

The USA & China

by Lyndon H. LaRouche, Jr.

These remarks were presented by Mr. LaRouche, and translated into Chinese, for a conference titled, "Forum on the U.S.-China Relationship and the Peaceful Reunification of China," sponsored by the Institute of Sino Strategic Studies, which took place in Los Angeles on Nov. 24.

As I reported in an international webcast, broadcast from Washington, D.C. on July 25th this year, the present world monetary-financial system has entered the most deadly crisis of recent centuries. At that time, I emphasized two things about that forecast: that the end of the present world monetary-financial system were inevitable, *unless* that system were replaced by a new world system during a relatively brief, remaining time available.

Since that time, evidence bearing on all relevant leading developments from around the world, has confirmed the essential accuracy of my July 25th forecast on all relevant points. Since that time, nothing visible has actually been done by any government to change the present world system in ways which would tend to solve this crisis. For example, every action taken, since that date, by the U.S. Federal government and the U.S. Federal Reserve System, has been an intrinsically tragic mistake. So far, every reaction of the governments of the U.S.A., and of western and central Europe, in particular, to deal with their crisis, has been worse than a failure. The crisis has an inherently hyperinflationary form which should remind us of developments like those of 1923 Weimar Germany, but, this time, on a world scale.

However, we must not ignore the crucially relevant fact, that any monetary-financial system, when considered by itself, is, essentially, only the equivalent of a "paper system." Fortunately, monetary-financial systems can be replaced. In the long term, *it is the choice of the ruling form of social system on which the design of the physical economy is based, which is essential.*

When we take into account the knowledge which we have available to us today, the following rule applies: whenever a powerful combination of national governments can arrive at a suitable agreement to change a failed financial-monetary system, a solution for any modern financial crisis can be found.

Therefore, my leading point in this report today, is that: Specifically, were the government of the U.S.A. to propose co-operation on a suitable reform, to an initial sponsoring group made up of the governments of the U.S.A., Russia, China, and

India, it would be possible to bring the present international crisis under control, and, therefore, to rally a majority of the world's nations to join in measures which would stabilize the world system, and provide the foundation for a general economic recovery.

The last general recovery of the economy of the U.S.A. and western and central Europe, was initiated within the United States under President Franklin Roosevelt. The death of President Roosevelt was a great loss to humanity; but, despite his death, although the policy-changes made under his successor were, generally, a big mistake, the U.S. economy continued to prosper under the continued benefit of the then deceased President Roosevelt's policies until the assassination of President John F. Kennedy on November 22, 1963 (despite the bad policies introduced under President Truman).

The effects of the 1964 U.S. entry into the long war in Indo-China, like the more recent, very foolish wars which were launched by the Tony Blair and George W. Bush governments of the United Kingdom and the U.S.A., have led, successively, into the wrecking of the international monetary system in August 1971, and a general physical-economic decline in the economies of Europe and the Americas. This decline over, approximately, the 1968-2007 interval, has led into the consistently worsening physical-economic situation in those nations up to the present time.

The decline in those economies of Europe and the Americas, has had many contributing causes, but it was chiefly the result of the introduction, beginning 1971-1972, of a *presently continuing, ruinous, pro-Malthusian type of global floating-exchange-rate monetary system*. Despite some important trends for improvements in some leading national economies in Asia, the per-capita level of net physical-economic strength in the world as a whole has collapsed.

Thus, despite the improvements for a significant portion of the total economy in some leading nations of Asia, the deficit in development for the largest fraction of the populations is critical, at the same time that the productive powers of labor in western and central Europe, and in North America, continue to collapse catastrophically. Therefore, the needed development in even progressive economies in Asia, requires a mobilization of the physical capital and technology needed to raise the level of basic economic infrastructure and physical productivity throughout Asia and Africa, and also in the dangerously decadent, present form of the national economies of western and central Europe and of the Americas.

The most crucial among the urgently required actions to be taken jointly a group of nations led by the U.S.A., Russia, China, and India, are the following.

1. The present world monetary-financial system must be placed in a prevalent, juridical status of reorganization in bankruptcy.

This means that: As provided by the U.S.A.'s Federal

Constitution, all central banking systems heretofore independent of sovereign governments, are placed under the sovereign powers of the relevant constitutional government.

This means that: The government, through an institution equivalent in authority to the constitutional design for a Federal Treasury Department elaborated by U.S. Treasury Secretary Alexander Hamilton, will assure that: *under rules for reorganization in bankruptcy, those payments authorized either specifically or categorically by the Federal authority will be treated in a normal fashion, as prior to placing the old monetary-financial system into receivership, but subject to supervision in the matter of regulating the retirement of outstanding capital-financial obligations.*

The included objective of these reforms of a system in bankruptcy, is to maintain, and to elevate the level of existing essential levels of employment, payment of ordinary pensions, and so forth, and production of essential goods and services, this with a view to accelerating rates of growth of net physical output, per-capita, and per-square-kilometer productivity of the economy.

2. The physical-economic recovery and net growth of these economies, per capita and per square kilometer of total territory, requires an emphasis on the application of physical improvements in basic economic infrastructure, and the use of capital-intensive investments in basic economic infrastructure as the physical-economic driver for the other forms of production in the economy.
3. The success of such intentions by governments, and others, demands a fixed-exchange-rate system not much unlike the design for the Bretton Woods fixed-exchange-rate system under President Franklin Roosevelt.

In other words, the needed reforms must be premised on the equivalent of a pervasive science-driver policy for the economies and territories as a whole.

Science & Raw Materials

The possibility of success for such required programs, depends to a very large degree on two global considerations, considerations which bear on each part of the world, and the world's necessary development viewed as a whole. 1. The first, *is development and refinement of raw materials supplies.* 2. The second, *is science as defined in terms of fundamental, universal physical principles.* The two are functionally inseparable: *there can not be sustained development of needed raw*



EIRNS/William Salisbury

LaRouche has an exchange of views with Chinese Consul General Zhang Yung (second from left), following the Forum. "Whenever a powerful combination of national governments can arrive at a suitable agreement to change a failed financial-monetary system, a solution for any modern financial crisis can be found," LaRouche told the conference.

materials supplies without emphasis on fundamental physical-scientific progress measurable in terms of characteristic energy-flux density of modes of production.

The realization of those crucial objectives demands a clearly defined shift from what has been, hitherto, the strategic advantage of maritime powers over the quality of power of continental interiors. For most of a period reaching as far back into the times prior to the last glaciation in the northern regions of the northern hemisphere, ocean-going and related development of maritime power has been economically and strategically at a great advantage over the economies of inland habitations. This began to be changed with the so-called "geopolitical" implications of the appearance of the transcontinental railways of the U.S.A. Since that time, the related clash of maritime powers, such as those of the British Empire, with the nations and peoples of continental Eurasia and the U.S.A. had been dominated, strategically, by the challenge to this domination, which had been represented by the victory of President Abraham Lincoln's U.S.A. That victory had been the root of the reaction against the U.S. success, a reaction reflected as Prince of Wales Edward Albert's launching of the 1895-1945 war of Japan against China, and by those related imperialist wars of the 1905-1945 interval, which illustrate the challenge which continues in either similar or relevant other expressions still today.

As in the case of China, the elevation of the conditions of life of the entire population of China (and, also, relevant other nations), demands a scientifically very advanced approach to

development of raw materials supplies in presently poorly developed northern Eurasian territories. Improvements of management of water supplies throughout Eurasia, extended and qualitatively improved forms of global (e.g., transcontinental/intercontinental) transport systems, and “crash program” qualities of emphasis of both power supplies and production technologies based upon nuclear-fission and thermonuclear-fusion modalities, are now indispensable.

This urgently needed transformation of policies within the Eurasian territories and beyond, is beyond the present resources of Asian nations by themselves. Western and central Europe, for example, must be mobilized to earn their livelihoods by producing an immense volume of physical products of very advanced technologies as supplements needed for the appetites of the densely populated regions of Asia.

For example, the potential for such developments is illustrated by the present implications of the reopening of the rail-systems leading from Korea as a whole, into China and Russia. The implicit common physical-economic interest of

Japan, Korea, China, and Russia (among others) in this opening up of systems in North and East Asia, is to be regarded as one of the presently great opportunities for the benefit of humanity.

The Obstacle to Sanity

Today, the world as a whole is menaced by a kind of threat to the continued existence of civilization, which is to be remembered from what became known as the “New Dark Age” of Europe’s mid-Fourteenth Century. Then, as in places such as Southwest Asia now, civilization is destroying itself through the predatory actions of a reigning social class of predatory financiers, financiers, like those of the Lombard bankers of the Fourteenth Century, who used the financial profits taken from the financing of wars, as in Southwest Asia now, as a mode of financier life.

These predatory descendants of the Venetian financier tradition of Europe’s so-called “Middle Ages,” have created vast amounts of accumulated purely fictitious financial gains from predatory speculation. These accumulations have reached levels at which the entire financial bubble created in this mode is now collapsing in a way which mimics the experience of Weimar Germany during the latter half of 1923.

These financier interests, are not merely predatory, but have entrenched themselves as a powerful, controlling interest over the governments and leading political parties of leading nations. As a result, there is presently, an existential clash of the appetites of that class of predatory financier interest with the most vital interests of not only the majority of the population within nations, such as the U.S.A., but the very continued existence of anything resembling a reasonable order throughout our planet.

That medieval legacy of predatory power of usury has gained such power that it can not be defeated except through a concert of clearly defined, mutual self-interest among a combination of powerful nation-states.

That is the common interest which we in the U.S.A. and China, share at this juncture. That is the crucial importance of those within the U.S.A. who typify that common interest of the people of the U.S.A. and Asia. It is our awareness of this common interest, which is therefore a crucial factor in world history at this juncture.



DigitalGlobe

“Improvements of management of water supplies throughout Eurasia, extended and qualitatively improved forms of global transport systems, and ‘crash program’ qualities of emphasis of both power supplies and production technologies based upon nuclear-fission and thermonuclear-fusion modalities, are now indispensable.” Shown: China’s Three Gorges Dam, in July 2003.



"China has become the leading trading partner for the United States, and the ability to maintain the economy of China, is to get the economy of the United States to fix its value, and to get back to increasing its exports into China!" Shown: The port of Long Beach, Calif., where billions of dollars worth of goods arrive from, and are shipped to, China.

Dialogue With LaRouche

Q: I admire Lyndon LaRouche very much, and I have admired him for a long time. Now I have a question concerning, from the point of U.S.-China evolving economic relations, we know in the United States there are so many, many [inaudible], many parts are made in China, through their hard labor, and leading to damage to the environment and the character of wealth. The United States' corporations, at the upper level, are profiting so much from this process.

Is there any force in the world that can stop this process?

The United States and China Need Each Other

LaRouche: Yes, this is something I've concentrated on a great deal. In China, you have a mass of dollar obligations, which are held by China. These dollar obligations are important to the people of China, for investment in infrastructure. People talk about environmentalism: This is nonsense talk. Yes, if you do not develop infrastructure, you have an environmental problem. If you do not develop water systems, if you do not develop improved systems against contamination, to clean the air, to clean the water: If you do not do these things, you will have a problem! Therefore, the capital for transportation systems, for water systems, for power systems, and so forth, is essential to the people of China, without which the interior areas of China can not be developed, and the coastal areas can not be cleaned up of this smog. Hmm? Therefore, it's important that China have the *use* of its dollar holdings, to purchase assistance, in terms of capital goods, for these missions. If the dollar collapses in value, and the Chinese currency collapses as a result, then the Chinese people are cheated of their possibility of a good future.

Therefore, the solution is, to take the advantage [of the fact] that the United States government is going to become terrified in the coming weeks. Because the U.S. dollar and the U.S. economy are now in the process *disintegrating*! And that will become apparent to everybody in a short period of time. The great asset that the United States has, is China: Because China has become the leading trading partner for the United States, and the ability to maintain the economy of China, depends on getting the economy of the United States to fix its value, and to get back to increasing its exports into China.

A stabilized relationship on this basis, between China and the United States, would change the world! Every part of the world would have to cooperate. They would have no choice. Because the *whole world* is bankrupt, not just the United States; the entire world system is bankrupt. Money, today, is not worth anything! You think it's worth something, but it's not—you'll find out tomorrow, it's not worth anything. The collapse of the housing crisis, the collapse of the banks—*every bank of the United States, major bank, is bankrupt*—hopelessly so—not just Citibank. They're all bankrupt! The U.S. is bankrupt! The Federal Reserve System is bankrupt!

The U.S. dollar is fictitious, there's no backing for it. We've been printing dollar obligations all over the world, and there's nothing to substantiate it. This has been a criminal insanity.

So therefore, what do you do?

Well, very simply: The governments of China and the United States—assuming the United States government is going to be *increasingly terrified*, every person in the Senate who voted against China, is in trouble right now, politically, when they come to back to office, because the U.S. economy is collapsing: Therefore, the solution is, if the United States and China negotiate a treaty agreement, to fix the value of the



EIRNS/Stuart Lewis

"The lower 80% of family-income brackets of the people of the United States have been, for over two, three decades, shut off from real access to their government. Now, they're losing their housing, their employment, their health care, their pensions. They want an answer!" Shown: Recent signs in Leesburg, Va.

yuan and the dollar, now, as a fixed-exchange-rate system, every leading economy in the world will have to join. If we go to a fixed-exchange-rate system, shut down all so-called central banking systems, because they're all bankrupt—the British are bankrupt, hopelessly bankrupt. The Bank of England is bankrupt, the whole system is bankrupt! The Queen's personal bank, Coutts, and the Bank of Scotland are bankrupt. Every country in western Europe is bankrupt, hopelessly so.

So they have no choice: The world is bankrupt in financial terms. The only thing we can do, is get agreements among governments, to return to a fixed-exchange-rate system of the type of that Roosevelt created during the end of the 1940s.

Then we say, we freeze everything. We have national banking systems in every country—you can not have the money running free, you have to have regulated systems: national banking systems. And you negotiate long-term treaty agreements, of a 25- to 50-year duration, as packages among countries. And that way, we can get out of it.

We are going to wipe out many claims to dollars. We're going to wipe them from the books, or they'll wipe themselves from the books. We will simply say, "We're going to pay the essentials, and the other debts are going to be frozen, until we investigate them." We're going to have an operating economy.

But the key thing here, is the interdependency of China on the United States, and the United States on China, is such, that the Chinese economy would suffer, internally, from a lack of development if these dollars, if these claims were devalued. The United States would collapse without China as a market. *Therefore, these two nations need each other.* They are prison-

ers locked as in a marriage that can not be broken. And they have to legalize the marriage.

We Are in Crisis Politics

Q: I have a very crucial question to ask. My question is how do you promote, most emphatically, how do you promote and convince the government or any other parties to adopt your idea, your philosophy, and your perspective on that strategy? Or the people of the United States?

LaRouche: Well, the people in the United States are suffering. They're suffering—the people of the United States have a 10% popularity for the present Democratic Party leadership. The people of the United States have contempt for the Congress, where they did not have contempt last November, a year ago. The people of the United States do not like what the Congress is failing to do right now, with the housing crisis. And the housing crisis is not only a housing crisis—that's a lie. It's a banking crisis: The institutions of government and every bank are in crisis. The people of the United States have interests, such as housing, such as jobs, such as

health care, things which they're now *losing*! The people of the United States are ready to revolt—maybe not tomorrow, but two days from now, or three days from now.

Therefore, you go to the Congress. Now, I have many friends in the Congress—they're cowardly friends, but they're friends. And in the institutions of government, in the professionals in government, you have a better quality than you do, actually, in the elected officials, in many of them. They understand these kinds of problems.

Let me speak very frankly: You have a predator who controls the Speaker of the House, [Nancy Pelosi] is controlled by a fascist banker, Felix Rohatyn, who also controls Sen. [Dianne] Feinstein from out here, which is what much of the politics in California suffers from. And good Democrats are afraid to act politically, because of the control exerted by these forces, which are actually fascist forces, like Felix Rohatyn, the man who helped put Pinochet in power in Chile! He was part of the administration. And George Shultz, who is no better, was also part of it.

So the question is, as I said here today: You have a powerful financier interest, which is a predatory financier interest, which is fascist, in point of fact. Just as fascist as Hitler. They don't yet have the dictatorship Hitler had, but they have the same direction of thinking.

The power lies with the people. The problem is, that the lower 80% of family-income brackets of the people of the United States have been for over two, three decades, they've been shut off from real access to their government, as their government. Now, they're losing their housing, they're losing



USAF/Master Sgt. Michael E. Best

With the policy known as the Revolution in Military Affairs, "The idea was to get rid of regular armies, and introduce privately funded warfare, like the British East India Company of the 19th Century, and the British empire still today." Shown here: A Blackwater helicopter surveys the site of a car-bomb explosion in Baghdad, December 2004.

their employment, they're losing everything; they're losing their health care, they're losing their pensions. They want an answer! We can provide answers, and I find that our going directly to the people on the state level, and the county level, the county politicians, the elected ones, the state officials—you get a response there, you don't get in the Congress now. The Senate and the House are totally controlled by the predatory enemies. So therefore, it's a matter of power: The system is collapsing, the leading power in the world that controls the world is losing power. Those in powerful positions in elected office, are losing power, especially at the Federal level.

So therefore, if we mobilize the people at the base, that is, on the state level or the county level, find officials who are honest and who are responsive, we can get a change. We're on the verge of the greatest change in modern history, either for the worst or for the better. And what we do in organizing the base of the population is going to determine that.

If we get cooperation, in spirit, between the United States and China, among the people of the United States and China, the people of the United States and Russia, the people of the United States and India, and so forth, *then* we will find that we have power, in a time of crisis.

But this is crisis politics. And that's the only answer to your question: We're in crisis politics. Are we prepared in an understanding way, as to what we must do, practically, in these circumstances. We can win. If we don't win, we're not going to have much of a planet.

The Solution: Nuclear Energy

Q: What do you think, Mr. LaRouche, about this Iraq and Afghanistan war, where the U.S. spends billions and billions in dollars, [while] only those people like Cheney benefitted from such a war? What do you think? That's number 1.

Number 2: about the environmental situation. The U.S. is the largest CO₂ producer in the world. And it's actually on an increase, the CO₂ production. What do you think in that respect?

LaRouche: Well, let's take the second one first, because the first one has more substance to it.

The idea, the environmental rage associated with Al Gore, the former Vice President of the United States, spread among the people of the United States today, is a fraud. It's based on the shrinkage of the number of leading people with scientific qualifications in the population.

My generation, as you know, is the generation—I was born in 1922. Some years ago, we had a science [foundation] called the Fusion Energy Foundation. It was one of the leading scientific institu-

tions in the United States, and was influential internationally. Then, we find, as that generation, my generation, has died out, the younger generation, the generation that is now in power in Congress, between the ages of about 50 and 65 years of age, are scientifically incompetent and inert. And they appeal to a similar stratum in their own age group in the population, which is similarly anti-scientific, inert. These are the 68ers, and they have a 68er ideology, which is against science, and which is against progress, it's against agriculture, it's against industry, it's against blue-collar workers. And this is part of our acute problem.

Now, there is no scientific competence behind what Al Gore says: It's a fraud. His famous television address contains an absolute scientific fraud. This is nothing but Malthusianism! It's the same kind of thing: of reduction of population through starvation and similar things. This is a complete fraud: This is the enemy of civilization. And I think Bill Clinton has recognized by now, that Al Gore was no friend of his, as President. He was a nuisance; he's a right-wing fascist, and he should be exposed as that. He eats too much, among other things.

But, on the actuality of this: Most of the heat in the Solar System comes from only one source, the Sun. The idea that carbon has something to do with heating is *nonsense*! If you cut down the carbon, you're going to increase the heat! By converting to methods which use biological materials instead of other kinds of materials for power. Because if you take a beam of sunlight, and you inject it into agriculture, or the forests, by the

magic of chlorophyll, you transform solar radiation into viable, living biomass. This transformation by chlorophyll, lowers the temperature of the planet, through this growth.

Whereas, if you allow this sunlight to just float around there, or use these methods that he [Gore] talks about, the environmentalists talk about, you will actually *raise* the temperature, by having less development.

So what we need, is a high-technology [solution].

Now, back to the question of the war. The war policy is related. The war policies come largely from Britain, because the United States under the present President is simply controlled by largely international British financier interests. And the problem is, as has often been the case in our past history, that the United States has been controlled from the top, by alien interests from outside the country, usually associated with the dirty side of finance—as is the case, in this case.

The policy we're dealing with, is that for a long time, there's been a policy called the "Revolution in Military Affairs." This was denounced by President Eisenhower, in his outgoing speech, as President, and it came from a certain section of what he called the "military-industrial complex." The idea was to get rid of regular armies, regular military forces of the United States, and introduce privately funded warfare, and private wars, of the type like the British East India Company used to run, in the world of the 19th Century, and [the British empire] still runs today.

The policy behind these wars, in Southeast Asia, and more recently in Southwest Asia, all comes from London. Dick Cheney, for example: His career was made by the British interests which are behind Tony Blair, the former prime minister. We got into a war in the 1960s, in Vietnam—it was a fraud. It was voted by a fraud, under the terror conditions arising out of the assassination of President Kennedy. The war in Indo-China was that.

The subsequent wars we've gone into, are all the same thing. This war was started by fraud, it was initiated by the British. I was involved personally in fighting against this; I was personally victimized on this thing. This came from London, and Cheney and his wife are instruments of London. And also there are other people in the United States, like Rohatyn and like George Shultz, and so forth, who are essentially more British than they are American.

And you know what the President is—he's a piece of waste material, politically. He has no control over his own government. He's an idiot, he's a mental case, and he was put in there because he was a mental case, that would enable other people to control him.

So you're right, this is evil. We have to stop it. It has to be stopped. We can stop it. And the way to stop it is very simple: If we build, in the context of what I already said, cooperation among the United States, Russia, China, and India, we have a combination of power, which would be the most powerful combination of power on this planet. If those powers agree, on a common interest, *it will be realized*. The problem is,

these nations *are divided against each other*, on one issue or another. If we can unite these nations, and others, around a combination of power which can change world policy, we can solve that problem.

In the case of the environment, the solution is: Go to high technology. More nuclear power, more high tech, more promotion of greening of the desert. All of these things, which will control the climate quite nicely. And scientists know how to do it. Unfortunately, we have people in government who are of an age group that don't know what science is any more.

Speech in Maryland

LaRouche: A New Pacific Relationship Emerges

Lyndon LaRouche addressed the Global Summit for China's Peaceful Unification, held at the University of Maryland conference center in Rockville, Md., on Nov. 17. The conference, attended by some 300 leaders from 34 organizations, representing 32 countries, was sponsored by the National Association for China's Peaceful Unification (NACPU). Here is an edited transcript of his speech.

As you know, this is a time of great troubles in the world. The world financial-monetary system is in the process of disintegrating. And until and unless certain changes are made, that disintegration will continue, in a fairly short period. If we change our ways, which circumstances will force us to do if we wish to survive, there will be a great positive change in the relations of the world.

For all of what we know of civilization, civilizations are dominated by great imperial forces which have dominated the land area from the sea. There was a change which came with Abraham Lincoln's election and development, in the development of the transcontinental railroad system in the United States. This corresponded to a thrust from the United States to opening channels to countries in Asia, across the Pacific, and from opposing imperial forces in the Pacific.

Now, the time has come to bring that into realization. Recently, in Russia, there were meetings on the subject of a new railway system for the world, which involved an agreement to develop a tunnel from northern Siberia, across the Bering Strait, into North America. This tunnel would be a railway tunnel, which would implicitly link the entire world together, except for Australia, by railway systems.

These railway systems, which would be either railway or magnetic levitation, would now unite the land-masses, efficiently, for economic development internally. This coincides with a recent development, which many of us have wished