a little bit of intelligence inside them, too. I can explain things to people, *if* they are willing to consider them.

**Schlanger:** You talked about this process that's happening within the population. What I see, from the work I do, is that there's an increasing hunger for real ideas. Not with everyone, but the people you're talking about—some economists, trade union leaders, former civil rights activists. There are people who are beginning to say, "How did this happen? Who did this to us? And what's the solution?"

**LaRouche:** Yeah, I've got a lot of that out there. It increases, but it's not a majority. It's only a cadre, not a majority.

Now, the advantage I have, the only weapon I have, in net effect, to win this change, is the enemies' *fear* of what is happening to them: that they are doomed, too. And therefore, out of sheer terror, of what's about to come on *them*, they suddenly discover a broader "self-interest." They begin to care about their neighbors; they begin to care about things. When the mobs are gathering about the eviction site and things like that, they begin to react.

**Schlanger:** That's why some are pointing at Goldman Sachs and saying, "Look what you just did!"

**LaRouche:** Well, this is what happened. The Goldman Sachs crisis is that.

Now, take another case. Take the Russian crisis: Russia has been under control of the British for some time. Gorbachov is actually a traitor to Russia, as he was to the Soviet Union. Chubais, the same thing. Other people. You know, the headquarters of the Russian leading firms are not in Russia; they're in the Cayman Islands, the Antilles, they're the offshore swindles! The worst type of swindlers. So, Russia, as long as it stays within its present monetary system, is a prisoner of the British system. And that's what this BRIC [Brazil-Russia-India-China] formation is—which Goldman Sachs is part of. Goldman Sachs is an architect of what controls Russia today.

**Schlanger:** They claim to be the author of the BRIC.

**LaRouche:** Yes, they are. They are! But it's really not the BRIC—it's Rothschild and the British monarchy. Because Rothschild is nothing but an agent of the British Royal Household. Evil old Jacob, huh? And they set this thing up, in 1971, at the same time that Nixon took the dollar off the fixed-exchange-rate system: It was a British operation to destroy the United States at that point. And it is, now.

When we recognize that the British Empire *is our enemy, our chief enemy on this planet*—Tony Blair, for example, is an enemy of the human race! And he was a significant prime minister in London. His successor also represents the enemies of the human race. Not the British people—they're just the poor fools, like our poor fools.

But, we're at the point that only



Lord Jacob Rothschild, an agent of the British Royal Household.

rage against the evil represented by the British Empire and its policies, will provoke the nations of the world to free themselves from this, knowing that if we conspire to do it together—if I were President, I could do it easily. Under these conditions, if I were President, I would have no problem: We would simply, one night, a bunch of us of various governments would meet, and in the morning, the British Empire would be gone!

### A Global Glass-Steagall

**Schlanger:** We have a simple Constitutional tool, known as the global Glass-Steagall.

**LaRouche:** Exactly. So, you just use a Glass-Steagall rule, a bunch of major governments agree, "We've been screwed too long. We're going to stop it. We're going to impose a global Glass-Steagall."

**Schlanger:** And, good-bye, Wall Street.

**LaRouche:** And we just say, well, the trash is written off. And Wall Street would vanish, and it would be a good thing to have a plaque there, saying, "Wall Street Doesn't Live Here Any More."

**Hoefle:** As would Jacob Rothschild, and the Inter-Alpha Group, and globalization and the whole gang.



**LaRouche:** They're all bankrupt anyway! All you have to do, is pull the string on this thing. They're all bankrupt! All that's needed is the political will.

That's why they put such a jerk like this in the Presidency. They needed a jerk who'd be complicit with the London crowd, and he's totally British owned. I don't know about his birth—I've heard conflicting stories about his birth, including what the paperwork means, and what it doesn't mean. But that's not important: In principle, he's not an American. Wherever he was born, physically—

**Schlanger:** He still needs to be impeached!

**LaRouche:** Because he's not an American; that is, nothing about him is American. Physically he may be an American, hmm? Legally, physically, he may be an American, but functionally, he's not. He's a British agent, against the United States! He's like Aaron Burr! Less intelligent than Aaron Burr, by far, who was quite clever in what he did—but he's a traitor, just like Aaron Burr, in effect. And without this factor, and people kissing the butt of this President, as they're doing, even though they despise him, we become prisoners of this, prisoners of the lack of leadership. And the lack of leadership, is not only the lack of the leaders who can provide leadership, but it's the lack of attention to the *ideas* which must rule.

We must give up forever, the idea of money as an intrinsic value, and realize that money can only exist, as it was created to exist in the Massachusetts Bay Colony, under the direction of the Winthrops and the Mathers, as a *credit system*, not as a negotiable currency system, a *credit system*. And to have a fixed-exchange-rate credit-system among the nations of the world, to engage in those large-scale projects, which are needed, and which can be done, to start to rebuild the world economy; to stabilize it at first: *basic economic infrastructure*, high-speed rail transportation and similar kinds of transportation; power, nuclear power galore! Everything to emphasize nuclear power. Because with high energy-flux-density power, we can increase the rate of productivity, with infrastructure. The infrastructure investments, water systems, transportation systems, and so forth, these systems will then be the source of the stimulus for the industries which now service these constructions, and become

## World Wildlife Fund



Prince Philip wants you to give him a hand.

EIRNS

*The British policy is Malthusianism: Reduce the world's population to less than 2 billion. WWF founder Royal Consort Prince Philip is its principal spokesman.*

the new industries, and the new farms, to replace what we've lost.

With that kind of cooperation, over a 60-year period of treaty agreements among leading nations of the world, we could, as of this minute, as of tomorrow morning!—we could strike agreements which would save this nation and would save the world.

The problem here, again, is where the question of economy becomes crucial: *because people don't have the slightest idea of what the principle of economy is, but believe in a financial system, not an economic system, not a credit system*. For that reason, this *stupidity* in the marketplace, about what's "real," is our problem. Otherwise, people would say, "This isn't working. Would somebody please tell us what *will* work?" Then we could tell them what will work, and they would go for it.

**Schlanger:** And in this sense, the Goldman Sachs,

so-called scandal, gives us an insight into the systemic fraud of what we've accepted as economic policy.

**LaRouche:** It's a shortage of meat at a cannibal picnic, that's moving along. And therefore, the cannibals are getting out to eat each other! And this is what happened with Goldman Sucks! Goldman Sachs is what? It's AIG. AIG is the key fraud, here. AIG was what? The insurance business. Now, go back to Nixon: What is AIG?

**Schlanger:** The HMO system.

**LaRouche:** Right! We replaced the Hill-Burton system by an HMO system. In other words, we put the destiny of the health care of the nation, through the physician, in the hands of these swindlers, these bankers and financiers! And then, we went further. We said, "Now we're going to kill the nation, we're going to reduce the world's population," which is the British policy. The British policy is to reduce the world's population, presently—and *rapidly*—from 6.7 billion to less than 2. That's the stated policy of the British monarchy. It's the policy that Obama is carrying out. Obama is worse than Adolf Hitler on this question! And damned fools won't admit it!

And that's the kind of problem. Therefore, you have to have a population which comes to an understanding of what a *physical economy* is: It's based on technological progress. It's based on increase in energy flux-density of power supplies. It's based on a revolution of going into space! As one of our people, in California, reminded people last week: "Five billion years from now, there's not going to be a Sun. So we better do something about it, now. Better get started, now." We're not going to have a habitable Earth, long before 5 billion years! The Earth in its present form, is not going to be habitable. Well, where ya going, buddy?

### Immortality and Real Economics

**Schlanger:** And therefore, your life has no meaning, what you do now, unless you're addressing that very problem.

**LaRouche:** Exactly! You have to think as an immortal. You have to think that your life is a contribution—your mortal life—is an immortal contribution to the future of mankind, in the universe. And that we're going to make the universe a better place, as humanity, as we get the power to do so.

And we have to have that kind of dedication. Because otherwise, the idea of a heritage—meaning, somebody says, "I'm going to my grave, I'm going to be uplifted afterward." They're never going to be uplifted.

**Schlanger:** Actually, this immortality question is at the heart of real economics.

**LaRouche:** Exactly. If you do not understand, in what sense the human being, unlike the animals, is immortal ... the human being is immortal, because they have the potential of making discoveries of universal physical principle. The universe is creative in itself. But only mankind, only the individual person, is capable of immortality through the mind, through discovering universal principles to *improve* the universe. And that's the difference.

And we have to get that picture, because people are living through a fake. And when you say, "Everything is going to be fine, after I'm dead, my grandchildren are going to have this," and so forth, that kind of thing—it's not true! There's no guarantee! There's only the guarantee that you *make* come true. You have to think about the future. At my age, I can do that more easily, because I have a longer past, and therefore, I have a sense of what the span is, what happens in the course of a lifetime, through the various phases of one's existence, from infancy to childhood and so forth.

You want to assess, what is really important, *for you*. You're going to die; first of all, accept that you're going to die. Now, what is going to be the consequence of your having lived? And will the ideas, and the goals that you represent live in the future population? If they do, and if they solve the problem of humanity's life in the universe for times to come, you're a success. That's as good as you can do.

But if you have some fake value, the assumption that everything is going to be all right, without your doing something to make it possible—that's what the problem we have is, today. People assume, "Well, I do the right thing, I'm good to my children, I only beat them on odd Tuesdays," hmm? This sort of thing? It's a nice feeling, but it's a false one. It's false to reality.

And so therefore, my job is, to get this idea, of what society is—not just economics, not just physical economy, not just physical science. But we have to think in terms like was said in California: 5 billion years from



NASA/Pat Rawlings (SAIC)

*If we show we can make Mars habitable for man, then we know we can go on to further achievements. Shown is an artist's rendition of astronauts looking for fossils on Mars.*

now, the Sun is gone—and the Earth is gone a lot sooner than that. So, we'd better get up, and think about this! And think about what a voyage to Mars is going to be and how're we going to live there, and how're we going to live elsewhere in the Solar System and beyond, how we're going to live in the galaxy? Now, you can not take a slow boat to your friends in some other part of this galaxy—you won't make it. But you can think about getting to other parts of our galaxy, and beyond. We can think about the future of mankind in the universe. Which is the way we ought to think. And we can have a grand time of fun, in knowing that we're contributing to that.

**Schlanger:** And that kind of thinking has an immediate physical effect, because you're applying these physical principles, to what we call "real economics."

**LaRouche:** Yes. I find that when discussing this with some of these people who've been involved with us, in this forecasting business, in the recent more than a year now, their enthusiasm, their sense of confidence, is obvious to me. When they start to think in these terms,

they become much more optimistic people, because they know that what they believe is true.

**Schlanger:** That's helpful.

**LaRouche:** Yeah, well, the point is, most people are going through a phony belief. They believe in something which they think is there for them, but it's not, it doesn't exist! But they will say to you, "Don't take away my dream!" As long as they can fool themselves, into thinking they're getting something coming to them, in this life or afterward, they're fooled by their dream, because they have no basis for believing that.

When we say, "We're going to Mars," and we discuss how the Solar System is organized, and begin to get down to drawing on the drafting board how we're going to do this, maybe in a couple of generations or more to come, then we no longer are peddling empty dreams. We are saying that we have a commitment; if we can do this, if we can say that by the end of this century, we can find a way of making man's presence on Mars habitable, significantly, even temporarily, then we know that we can go further, with the same type of progress in discovery, to go to further achievements.

And therefore, you can say to your grandchildren, “Well, you’re going to die. But you’re going to do better than we did. You’re going to do something we didn’t achieve.” And therefore the idea of immortality, then becomes real.

And only a human being can enjoy immortality, because no animal can do it, only a human being. And the object of people is to become that kind of human being. To know that whatever the miseries and problems of life, that their part in this process is essential for the future of humanity, and that there *is* a reward for it! There is a future in humanity, because of what you’re doing now, and what you’re insisting on doing now, the principles you’re adopting now, the commitment you’re adopting now.

It’s like, you used to have the grandfather who would take his grandchild out to see some large construction done, under Roosevelt, for example, like a big dam or something. And the grandfather would say to the grandson, “I helped build this.” And the morality in a human being, the basis for true morality in a human being, is a sense like that: a sense that you’re going to become a grandfather, and your grandchild will know what you’ve done to make possible what *they’re* about to accomplish! And you know, as long as that commitment exists within the human species, the human species has a future in the universe. And has some purpose which may become revealed to you at some later point.

If you don’t have that conception, in my experience, without that conception, all the promises, all the beliefs, and good things, and so forth, are largely wishful thinking. And at the first threat to it, people turn nasty: They no longer believe in the future, and they turn nasty and corrupt. They become practically a member of Goldman Sachs—nasty, corrupt, and worse than useless.

**Schlanger:** And they turn themselves into slaves for that system.

**LaRouche:** They turn themselves into subhuman degenerates. But, now they’re going to be fried, because the other degenerates are angry at them, and they’re going to be fried. The best thing they can do, is try to find a spaceship that’s going to take them a safe distance from Earth!

But that’s why I do this work on physical economy: I’m an expert in this area, because I did not swallow

some of the things I was being taught in school. And so, I stuck to it, and it had a good benefit, and pleasant rewards from it, and I enjoy life greatly!

**Schlanger:** And it gives the younger generations a chance now, because you did stick to your guns over all these years.

**LaRouche:** Yeah, I stick to my guns. I’m a stubborn old coot! It’s fun. Life is fun: I enjoy life greatly. I enjoy people greatly. I enjoy young people, greatly, especially because they’re the future. And if you want to make a good investment, make the investment in a young adult. Because the investment in the young adult is going to be the future, and they’re capable of understanding it, and they’re capable of carrying it on, so you can actually rest in peace, at the end, if they’re functioning. I don’t know how the President’s going to do in this matter, but I don’t think he’s going to be very successful. I think he’s a miserable creature.

**Schlanger:** And hopefully he won’t be in the White House much longer.

**LaRouche:** Yes. I hope he can find a nice resting place, where he’s calm and calmed down, and given the right drugs to be calm. And sit on the porch someplace and be serene, and have his daughters not look upon him with absolute disgust.

**Schlanger:** And to make sure there aren’t too many mirrors in the house.

## The Human Side of Physical Economy

**LaRouche:** Exactly. So, that’s why I wanted to keep emphasizing this thing about physical economy, to get the *human side* of what we mean by physical economy: to get to what is the real human values which people generally have not latched into yet, shall we say.

**Schlanger:** See, that’s one of the things I’ve always emphasized: that physical economy is the only basis for morality, because it is based on the future, it is based on the immortal nature of man. And anything else is really a fraud.

**LaRouche:** I can say another thing on that, Harley: When you think about religious bodies, . . . you know, in a certain period of my life, I had a very active relationship to the Vatican, especially in Italy on the SDI project, and I know various religious bodies. They fail, be-



UN/Evan Schneider

*The papacies of Paul VI (left) and John Paul II were a high point in the Catholic Church. They found their identity in the sense of the simultaneity of eternity.*

cause they substitute an artificial goal for humanity, as the purpose of immortal life. And since they don't have a real sense of what that goal should be, they just "preach it."

And then, the people who are believers, run up against something where they lose their belief, because they've been given a story, like a nice story, in place of really knowing what they should believe in. And therefore, when the corruption comes, like the hit of this sex scandal in terms of the Church, you realize that the vulnerability of the believers is the fact that they don't really have the real story. They have what's given to them, instead. People say, "Well, we have to do something to give them the right spirit about their life, the right feeling about their life." But sometimes it has to be the truth.

And you have the concept in Christianity, for example, the idea of the simultaneity of eternity, which is what I believe in. And if you can find an identity in the sense of the simultaneity of eternity, then you have it, you have the objective of religious belief there. And this is what I get from—well, for example, these various great Popes, of that period of my life: they all represented that, that was their power; that was their influence. And it included, up toward the end of his terminal state, John Paul II. And all his Polish collection he had around him in Rome, which I used to know. And there was the famous John XXIII, and Paul VI, and he had a very special role in this process, some

people know about. I happened to be informed about it.

But I mean, you had a high point, and you realize today, that that high point, which I knew in the 1970s and 1980s, is no longer there. It's gone. Because the myth, telling the myth, is not the solution. You've got to tell the truth; you've got to talk about the simultaneity of eternity. Don't give them pabulum; give them the truth.

## Science and Classical Culture

**Schlanger:** And that's why you also emphasize the importance of Classical culture, in music: because you have the same principle, with a Bach, or a Mozart, or a Beethoven, in musical culture.

**LaRouche:** It's even more than that. We've got a project now, which is the Einstein Project, which some people are working on. Einstein is the best example of the moral type of scientific mind, who was often almost an outcast, but who made singular contributions to science, and to other things. And you have the image of Einstein and his violin. He was a competent amateur violinist. For example, he used to perform in *Shul* in Berlin, before the Hitler period, on various days when he was there. Einstein is the example of this, and one of the best models of this. And if people would understand him, and what he did, and what was wrong with the opposition to his influence, particularly from the positivists and so forth, you get a sense that creativity is not located in mathematics. And that's where the idiocy comes in.

Creativity is located in Classical, artistic composition. It's located in the relationship between Classical poetry and music; it's located in great painting, which has this double meaning to it, the irony of painting. And therefore, creativity as we know it in scientific work, is a product of a state of mind, which is induced by Classical artistic composition, as by Bach.

What we have now, in so-called popular music—the popular music in the United States destroys the mind. It



EIRNS/Ali Sharaf

*The LaRouche Youth Movement in Germany records the Choral movement of Beethoven's Ninth Symphony in Berlin, March 19, 2010. We have to treat Classical musical composition "as an essential part of our intellectual diet," LaRouche said, "because without that, we can not develop moral power."*

destroys the creative potential of the citizens. And the reason we have such terrible conditions, psychologically in life in the United States, today, is because of the postwar period, the imposition of this wild, crazy, existentialist thing, in place of Classical musical composition. And I know, and I work on this with people—I insist on this—that we have to treat Classical poetry and Classical musical composition as an essential part of our intellectual diet, because without that, we can not develop moral power.

Moral power lies in the power of creativity. And only Classical artistic composition, actually, directly presents creativity. For example, Shelley—which I often cite—Shelley's *A Defence of Poetry*, the concluding section, is a demonstration of what creativity is, and how creativity affects a mass of a population. And the problem today, is we have people who *don't have that moral sense*; and the problem with our popular culture today, [is that it] destroys that moral sense. And therefore, you find you want to get them into science—they're weak, they're not competent scientifically. Whereas, people who are in a Classical musical culture, and related culture, *do* show a potential for creativity in physical science.

**Schlanger:** What kind of moral sense can you get

from a song like, "If you wanna beer real cold, put it next to my ex-wife's heart"?"

**LaRouche:** Yeah, I know, but that's just bad stuff. But the point is, without the positive factor—mathematics is not the source of creativity. Mathematics can be the death of creativity, as positivism demonstrates.

**Schlanger:** As Wall Street demonstrates, today!

**LaRouche:** Yeah. Totally immoral degenerates. Wall Street is a bunch of degenerates. And they're not going to Heaven!

**Schlanger:** And they won't be able to buy their way in, with derivatives!

**LaRouche:** Right!!

**Hoefle:** All right. Well, thank you, Lyn, Harley. Very entertaining show, very useful.

I suggest that, as last time—watch this repeatedly, but not only that: Get all of your friends and associates to watch it. Because the survival of this nation depends upon enough of us grasping these ideas so that we can turn things around. This is really the fight. Forget about the scandals and all these other things: This is the fight! These ideas are the fight. This is the way we will win!

So, spread the word. Thank you.