

3. A dark horse names the issues

*LaRouche:
'Does America
have the
moral fitness
to survive?'*



On May 31, Democrat Lyndon LaRouche addressed the nation on CBS-TV. This was the third national half-hour time-slot purchased by Citizens for LaRouche. LaRouche is the third major contender for the party's nomination. Some 10 million Americans heard LaRouche address the issues of the economy, drugs, energy, and the future of the nation, and assess LaRouche's qualifications as the only alternative to Carter and Kennedy who pledged to beat Reagan in November, and restore a real moral purpose to the nation.

Good evening. For those of you who don't know the relevant parts of my background I'll quickly identify them now. In addition to being a fairly influential economist internationally, I am also the head of a private political intelligence news service which publishes, among other things, a weekly \$10-a-copy publication for relevant executives and which also supplies the essential part of the news delivered to a semiweekly newspaper, *New Solidarity*, which is widely circulated in this country.

The things I am going to say to you will in some parts seem shocking, because our national news media do not report some of the most important things which are going on in the world—things which are prominently reported, for example, in the European press.

I am going to speak tonight about our economic problem, but I want to situate it within our strategic problem as a whole.

U.S. weak superpower

Recently, the foreign minister of France, Jean Francois-Poncet, characterized the world situation as a crisis

involving confrontation between two superpowers: one superpower strong—the Soviet Union; one superpower weak—the United States.

Chancellor Schmidt, who is the leader of the government of West Germany, four times in recent public addresses characterized the present world situation as being comparable to July 1914, one month before the outbreak of World War I. He was commenting on an article which had been published in a leading American quarterly, *Foreign Affairs*. That is our general situation.

If the United States continues on the course dictated by Kissinger and by "Rasputin" Brzezinski, the United States will very soon go into a thermonuclear confrontation with the Soviet Union which would lead to World War III, possibly. I believe or tend to believe that that might be avoided at the last moment—but if World War III did not break out, the United States would be subjected to the greatest strategic humiliation in its history, because vis-à-vis the Soviet Union, apart from our thermonuclear capability, the conventional and related U.S. military capability is about zilch. We don't have two good divisions to put down into the Persian Gulf area. Our naval forces are half of what they were 20 years ago; and at the present rate, even with the augmented budgets, they'll be half of that in a few years hence. Our military forces are a disgrace. To move the troops from Germany to the Persian Gulf area is simply moving drug addicts closer to their source of supply, and that's not much of an exaggeration.

The root of our problem is not merely military weakness. The root of our problem is that our military weakness is a reflection of our combined economic and moral decay, particularly over the period since 1967, the time that some boys in the government decided to cut down NASA.

Carter policy utter fraud

Let's look at our economic situation. We have President Carter, who has put on what is called an anti-inflationary program, a budget-balancing program. The program is an utter fraud. At the time Mr. Carter was inaugurated, inflation in this country was about 5 percent. Last October, when Mr. Carter started this program, inflation was 15.5 percent. Mr. Carter then intro-

duced what was called an anti-inflationary program. As I predicted at the time, the inflation grew to higher rates than ever before *as a result of* Mr. Carter's "anti-inflationary" program; and between that measure of last October and the supplementary measures of March 14, Mr. Carter has put the nation virtually on track into a depression—an *inflationary* depression.

That's not all of it. Mr. Carter says that he's going to balance the budget. Well, that's a complete fraud. For every one percent increase in unemployment, the federal government loses—in terms of combined lost tax revenue and additional expenditures—20 to 25 billion dollars. Therefore, Mr. Carter's program which promises to increase unemployment by at least 4 percent, will contribute a hundred-billion-dollar or so budget deficit.

Mr. Reagan has about the same policy, and it'll have about the same effect.

Unemployment *causes* inflation, *causes* imbalance in the budget. What this country has to do is to crank up employment; not make-work, but industrial employment, agricultural employment, productive employment. If we can increase our employment by taking 4 percent off the inflation figure, we can add \$100 billion, approximately, to the federal budget, and bring it back into balance.

So the way to solve the problem is directly opposite to the methods which Carter is following, and which Mr. Reagan's advisors have proposed. We've got to turn this country around, commit ourselves to high technology, commit ourselves to exports, commit ourselves to high rates of capital formation in productive job creation.

New monetary system in effect

I want to talk to you about what we have to do in order to do that. Some years ago I proposed a specific form for a new gold-based monetary system. At that time I tentatively called the new institution an "International Development Bank." Recently, beginning in 1978, my proposals have begun to be put into operation by some of our allies in Europe, with sympathy and support from some of our allies and potential allies in the so-called developing nations. The European Monetary System, which now exists, is phase one of an effort to create a new world gold-based monetary system which must replace the International Monetary Fund, must replace the World Bank, and must replace the kind of monetary policies which the Carter administration continues to represent.

The way this is going to work is as follows.

Number one: The objective is to reorganize the debt of Third World countries in order to make those nations creditworthy so that we may export into them, massively—that is, not just the United States, but Western Europe and Japan—high technology capital goods to

create industry, to transform agriculture, to build the infrastructure in these countries. This should be in the order of magnitude of two to three hundred billion dollars a year increase in world trade. Of that, the United States' potential share would be about \$100 billion—at least in the early period. I don't know if we can still produce \$100 billion or more capital goods for export; but we could try, and that would be about our share.

How to stop inflation

The way we are going to do this is, if the President of the United States agrees with Giscard, Schmidt, and so forth, to put gold back behind the dollar—remember, we have the largest supply of gold reserves of any nation in the world—and agrees in addition to use the gold through new monetary facilities to back the dollar overseas—then, the Europeans, with our cooperation, can create a new international credit facility to replace the International Monetary Fund and World Bank. This credit facility—this is technical, but I think you should know it—will issue large-denomination, long-term bonds; that is, 15-25 year bonds. These bonds, because they will be denominated in gold currencies, will be sold to central banks, large commercial banks, and other relevant institutions, at 2 to 3 percent. That's a pretty good buy considering the fact that a gold-based bond is inflation-proof. That is, a gold-based bond at 2 to 3 percent is worth more than an ordinary bond at 25 percent.

On that basis, if we buy up several hundred billion dollars of those loose dollars which are running around overseas and causing our monetary inflation—buy them up, and put them back into this new central facility, then we can loan those dollars at between 4 and 6 percent, including loaning them back into the United States for U.S. export programs.

That will stop monetary inflation. It will not stop the cost inflation which is running from 3 to 5 percent. That's going to take a longer time to deal with; but the monetary inflation, the 20-25 percent inflation, that part we can stop right away with this system.

Having done that, what we have to do in this country is define with low-cost federal government credit the refinancing of our municipal and state debts; we have to get large-scale port projects going in areas which are relevant to our exports; we have to rebuild our transportation system, we have to *rebuild* our railroads. We have to take industries, such as steel, which are a pile of wreckage today, at least in terms of obsolescence and competitive factors. We have to rebuild them. We have to generate credit to rebuild these industries. We just have to go ahead and do these things that are obvious up to the point that we have absorbed our productive potential—that is, the unemployed—in productive work, and

'The only candidate that labor could support'

On May 14, California labor leaders, led by Tom Hunter of Plumbers Local 467 in San Mateo, formed the California Labor Committee for LaRouche, the third major candidate for the Democratic Party presidential nomination. The following is taken from an endorsement of the LaRouche candidacy issued by Hunter and the California Labor Committee.

We are supporting LaRouche because he is the only candidate whose platform is aimed at making things better for working people. All the other candidates, Republican as well as Democrats, are busy talking about austerity, increasing unemployment, continuing inflation and all the other code words and terms that translate into *hard times* for our members and their families. We know that in this land of ours with all of its resources, space, technology, food, and most of all, its people, that there is no need for unemployment or hard times.

LaRouche is openly in favor of increased use of nuclear energy in the short term in order that the needed new jobs can be created now in industry. He is adamantly opposed to any energy policy that has as its main component cutting back or conserving on the energy we now use. Without *more electricity there can be no more new jobs*.

For the long term LaRouche favors increased use of technology and science to create new sources of energy and new jobs. He supports Labor Law Reform, opposes repeal of Davis/Bacon and the deregulation of the trucking industry and is for repeal of 14 "b" of the Taft Hartley Act.

We feel that LaRouche is the only candidate and his is the only program that a labor leader can feel comfortable supporting. We cannot support candidates who really believe that things can only get worse. We can rally behind LaRouche who believes that we can once again grow industrially as a nation, lower interest rates, stop inflation and put all of our people ear for all of the working people in America.

At the present time because of the fiscal policies followed by each Administration since 1968 the present generation of young people, 35 years and younger, are the first generation in the history of this nation who don't have it better than their parents. They can't afford to buy a house.

LaRouche is the only candidate in either party who believes in attacking the twin problems of inflation and unemployment along the lines that we have outlined above and we are supporting him because of that, and in the hope that somehow the message can be gotten out to the people of this nation that there are alternative policies, that there is hope, and that once again we as a nation can regain our rightful place as the morally, economically and militarily strongest nation on earth.

that we are cranking out the amount of goods that we require for export.

In addition we must use nuclear energy. All this talk about soft alternative energies is pure bunk. Solar energy is a fraud. Wind energy is a fraud. Biomass is a fraud. These things won't work; they'll just ruin the environment, at best. We have to go to nuclear energy; we have to put up 30 to 50 starts a year in terms of nuclear plants. Otherwise this nation isn't going to make it, otherwise we're going back toward the Dark Ages. We have to export nuclear plants, we have to crash ahead on fusion—because in the next century we *will* begin to run out of resources unless we have new technologies to develop new resources, and fusion is the only way to do it. We've got to do that.

Youth being destroyed

We've got to do some other things, things which

pertain to the quality of our people, the quality of our labor force, our ability to produce. We have at present, in large part, a lost generation, of our young people between 12 and 25. Under Carter's policies, figures indicate that drug usage among youth in this country has tripled. Carter said, when he proposed marijuana decriminalization, that that was not drug legalization; but that's double talk. When you decriminalize marijuana, you are in effect legalizing it. We're getting figures now from official agencies that 60 percent of children in this age group are users; 20 percent and higher are substance-dependent.

That's not all of our problem.

Look at our schools. Under 20 years of liberal reforms in our school system, the children who are coming out of secondary schools now, entering the job market potentially, are not qualified for work. Their educational level is such that they're just not qualified for the jobs

available. And this is true of high school graduates as well as high school dropouts. We're getting about a third-to-fifth grade level of competence among our high school graduates. Our universities are also a disaster. In science, we are at the verge—particularly with Carter's cutting back on science programs—of losing our scientific capability. I am involved in this indirectly, and directly, and I know that there are just a few laboratories and research stations in this country which are capable of *approximating* what the Soviet Union is doing in advanced physics research—and the Carter administration is about to collapse those entirely. We've got to get back to educating our children in the sciences, in the classics—cut out this sensitivity training, cut out this socially relevant basket weaving, cut out this sex education we're putting into the schools and destroying our youth with. We've got to cut out drugs, and make ourselves a moral nation.

Let me emphasize how I see that.

A real national purpose

All of us are born, and all of us will die. And if we understand what that means, we understand that the purpose of life is not to live from moment to moment in search of what each of us may consider earthly paradise. Our proper concern is to make our lives as a whole mean something, so that we can walk proudly through life, knowing that by developing ourselves and dedicating ourselves to some useful purpose, that we're contributing something which will survive after we've gone into the grave.

Most of us, when we think about that sort of thing, think in terms of our children. We want to be able to say to our children, to other people's children, to our grandchildren: "Go out, develop your mind, make something of your life, do better than I did"; and to say also: "I, and people like me, have created the possibility for you to do that, to carry on afterwards."

Our nation is dedicated to the moral principle of our posterity. We are responsible not merely to what we do for the people who live today; we are responsible for the kind of nation we leave to our children, our grandchildren, and the people after them. Therefore, the way we look at our children, the way we treat our students, the way we treat the problem of youth unemployment, the way we deal with the drug menace to our children—this is a measure of our moral strength.

Just as youth, morally undermined by drugs, by lack of education, by the kind of things that are going on are economically useless, that is they're not employable; so the economic and moral weakness of a nation go together. Our strategic, military weakness, and the kind of foolish things that the government is now engaged in, are all part of the same thing.

We've seen civilizations die in the past, at least historically. We are at the point that this once-great nation, this nation once described by European and Americans alike as a temple of liberty, a beacon to the world, this republic is now being undermined. The power that we represented at the end of the war is undermined to the point that the leaders of France are able to say that the United States is a weak superpower confronting a strong superpower, the Soviet Union.

If we recover our economic and moral strength, if we dump the monetary policies of Carter and that crowd, if we dump this Malthusian nonsense associated with our environmentalist, antinuclear movement, if we cut out the drugs, if we get back to producing, to give our nation a sense of purpose and to give ourselves the purpose of developing our children and grandchildren so that the nation will mean something in the future; then we will find that out of that economic and moral strength, combined with allies in Western Europe, Japan, and so forth, we find the strategic resources through which to be able to deal with all of the kinds of problems we confront.

LaRouche the alternative

Finally, one thing. I am, of course, the third candidate still available for you to support on the Democratic ticket. If you don't want Kennedy and you don't want Carter, I am the only selection you have available. Because the major news media, which are controlled by people in New York City who have a policy opposite to mine—because they have attempted to black me out, at least in nationwide news coverage, many of you don't see me as a credible contender even though you agree with my policies.

I say this to you: we are headed for a crisis. Out of this crisis, if it comes before August 11, nobody is going to tolerate Carter as the nominee of the Democratic Party or anything else; even if Carter wants to keep it, the Democratic Party will find a way *not* to renominate him. The Democratic Party *as a whole* will not accept Kennedy as an alternative to Carter, even though Kennedy does have a number of people who are very solidly for him within the party. At the August 11 convention, if things go the way they're going now, that convention is not going to want Carter, and it's not going to take Kennedy; it's going to start looking for a dark horse.

Therefore, your support for me now, your building up a movement, a movement to rebuild our nation's economic and moral strength, bringing that movement into the August convention, means that in point of fact, under conditions of crisis, I can become your nominee for the Democratic Party; and I assure you that if I am the nominee for the Democratic Party, the Democratic Party will carry the November general election.