

## IMPLICATIONS OF THE U.S. SENATE'S ACTION

# Be Tolerant and Compassionate

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A new world economic, and strategic situation has been defined by U.S. Senate developments of May 23, 2005. This condensed summation of the strategic highlights of that change, has been prepared for the information of some relevant higher-ranking circles in Europe, and also some comparable places in Eurasia more broadly. I report this from my position of advantage as an insider to much of the process leading up to this most recent development.

The Monday, May 23 events in the U.S. Senate, mark a qualitative change in the world situation. Curiously, but not accidentally, up to the day this report is written, there was virtually no reporting on this momentous event in the leading continental European press, except for the *Neue Zürcher Zeitung*, which devoted a large part of its first page to this crucially important development. That curious pattern of behavior, in which leading European circles effectively suppress attention to one of the most crucial, and widely viewed of the strategic developments of recent years, is not accidental, in any respect.

This should remind us that some persons of privileged social status then clung desperately, out of fear, to the belief that the *Titanic* were unsinkable, even when they had just learned of the fatal leak which had just occurred.

The key to this strategically crucial development in the U.S. Senate, is the fact, that what now grips the world's trembling economy is not a so-called "cyclical monetary-financial crisis," but the culmination of a decades-long process of physical-economic decadence whose development has been centered in the Americas and Europe. These economic developments are the context which shapes crucial

current political and military events.

Since the weekend of May 21-22, there has been a sudden turn within the U.S. political system. A bipartisan agreement among U.S. Senators determined to prevent the Bush Administration's commitment to overthrow of the constitutional powers of "advice and consent" of the Senate was successful, at least for the moment. This represented an effective act of resistance to an attempted Bush Administration coup d'état against the U.S. constitutional system.

This development must not be misestimated. It does not represent, at least not yet, any more deep-going political alliance between some Republicans and the Democratic faction in the Senate than common regard for the relevant principles of the U.S. Constitution, although the possibility of such a future political alliance of some kind could not be excluded. The bloc of Senators which resisted the attempted White House-directed coup d'état was united, for this occasion, by explicit commitment on the practical implications of that narrowly defined constitutional issue, and that alone. However, once that important qualifying statement by me has been understood and accepted, the global implications of that successful act of resistance, to what was nothing less than an attempted coup d'état, are unignorable.

An attempted coup d'état, such as that one just defeated in the Senate, a coup attempt within the world's leading nuclear-armed power, ought to be regarded as of earth-shaking significance by any serious political leader in any part of the world. According to the recent behavior of most of the European press, and others, fear or some other form of corruption led to their public silence on the matter. That silence is itself of grave strategic significance, given the already imperilled state of the world as a whole at this moment.

This turn has produced a new global strategic, political-economic situation, which upsets virtually all those established, recent political trends in other nations' relations with the U.S. Bush Administration. Although all parts of the world are affected by this sudden change in direction, the typical effects include those upon the general foreign-policy, as well as economic options for nations such as Germany and Russia.

## 1. The Post-FDR Change

The present situation so defined could not be competently assessed without taking the following bit of recent world history into account.

From the defeat of the Nazi power until the beginning of the official U.S. 1964-1972 war in Indo-China, Europe and the Americas had been dominated by a long wave of economic growth under the influence of the Bretton Woods monetary system which had been designed and launched by U.S. President Franklin Roosevelt. However, the intention to overthrow Roosevelt's reform of the world monetary-financial system had been the shared intention of a right-wing U.S. bloc within the U.S.A. and such British allies as Winston Churchill and Bertrand Russell, since no later than the time of the famous Yalta conference among President Roosevelt, Josef Stalin, and Winston Churchill.

To understand that, we must recognize that Adolf Hitler, like Benito Mussolini, had been put into power by a cabal of international financier interests merely typified by the cabal's tool Hjalmar Schacht. Many of these who had put Hitler into power, from New York City's financial center and elsewhere, changed their attitude toward Nazi Germany when it became apparent that Hitler would strike westward first, rather than eastward, as Hitler's one-time Anglo-American supporters had intended that eastward priority. Once Germany were defeated, by about the time of the Yalta conference, these same Anglo-American and other circles returned to their earlier intention of using Germany as a base for attacking the Soviet Union. With the death of FDR, they succeeded. These same Anglo-American circles, which President Dwight Eisenhower denounced as "a military-industrial complex" represented by the likes of former Pinochet crony George Pratt Shultz today, are the backers of the radical right wing, including fools and tools such as the so-called neo-cons and Karl Rove's religious fanatics today.

Therefore, within a very short time after President Roosevelt's death, the bloc including the U.S. Truman Administration and the co-thinkers of Churchill and Russell were embarked on a policy of world government achieved through "preventive nuclear warfare." The utterly unnecessary drop-



*President Franklin D. Roosevelt signs the Social Security Act, 1935. "Only those same kinds of methods which President Roosevelt mustered during the 1930s and early 1940s," LaRouche writes, "could save the planet from a plunge into economic and cultural Hell today."*

ping of nuclear weapons on Hiroshima and Nagasaki, was intended, like Hermann Göring's act of 1933 in setting fire to the Reichstag, to shock the world into acceptance of the state of "preventive nuclear warfare" as soon as the Anglo-American pro-war bloc might have developed an arsenal sufficient for that enterprise. The combination of developments in the Korea war and the news of a Soviet development of an operational type of thermonuclear weapon, prompted the Anglo-American bloc associated with Bertrand Russell's preventive nuclear warfare policy to back off, and to shift toward what emerged, through the Pugwash conferences, as a deterrent doctrine of Mutual and Assured Destruction (MAD).

Through all of those developments of the 1945-2005 interval to date, the continuing intention of the right-wing, anti-Franklin Roosevelt bloc within the Anglo-American establishment, has been the elimination of that power of the U.S.A. typified by the Franklin Roosevelt Administration, in favor of a system of imperialism called "world government" then, and "globalization" today.

The orchestration of the development and deployment of nuclear-warfare-tipped arsenals, then, as again today, for this purpose, has been complemented by a program of cultural corruption which was typified by the Congress for Cultural Freedom (CCF). The conditioning of the populations of chiefly the Americas and the western side of the 1945-1989 division of Europe by the work of the CCF, conditioned much of the relevant population born after 1945 to become the "68ers" of the "rock-drug-sex youth-counterculture" of the 1964-1972 interval. The work of Bertrand Russell and two of his assets, Norbert Wiener and John von Neumann, are typical of the sources of the axiomatic assumptions underlying the work and influence of the CCF.

The most crucial of the strategic economic and social effects of the CCF and related cultural programs, showed themselves on the surface of large-scale economic and related cultural developments, such as the launching of the U.S. official war in Indo-China, as the U.S.A. of the 1964-1981 interval underwent a shift from being the world's leading agro-industrial power, to becoming what is now the virtual wreckage of a "post-industrial" utopia.

These developments of 1964-1968, and beyond, were carried to their logical outcomes during the 1971-1981 wrecking of both the Bretton Woods system and of the constitutional American System commitment to scientific and technological progress in basic economic infrastructure, agriculture, and manufacturing.

### 1.1 The Present Monetary Crisis

The 1971-2005 shift into wild-eyed varieties of monetarism and trends toward globalization, unleashed a long-term pattern of accelerating expansion of both monetary and financial aggregates, accompanied by, and correlated with a general decline in both net physical output in infrastructure, agriculture, and manufacturing in Europe and the Americas. Typical is the long-term, 1977-2005, decline in physical standard of living of the lower eighty percentile of U.S. family households, combined with a poorly concealed acceleration of inflation in monetary and financial aggregates.

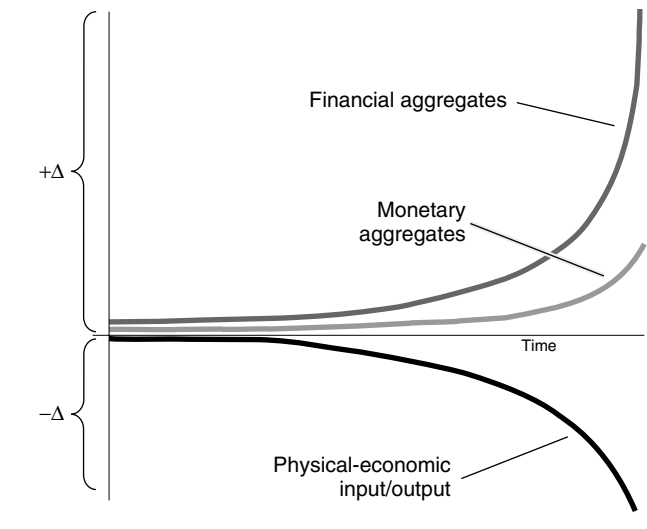
Since the immediate aftermath of the October 1987 U.S. stock-market collapse, under then incoming U.S. Federal Reserve Chairman Alan Greenspan, the present world monetary-financial system has been characterized by, and propped up by the accelerating expansion of a system of gambler's side-bets known variously by such names as "financial derivatives" and "hedge funds."

The growth of the mass of financial derivatives, and the pollution of what had been previously considered normal practices in finance and monetary institutions by the increasing role of such derivatives, has created what is in fact a vast, "John Law"-style, hyperinflationary bubble. This result was apparent to me in the discernible trends shown in 1992, when I described this as the "great mud-slide" threatening President George H.W. Bush's re-election chances, and when I, in late 1995 and early 1996, presented my now well-known "Triple Curve" depiction of the pattern of systemic disaster in the relations among financial, monetary, and physical outputs (**Figure 1**). That "Triple Curve" pattern shaped by the growth of the financial-derivatives "cancer," was expressed in the 1997 and 1998 monetary-financial crises, and the U.S. sharp economic decline which began during 2000, and has continued to converge on a global breaking-point today.

In the aftermath of the Spring-Summer 2000, partial collapse of the "Information Technology" financial bubble, by the time of the inauguration of President George W. Bush, Jr., the situation was created that, without a sweeping reversal of the long-term U.S. economic and related policy-trends of the 1982-2000 interval, a general collapse of the U.S. and

FIGURE 1

### LaRouche's Typical Collapse Function



world economic and monetary-financial systems would continue up to the point of, not a mere cyclical depression, but a general breakdown-crisis. Although remedies exist even still today, a global general breakdown-crisis were now inevitable for some time during the short term, unless those remedies are chosen.

### 1.2 The Underlying Physical-Economic Crisis

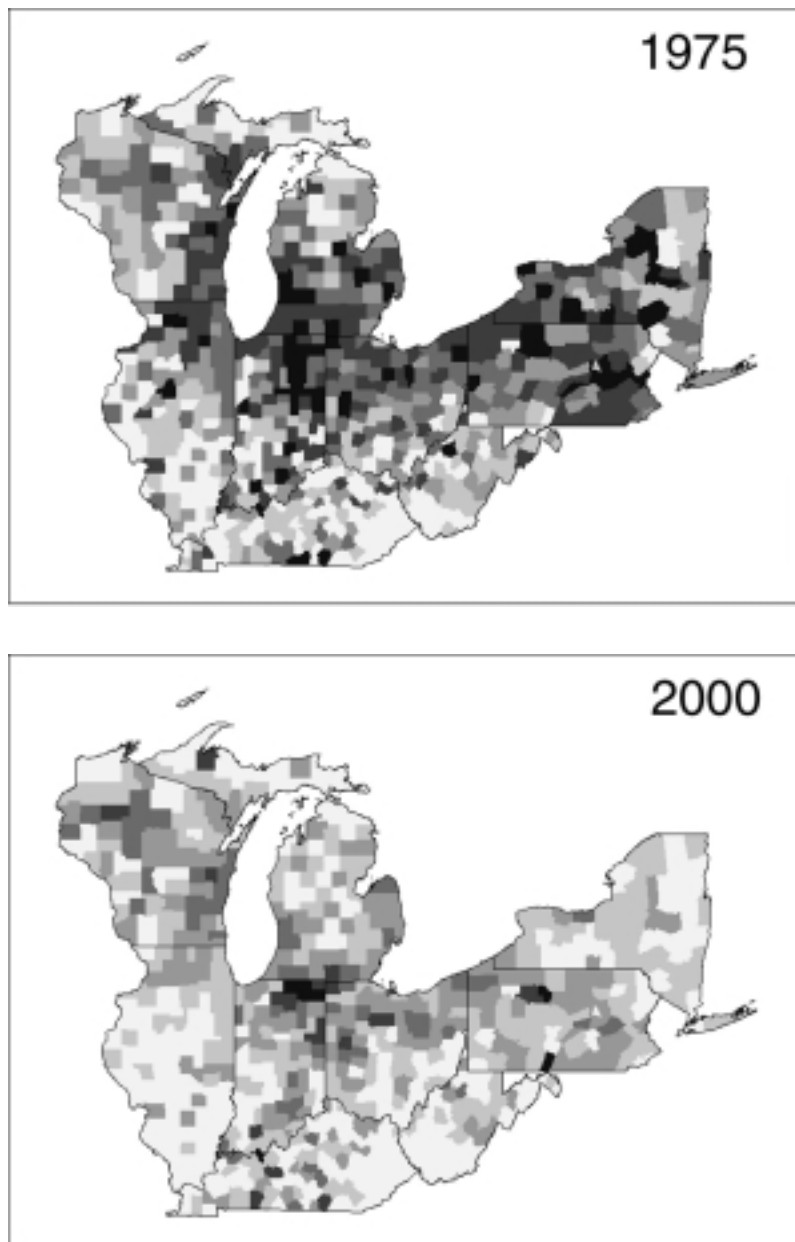
This is not a cyclical crisis; it is a systemic crisis. As long as there is an effort to continue the present, floating-exchange-rate mode of the IMF/World Bank system, a dreadful, chain-reaction collapse of the world's physical economy is now inevitable. However, while the continuing cause of the crisis is built into the current trend toward globalization under the present IMF system, the threatened breakdown itself is physical, rather than monetary-financial. It is a physical breakdown caused by the systemic physical effects of 1964-2005 trends in monetary-financial policies of both governments and international authorities to date.

The worst of the systemic physical-economic effects are those caused by the trend toward what is currently termed "globalization." The drive toward elimination of national-economic "protectionism" and toward the lowest world-market price, has lowered the net physical productivity per capita of the planet. This has been brought about in the following way.

When the economic history of the U.S.A. is examined from the vantage-point of the American System of political-economy as defined by paragons such as Benjamin Franklin, Mathew Carey, Henry C. Carey, and the German-American Friedrich List, a healthy U.S. economy is based upon a commitment of approximately fifty percent of physical investment to what is called basic economic infrastructure. As I

FIGURE 2

## U.S. Industrial Belt, Decline in Manufacturing Workers as Percent of Workforce, by County, 1975-2000



Source: Bureau of Labor Statistics. Map produced by MapInfo.

*Darker tones show greater percentages of manufacturing workers.*

have explained this in appropriate published locations, this investment in infrastructure, is also the multiplier-factor which is indispensable for realization of the potential benefits embedded in the use of improved technologies for production of marketable goods.

What “globalization” has done, since this trend began, as a southward movement, significantly during the 1950s, is to

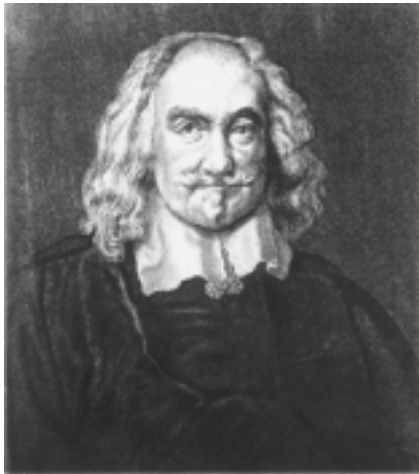


shift production from regions which were relatively infrastructure-rich, into regions where cheaper labor was associated with a significantly poorer development of infrastructure. The current replacement of rail transport by inherently more costly uses of truck transport, and replacement of mass transit systems by use of rush-hour superhighways as involuntary parking lots, expresses the same foolishness which has crept over government and public opinion inside the U.S.A. during the recent half-century or more.

More recently, the flood of transfer of production from the U.S.A., among other formerly industrialized leading nations, to ever-cheaper labor markets, has been correlated with a quarter-century deep collapse of both productive employment and infrastructure within North America and Europe (**Figure 2**), while production is shifted into the infrastructure-poor sections of what is sometimes called the developing sector. As a result of this trend toward lessening of the essential factor of modern technology in infrastructure, the actual net physical productivity, the level of productivity of the planet as a whole has declined. When this factor is recognized, there should no longer be any mystery about the evidence which shows that the cheapening of the apparent price of products through “globalization,” is essentially a global delusion. Not paying for the needed level of technological development of infrastructure, causes the cheaper labor of globalization to become the global physical-economic catastrophe which the oncoming early general monetary-financial collapse will reveal to have been in progress over decades of popularized delusions about the benefits of cheaper labor abroad.

## 2. The Needed Political Remedies

The U.S. emerged as the world power whose policies of agro-industrial development, those of Henry C. Carey, be-



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*"We have entered a time when the legacy of Thomas Hobbes must be absolutely banned from world politics, that in favor of the principle expressed, from the outset, by the 1648 Treaty of Westphalia."*

came widely imitated in places such as Bismarck's Germany, Meiji Restoration Japan, Alexander II's and Mendeleyev's Russia, and elsewhere, from approximately 1877 onward, as in Sun Yat-sen's program for the modernization of the economy of China. Under President Franklin Roosevelt's leadership, the economic development of the U.S.A. astonished the world and doomed the Nazi dreams of empire. It was U.S. logistics, unleashed by FDR, which aided U.S. allies in a global two-front war, in overwhelming a well-trained German military force with sheer force of overwhelming productive superiority.

This advantage of the U.S. economic system, over its rivals in Europe, was shown most dramatically in cases such as the pre-1688 Massachusetts Bay Colony of the Winthrops and Mathers, as in the mobilization by Presidents Abraham Lincoln and Franklin Roosevelt. The U.S. constitutional system is essentially a system based upon the legacy of constitutional principles of national banking, whereas European systems, throughout most of their modern history, predominantly subordinate government to the power of so-called independent central banking systems. It was for that reason that the U.S.A. became a continental power, from Atlantic to Pacific, and between its northern and southern borders, through immigration which was largely of populations drawn en masse from Europe. The U.S.A. is essentially The Prototype of a European Nation-State; policies of public credit, with public superiority over private financier interest, such as those imitated by the founding of Germany's Kreditanstalt für Wiederaufbau, typify "the secret" of the U.S. rise to great power. This principle applies with great force to the present world situation.

It will not be an easy matter to return the U.S.A. to the kinds of national economic policies, such as those of President Franklin Roosevelt, which made us great in the past. Only a great crisis could break popular and official opinion free of those intellectual habits through which the United States has virtually destroyed itself during the recent three decades and longer. That crisis now exists for the U.S.A., as it does for all

of the nations of Europe, and elsewhere. However, as the referenced recent events in the U.S. Senate show, the needed spirit for action continues to exist, as an embedded feature of the U.S. institutions' national character. This exists among normal Republicans, as among normal Democrats.

This present situation means, that were the human race to fall under hegemony of the right-wing currents seen in the Americas and Europe today, there would be no future for humanity during the immediate future of this planet. The right-wing ideologues, such as those of the Mont Pelerin Society of today, would not allow any of the measures needed to deal with the present global economic crisis.

Only those same kinds of methods which President Roosevelt mustered during the 1930s and early 1940s could save the planet from a plunge into economic and cultural Hell today. Only under a revival of the essential features of the Roosevelt design for a Bretton Woods, fixed-exchange-rate system, could an economic recovery be organized in the world today.

This fact of a changing pattern of alignments among nations is reflected in the tendency for a break-up of established patterns of political alignments. The May 23rd developments in the U.S. Senate do contain a reflection of that new trend. No one can neatly predict how revised political alignments which take shape, although the Franklin Roosevelt tradition is a historically predetermined factor in the United States today. However, science-driven technological progress melded with dedication to protection and promotion of the general welfare, are principled features of any new alignments which could address the presently onrushing crisis successfully.

The most recent leading developments in the U.S. Senate do not show us precisely what the new alignments will be, but they do foreshadow what is now possible in the U.S.A. and other parts of the world.

We have entered a time when the legacy of Thomas Hobbes must be absolutely banned from world politics, that in favor of the principle expressed, from the outset, by the 1648 Treaty of Westphalia. Defense of security is still obligatory, but warfare for purposes such as regime-change, are the impulses of dangerous madmen. Civilization can no longer tolerate certain reckless kinds of behavior by governments, such as those of the Blair and Bush governments in the matter of Iraq; nor can we tolerate the inhuman fanaticism inhering in the dogmas of the Mont Pelerin Society. Otherwise, if we can be as tolerant and as compassionate as is honestly possible, and if we can avoid the usually fatal pitfall of descent into practices of sophistry, we shall be able to get along with one another.

The hope of the future is a powerful motive. The expectation that even risk of one's life might determine the outcome, for the future, of your having lived, is the most powerful of motives. That is the power and the advantage we must seek to afford to our own and other nations. If we can do that, we of many nations shall get along well with one another.