

## Greatest Achievements Come in the Face of The Greatest Dangers

Here are the remarks of Lyndon LaRouche to the Forum 44 in Chaux de Fonds, Switzerland on Oct. 9. He was introduced by his friend and former French Presidential candidate Jacques Cheminade, who called it at the same time a great pleasure and a challenge. Cheminade repeatedly described LaRouche as a “statesman,” enumerating each facet of his programs for a community of principle of sovereign nation-states, the Eurasian Land-Bridge, Oasis Plan for the Middle East, New Bretton Woods monetary reform, and a perspective for the United States to have a foreign policy coherent with a “global New Deal” in the manner that Franklin Roosevelt was fashioning before his death. “LaRouche represents this tradition” of the principle of Peace of Westphalia, Cheminade concluded, urging, “Listen to him this evening, and compare him with what you know about George Bush, Dick Cheney, Paul Wolfowitz or Donald Rumsfeld, or even the other Democratic candidates—or now, alas, Arnold Schwarzenegger.”

It is the irony of history, that the greatest achievements of mankind come as a response to the worst dangers to mankind. Such is the situation in the world today.

I shall indicate, at the end, what I propose as the outline of a solution, for the problems, or the principal problems, which face us today. But I shall do so, by first stating the immediate danger; indicate the causes for the danger; and thus proceed to show what the answers must be, having defined the causes of the danger. And among the most important things to consider, apart from the technical things that I shall address, is: What happened to the minds of the people of the United States and Europe, in particular, that they allowed this catastrophe, that’s now upon us, to happen?

What we face now, at this moment, is the terminal phase of a general breakdown of the existing world monetary-financial system. Exactly when the system will blow out, is not yet certain. But, if it continues in its present form, without change, it will blow out very soon; it could blow out tomorrow morning; it could postpone its blowout for months. It’s likely to come soon. This danger of a financial blowout, as in 1928-1933, an earlier period, also has become the danger of the spread of general warfare.

And I’ll say how serious the warfare is: The United States

has a nuclear triad—submarine, aircraft carriers, and so forth. This is all the United States has, as you can see in Iraq. The United States does not have the capability of fighting a conventional war, not even in Iraq. It fought a war, but it can not get out of Iraq alive, by its own military force. It could not undertake another war. So, the United States is left, if it wishes to fight a war—against Syria and Iran and other countries, as has been indicated—it must think of resorting to nuclear attacks, relying on its nuclear triad capabilities, which have a horrible destructive effect.

In other words, we’re in a situation where the United States could not win a conventional war. But, if it’s determined to fight a war, it must use weapons of nuclear mass destruction.

Other nations of the world are aware of this. And, already, there are new kinds of submarines, new kinds of technologies, which are designed to be asymmetric to the U.S. military capability, in preparation for a war with the United States—forced upon them by the United States—some time during the coming years.

### At the Edge of a New General War

So, we are on the edge, as we were in 1933 and 1934 with Hitler, we’re on the edge of the danger of a new general war—this time, an asymmetrical, nuclear-armed war, one beyond the capacity of humanity to sustain, in its effects. Therefore, the important thing is to get at the root of this problem, which is largely centered in the economic crisis, and to solve that problem; and by solving that problem, put to bed a form of warfare, which mankind could no longer tolerate.

We have to do that soon.

How did we get to this mess? How did we get into this crisis? The financial crisis is simple: You see, the Japanese are trying to sink the yen, to save the dollar. And every time they try to sink the yen to save the dollar, the yen goes up, and the dollar goes down. We’ve come to the point that, in the world, it is not possible to save the present U.S. monetary-financial system, nor the present world monetary-financial system.

For example, a neighboring country—Germany—the political system is presently disintegrating before your eyes. The ruling coalition, with its member, the SPD: The SPD is in the process of disintegration; the Green party may be out, soon, in the process. The CDU, one of the other parties, is also in a process of disintegration, but it’s one led by three leaders, who are leading on the road toward the destruction of that party.

You see instability in Italy. You see, all over the world, that “failed states” are not found in developing countries: They’re also threatened to be found in Europe! Eastern Europe is largely a system of failed states: The conditions in most countries in the former Comecon area is worse than it was under the Soviet Union. There’s more political freedom. But the economic situation is far worse.

These are dangerous times.

We also have a very particular problem: The United States, for years, has maintained its appearance of prosperity, by a number of means. First of all, the Anglo-Americans, who have controlled the world monetary system, especially since 1971-72—the floating-exchange-rate monetary system—have used their power to regulate the relative values of currencies; and have done so in order to loot countries. One of the byproducts of this, is that the United States has largely shut down its own productive capacities, and has turned people onto the streets; shut down industries; shut down infrastructure; and relies upon goods imported from countries which have cheap labor. This labor is kept cheap, by constantly driving down the prices of the currencies of developing countries and others, by keeping the prices of Central and South America, Africa, Asia—keep these prices down, by manipulating the financial and monetary markets.

The United States is living on cheap labor, of people from abroad. And it's losing its factories, its production, and its labor force inside the United States. For 80% of the family-income brackets of the United States, have been in desperately worse conditions since 1977, consistently up to the present time. We see health-care systems are collapsing. We see pension systems are being rotted out, looted. Industries are collapsing, disappearing. This is a process of doom.

### How the System Was Destroyed

How did we get here? You recall the post-war period: At the end of the last war, the United States emerged as the only power of any significance on this planet, at that time. We made a mess of it, but nonetheless, in the post-war period, from about 1945 through the middle of the 1960s and somewhat beyond, the conditions of life in Europe, and certain other parts of the world, improved in the post-war reconstruction.

That began to change in the '60s, in the United States and Britain first, especially with the Harold Wilson government in Britain, the first Harold Wilson government, when the British and U.S. economy began to disintegrate in this process—accelerated in part by the Vietnam War.

Then, in 1971-72, two things happened, which destroyed the previously existing world monetary-financial system, on which the post-war recovery had been based: that is, the Bretton Woods system. The Bretton Woods system was established at a time, the United States was the only world power worth mentioning, and the U.S. dollar was the weapon with which the reconstruction was fought. The U.S. dollar was used through the Bretton Woods system, to create a fixed-exchange-rate, gold-reserve-based world monetary system, a highly regulated system under which Europe and other parts of the world prospered or recovered. This recovery, despite all the evils and mistakes and so forth that went on, worked. It worked in the United States, until the middle of the 1960s.

After 1971-72, Europe began to slide. South and Central American began to go into a catastrophe. Africa—particu-

larly Sub-Saharan Africa—has gone into virtual genocide, for economic and other reasons, since. Asia has come up a bit; India is more powerful than it was then; China has emerged, not as a great world power, but a much more powerful nation than it was then. But overall, as in Europe, the systems on which we had lived, in Europe, in the United States; these systems—transportation systems; systems of power generation and distribution; municipal organization; health-care systems; educational systems—these systems, in which we had taken pride, which were our prosperity, have been shut down. They've been shut down in various ways. We are now a broken nation.

If you look at—as I do, in terms of industrial management and agricultural management—at an economy, that is, you look in physical terms: You look at an economy as a production manager does; you look in terms of process sheets, and bills of materials. You look at the flow of process-sheet materials and bills of materials from customers; you look at the structure of their organization. You look at the structure of your customers' organization. You look at the entire economy in terms of bills of materials and process sheets; you look at these kinds of ratios. And you look at an economy so—and then, you measure what money means, in terms of bills of materials.

You take a standard of living, of household living. Don't measure it in dollars first: Measure it in household standard of living; measure it in terms of the food; the quality of housing; the health care; the education; the public facilities which go into that standard of living of the individual. How much does that cost? That gives you a standard of reference for how an economy works, and for measuring money.

Now, look at the rest of the economy in those terms. And what you see is, three currents, since about 1966, beginning in the United States and the United Kingdom. Since that time, and spreading into other parts of the world, we have seen a hyperbolic growth, in so-called "financial market assets." We have seen a similar, but for most of the period, slower growth, in the expansion of monetary emission. We have also seen—if we take into account the collapse of infrastructure—an accelerating collapse of the physical conditions of life and production, in Europe, the United States, and elsewhere. So, you have these three curves [see Figures on p. 23]: down in physical terms, for production and standard of living, especially of the lower 80% of family-income; soaring up, for so-called "financial market assets"; the expansion of financial markets is funded, and driven, by monetary emission.

As of 1999-2000, in the case of the United States, and other cases, the rate of monetary emission, required to sustain financial markets, grew faster than the rate of the financial markets. This is a condition like that of Germany in the Summer and Autumn of 1923. This kind of process is hyperinflationary: When the growth of financial assets is less than the expansion of monetary emission required to sustain that financial market, you are in a hyperinflationary mode. When this is combined with a collapse of employment, a collapse

of levels of production in those countries, and on a world scale, you are in a hyperinflationary spiral.

## Cycles of Human Behavior

So, what has happened recently, is most of the so-called prosperity of the world, especially of leading sectors of the world—Japan, Europe, the United States—has been fraudulent. There has been no recovery. There has been no net growth. There has been a recovery in obligations, called “financial assets.” There has been a recovery in the amount of money in circulation, while the amount of goods being produced in terms of value, has collapsed.

The system has now reached the point, when the use of certain kinds of fakery, to maintain the appearance of prosperity and might, has come to an end. The system is finished. The crisis is systemic. The crisis is terminal. And we’re in the end-phase of the terminal process of this system.

How’d we get here? How did we do this? Here’s the United States and Western Europe, presumably the most intelligent and powerful parts of the world economically—how did we make this mistake? We came out of World War II, and we began to rebuild the world economy. We did, not a bad job; it wasn’t a good job, but it wasn’t a bad job. The economy of Germany was rebuilt, the best model. France was rebuilt. Italy was rebuilt. Japan grew. Other parts of the world benefitted.

Why did we stop doing that? Why did we do something else? Why did we become stupid?

Well, this is the nature of humanity. There are cycles in humanity; and some economists try to explain cycles in terms of business cycles—don’t pay any attention to them; it’s all nonsense. The determination of cycles of economic behavior is the behavior of human beings. And you have to look at human beings, to understand what is causing policy decisions, and a pattern of policy decisions, to change?

What happened to us?

All right. Now, let’s look: To compare Switzerland, which has not gone through a war, itself directly, for a long period of time, and take the vitality of this country, as compared to what Europe around Switzerland has suffered, over the past century, for example; what the United States has gone through—other parts of the world. Now, what happened to these other parts of the world, in which these decisions were primarily made?

Well, let’s go back to the 1780s: The United States had been born. The United States had been created by Europe, created by leaders of Europe, including the followers of Leibniz, and many others. The United States was created as a project, by Europeans, who intended to create a model republic in North America, in the hope that the success of this model, would be a model for advancing freedom and development of the state in Europe.

What happened? Why didn’t France, which was the next candidate country—when it went through a financial crisis—

why didn’t it follow Bailly and Lafayette, and produce the constitution, adopt a constitution, which would have saved France from crisis? And made France the second great country (under a monarchy, admittedly), but the second great country, to have this kind of republic? A monarchical republic, but as a republic? Why didn’t it happen?

Well, because some fellows in Britain didn’t want it to happen, especially Lord Shelburne, of the British East India Company. So, there was organized a French Revolution, to thwart the intentions of Bailly, Lafayette, and others. And to destroy France in two phases: One, the so-called “left phase” of British agents Danton, Marat, and so forth; a gentleman from Lausanne, Jacques Necker had something to do with this—he was a British agent, an asset of Lord Shelburne. Philippe Égalité was part of it. Then, you had the Jacobin Terror. And then, you had the same people use the Jacobin, Napoleon Bonaparte, to make him the first fascist dictator in modern history. And, he became the Emperor of Europe, and half-destroyed Europe.

And, Europe has never had—outside of Switzerland—anything resembling a true republic of any durability since. What Europe has had, is what is called an “Anglo-Dutch Liberal model” of parliamentary government. And every time there’s a crisis, which is inherent in that system, the parliament falls, and the parliamentary government falls. And often, periods of dictatorship ensue, in financial crises. These systems are dominated by central banking systems—so-called “independent” central banking systems, today—which are actually consortia of private banking interests, which exert veto powers over the state apparatus, and over the parliamentary government.

In the United States, it’s different: We have a Presidential system. The power of the Executive is lodged permanently in the Presidency. The President, as a personality, may change: But the Presidency continues. We have never had, up to now, an overthrow of our Constitution, or our Constitutional form of government—because of the Presidency. Our Constitution, our form of government, can absorb all kinds of horrors—and we’ve had a few, such as the Civil War. But, we’ve always been able to save the nation, and save the system. There’s no other part of the world, which has a Constitutional national system, which has not been overthrown a number of times, during that period.

## Wars and Revolutions

So, we do have some solutions. But, the problem is, constantly we come back to these crises. Now, what happened? How were we manipulated? How were the peoples of the world, coming out of the 15th-Century Renaissance, developing the modern nation-state, recovering from the religious wars of 1511-1648—how did this great Europe, which was making tremendous progress, how did it make these terrible mistakes? How were they manipulated? By wars and revolutions.

The French Revolution, the Jacobin Terror; the Napoleonic terror; the repetition of this in the 19th Century, in wars. Then we had the great wars in the 20th Century—three of them: First, World War I; second, World War II; third, the so-called U.S.-British/Soviet conflict, which was one of the most shocking. Even though we didn't fight the war, the shock was great.

What has happened repeatedly—go back to the horror, which people experienced in France, with the Jacobin Terror. Look at those leaders in France, who were butchered. Look at those institutions which were butchered. Look at the number of French soldiers who were slaughtered, for the ambitions of Napoleon, across Europe. Look at the effects on Europe. Look at the effects of the Vienna Congress of 1815; look at the effects of Carlsbad Decrees of Metternich and Company, following 1815. Look at the other effects of this type: the shock. Again and again, the people of Europe, in particular, have been terrified; and to some degree, the United States.

Then, of course, the First World War and the Second World War. Look at the destruction of Europe! The extent of the destruction of World War I between 1914 and 1917. Look at the mass graves in the cemeteries of France, for example. Get the effect on the population: the pessimism, the fear, the depression. Look at World War II.

### Truman Made Optimism into Pessimism

Then, go to 1945: When a reactionary President of the United States, Harry Truman, made the decision—a totally immoral, militarily unjustified decision—to drop the only two nuclear weapons the United States had, respectively on the civilian populations of Hiroshima and Nagasaki of Japan. There was never a sound military reason for it. Japan was a defeated nation.

A personal friend of mine, who at that time, was an OSS agent—the key OSS man in Italy—was dealing with the Ministry of Extraordinary Affairs, or the Foreign Ministry of the Vatican, on behalf of an operation which was being run by the Emperor Hirohito, through diplomatic channels through the Vatican, trying to negotiate peace. By the time that Roosevelt died, the Emperor of Japan had agreed to terms of peace with the United States and others. The terms of peace which were exactly those installed after MacArthur signed the treaty.

Japan was a besieged, defeated nation: The sea blockade, the aerial blockade of Japan was total. Japan is an island nation, with very little usable land-area, which depends on raw materials around it. If you blockade Japan effectively, the economy will collapse. The economy was collapsed. The military system had collapsed. Some generals were still holding out against the Emperor. At the time of the Summer, MacArthur's war-plan, which was known in Washington: Let's wait till October. They'll collapse and the peace will be accepted. We don't have to put anybody on the island. We

don't want an unnecessary war. We don't pursue an enemy who's already defeated—you may start a new war you don't want.

But, Truman decided to do it. They did consult Eisenhower in Europe; Eisenhower said, "Don't do it. The war's won. Don't extend the war. Don't use the bomb." MacArthur was not consulted, and MacArthur's war-plan was on the table in Washington; they knew it. There was no military reason, for dropping one or two of those weapons on Hiroshima and Nagasaki.

What that did is this: You had an evil fellow in Britain—Bertrand Russell. Bertrand Russell was the person who was responsible, personally, for the development of nuclear weapons. He was the one who signed the letter addressed to President Roosevelt, which President Roosevelt never got, never received. But, that letter, nonetheless, through the bureaucracy, was used to set the creation of the atomic bomb into place. It was done. And Truman dropped the bombs.

Russell explained what his policy was: His policy was, preventive nuclear war. His policy was—as he stated it, in a paper he published, in his organ, in September of 1946—his purpose was, to use preventive nuclear warfare, to bring the nations of the world, to submit to world government, and give up national sovereignty. The only reason Russell gave that up, was that at a later point, the Soviet Union got a priority in developing a deployable thermonuclear weapon. And at that point, Russell's dream of preventive nuclear warfare ended, until Dick Cheney revived the policy in 1991; it was turned down by then-President Bush, but successfully revived the policy, after Sept. 11, 2001.

We're now operating on the basis of the Cheney version of the Russell policy, of world government, effected, through preventive nuclear warfare, especially nuclear warfare against nations, which have no nuclear capabilities. The Iraq War was simply one step in that direction; and Syria and Tehran are the next targets.

### The Threat of Nuclear Warfare

All right. That was terrible enough. Some of you recall: The world was shocked and terrified by the impact of those two nuclear bombs dropped on Japan. Because it was known at the time, there was a faction in the United Kingdom, and in the United States, which Eisenhower later called the "military-industrial complex," which wanted to have an empire—then an Anglo-American empire—based on this policy of preventive nuclear warfare, to create an empire, which they would call "world government."

That was a shock. Some of you lived in those times, and can remember the shock of knowing that, or knowing aspects of that.

From that point on, especially from 1950, we lived under the threat of nuclear warfare. The threat increased. In 1962, we went to the edge: For several days, the world was screaming,



An American soldier northwest of Verdun, France, in 1918, surveys the ruins of a church. The devastation of World War I, engendered the pessimism in Europe that made World War II possible.

frightened, terrified, convinced that on the next morning, the world might die in a thermonuclear exchange between two superpowers. The following year, the President of the United States was assassinated. The assassination, which was done by a section of the “military-industrial complex” was never investigated. John J. McCloy, the boss of the Establishment at that time, gave the order to the Warren Commission, “Don’t investigate. Here’s what you’re going to say,” and that’s what they decided. And the world knew it. The world knew it. Then, the following year, the Indo-China War was launched, officially.

The effect on the U.S. population, of this succession—the European, too, but take the U.S. population—the effect. World War II, which had been a period of optimism for the American people in particular, concluded with the two bombs dropped on Hiroshima and Nagasaki. The two bombs, which raised the question of whether the next war would be a nuclear war: So that a period of optimism, the end of the war, was accompanied by a great depression, a fear of a new kind of warfare. Then, we had the Korean War. We got rid of Truman. We put Eisenhower in, to try to stabilize the situation. So, we had four years of the end of Trumanism. But then, these events occurred.

The American people were terrified beyond belief. And the young people, who were coming into maturity—the so-called Baby Boomer generation, which entered adult years, during the middle and late 1960s—never, in general recovered, from this combination of shocks. The shocks transmitted

through their parents, to their parents’ households; the shock transmitted by the threat of a nuclear holocaust in 1962; the shock of the Kennedy assassination; the shock of the launching of the Indochina War. And people changed. They changed from a people committed to technological progress; a people committed to developing infrastructure; a people committed to making the world better, at least in their own terms—that was their intention; they may not have been too good at it, but that was their intention.

And what they’d run into? They went into Tavistock Institute’s “Take some LSD.” “Take sex from your nearest neighbor, and find out what the sex is later.” Orgies; degradation; flight from reality; fantasy. Hate technology! “Let’s kill technology! Technology is bad. Let’s kill it. Let’s go back to nature. Let’s climb up the trees again, call ourselves baboons, or something.” And this is what happened, to a large degree, to a very large part of the university population of the late 1960s and 1970s.

As a result of this, the population underwent a cultural change. It was called a “cultural paradigm-shift.” And this is how all these things which led to the present financial economic crisis occurred. This is what happened to us.

### Disease of ‘Structural Reforms’

So, it was not an automatic pulsation of an economic system. We had an economic system, which, with all its defects, would work, was working, was improving things. We destroyed that system! Then, in 1971-72, Nixon’s decision,

under the orders of George Shultz and Paul Volcker and Henry Kissinger, took down the system. They took down the Bretton Woods system, on Aug. 15, 1971. The following year, in the Azores, George Shultz led the fight to eliminate the Bretton Woods system. We went to a floating-exchange-rate system, which was the beginning of the collapse of the world monetary-financial system.

In the course of the 1970s, we went to “structural reforms”: to eliminate industry; to deregulate the economy; to shut down our mass-transit systems; to stop developing our power systems; to privatize our regulated power and distribution systems; to destroy our regulated trucking transport system. To destroy our cities; to destroy our factories; to destroy the productive powers of labor of the United States.

And this happened around the world. It spread into Germany, and France, and Italy, during the 1970s. Terrorism was unleashed, to assist this process, as you may recall in Europe: in France, in Germany, in Italy, and elsewhere during the 1970s. This was done by official agencies—not by some rag-tag leftists. It was done by professionals, using rag-tag left groups as a cover for what they did. This happened to us.

So, what is happening now, was a result of a cultural paradigm-shift, induced by the combined effects of this terror, which Europe in particular has suffered. And we wrecked our economy.

But, we have a great opportunity, as a result: We have much to fix, and great progress under conditions of crisis, occurs as a result of recognizing that collapse and failure are things which require fixing. And if we think we know how to fix these problems, we can mobilize with optimism, or at least increasing optimism, to rally ourselves around fixing them.

### Today's Opportunity: Eurasia

Now, what do we have before us, as an opportunity? Europe is bankrupt. Western Europe is hopelessly bankrupt. Germany's hopelessly bankrupt. France will be bankrupt—it's more stable than other countries, so the bankruptcy doesn't show as quickly or as soon. Italy is bankrupt. Spain is bankrupt. All of continental Europe is bankrupt. The United Kingdom is bankrupt. And there's no possibility of its recovery under present conditions, present trends, present policy trends. The United States is bankrupt: Look at the current-accounts deficit; look at the national debt, that is spiraling; look at what's happened to the value of the dollar. It's all collapsing.

But there is an opportunity, to be seen, in the challenge of failure, as often, many business ventures have shown. The threat of failure is a great goad to discover success. And if you have a management which has the ability to find success under the goad of failure, it probably will survive and go on to great prosperity after that, having learning the lesson. And that's what we have to do now.

What's the opportunity? Well, Germany, France, Italy,

and so forth, have a great opportunity in China. They have a significant opportunity in India, and elsewhere—in Asia. They have a significant opportunity with the cooperation of Russia, which I can explain to you.

China is expanding. China has the largest infrastructure development program of any nation in the world: It has to. Because China has many poor people. It has a growing population, which is trying curb the rate of growth of population, but it has a growing population. Therefore, it has to move away from the coastal areas, more and more, into the inland areas; into areas which are more poorly developed, even arid areas. Therefore, it's taken great projects, like the Three Gorges Dam; other great water projects, power projects, development projects, planned for the coming quarter-century. Many already in progress, with plans for 25 years beyond that. In other words, a half-century. China is moving on a half-century.

Well, China has some technology. It has some industries, which are fairly advanced. It has neighbors such as Japan and Korea. And also India, which can contribute technology. But it doesn't have enough. Therefore, China has become, in this sense, a great potential market, for Europe. Because Europe, which needs employment, which needs markets for its industries and economies to save Europe, has a great market in Asia—in the expansion, in filling the needs of China, filling the growing needs of India, of Southeast Asia, and so forth.

Also, in this development, there are great areas of Central and North Asia, which have never been really developed, which contain vast mineral resources, large water resources, other kinds of resources; areas for new habitation, new cities. We can move freight, across Eurasia, from Brest to Pusan in Korea and on to Japan: We can move it more cheaply and quicker, than we can by ship. Because when you move freight across a developed land-area, that movement of freight interacts with production along the route of travel. And therefore, the cost of transportation is less than zero, under those conditions: Because the production you're generating, by developing that territory, more than pays for the cost of developing the transportation system.

This opens up whole areas of Asia for development—North and Central Asia. Russia has, left over from the Soviet period, a large amount of scientific technology, which is quite relevant to the development of this area. Kazakstan, which is sort of a second Russia, has a lot of capability in that area.

So therefore, if Europe, Russia, South and East Asia, enter into large-scale cooperation around these kinds of projects of development, the objective basis for a great revival in the economy of Eurasia is possible.

However, what is needed, is a credit system. Now, in Europe, we have the Tremonti Plan; we have the European Investment Bank. Now, these are good ideas, but they won't work. They won't work to the effect that they're indicated. EU200 billion a year, as a fund for infrastructure? That's a

joke! The world economy is in excess of \$40 trillion a year. It is collapsing. To have a recovery, we have to think in terms of projection of a 5% rate of growth, throughout an entire area. So, we're talking about that. We talking about the order of magnitude of \$1-2 trillion a year, into an investment fund, for infrastructure and so forth, for the development of Eurasia. Otherwise, we're not serious about a recovery program.

Now, that fund requires credit, at between 1-2% simple interest, over 25- to 50-year terms. This requires a new, fixed-rate monetary system, with a gold-reserve basis, like the Bretton Woods system; we're talking about EU1,200 an ounce for gold reserve, under these conditions—or more; some calculated rate.

### A New Bretton Woods

We can't do it with the present monetary system. But what do we do with it? This is where the trouble arises. From an American standpoint, this is not a difficult problem to deal with; it's not an impossible problem to deal with. Under the American Constitution, the U.S. Constitution—and I'm the President of the United States—what happens? I declare, as President, that the present world monetary-financial system is bankrupt. That means that I take the Federal Reserve System of the United States, and I put it into receivership, as bankrupt, for bankruptcy reorganization. The Federal Reserve System is then absorbed, and becomes a National Banking institution of the United States, along the lines prescribed by Hamilton. I reorganize stability, in this whole system, and I then use state power to generate credit, both in the United States, and by treaty agreement with other countries.

We then get other countries to cooperate with the United States, to put the IMF in receivership, in the same way. We reorganize the IMF in receivership, as a joint effort of a group of nations. We set up a new banking system, which is: fixed exchange rate; gold-reserve denominated protection; and a regulated system, with the intent to generate credit through treaty agreements among nations, of 25- to 50-year terms; long-term agreements earmarked primarily to large-scale infrastructure projects, but also for other purposes—technology, and so forth.

In other words, the same kind of objectives that the Tremonti Plan indicates, but on an adequate scale. We're talking about \$2 trillion a year, at least, in terms of a growth factor, on a global scale.

Under those conditions, given what is needed in the development of Central Asia and North Asia, and so forth, and the growing market in China, the growing market in Southeast Asia, the growing market in India, as a physical market: The opportunities for going from the depths of what we're in now, into prosperity, exist! All it requires, is intelligence, and the will, and the action by some leading governments, to set the thing into motion.

The problem in Europe—why the United States is so

essential—is because the European system of Anglo-Dutch Liberal model of parliamentary system, does not allow governments to make that kind of decision by themselves. The way we got a Bretton Woods system in the first place, was the power of the United States; because the Bretton Woods system was based on the American System, as Franklin Roosevelt understood it—not Keynes—Franklin Roosevelt. Europe could not have done that by itself, by will, because its institutions wouldn't allow it. But, when the United States, as the leading power in the situation, took the initiative, and the world needed the United States to take that action, the nations of Europe, trying to come out of bankruptcy, said, "yes"; other nations agreed: Because the promise was, at that point, that the developing nations of the world (as we call them today) would have a chance to be free of colonialism, and we would develop them, too, as Roosevelt had promised.

We're faced with that situation, today. The United States, today, is a disgrace, compared to what it was under Franklin Roosevelt. But, the United States Constitution, and the Constitutional tradition, enables a President who understands this, to call a convention among nations—not just a formal convention, but just by meeting with heads of state and relevant people around the world—and say, "Do you understand what our problem is? Do you understand, there's no other solution, except we have to act jointly to do this? Are you willing to do it?" And, by coming together, we can do it.

We have before us—that's another subject—but, from my knowledge of the situation, we have technological frontiers, in this world, which are wonderful. There are things we can do, which most people haven't even dreamed about.

### Are We Human?

But, what we need is this: We need to couple this, with a conception of the nature of man. Most politicians and most economists, can not tell the difference between a man and a baboon. And our economy shows it. What's the difference between a man and a baboon? A baboon is a very capable animal, unless it becomes an Arnie Schwarzenegger, and then you don't want him around. A baboon is considered intelligent; but a baboon can not discover a universal physical principle. Only a man can develop a universal physical principle: It is by the discovery of these principles—whether in physical science, or in Classical artistic composition—that man increases our physical power, per capita, in the universe, and improves the social relations among people, through such means as Classical drama and so forth, which give us an insight into the nature of man.

The key thing here, is to understand what man is, to say, "We are not baboons. We are not apes. We are a distinct species, superior to all animals." What distinguishes us is our ability to see beyond the veil of sense-perception, to discover universal physical principles, and principles of artistic com-

position which enable us to understand social processes. And by this means, we have been able, as a species, to rise above the 3 million or so potential of a higher ape, to over 6 billion people today. No monkey could do that. So, let's not make a monkey of man.

Therefore, the essential motive of good economy, and good statecraft, is not to get rich. The motive is, in the first instance, to solve problems, to overcome shortages. But the basic motive, of any creative person, and any good statesman, is the nature of man: What does a human being require? A human being requires to be, and to know he or she is, something distinct from, and above the beast. A human being needs to be human. To be human, is to express the difference, between the baboon and the man.

Technological progress, economic progress, is essential for our existence, to meet our responsibilities. But it's not a duty: It's something better than a duty. It's something which gives to the person who participates in this work, a sense of being human, a sense of being a spiritual being, of expressing that which makes him a spiritual being, which makes him happy.

So, it is not a guilt-ridden person, working, in order to earn a living. It's attacking the job with joy, because it's what makes him feel good, about being human. He enjoys the idea, of inspiring a child to think in those ways. He enjoys transforming people around him from ugly pessimists, who act like baboons—or Schwarzeneggers—and inspiring them to see themselves as human. This is expressed by the enjoyment of great Classical art, for example.

And, to me, that's the essence of the matter: To get man with a sense of immortality, a spiritual immortality, in the sense that what we do, in our generation, honors our ancestors, fulfills their dreams, and transmits a better future to our descendants, defines us as a spiritual person. For example, we study the work of Archimedes. We relive the discoveries of Archimedes, today. Archimedes becomes a living person, for us, because we have relived his discovery. We have relived his mind's processes, in making that discovery. The same with every other great discovery. Every great work of art: to understand a Classical Greek statue, and the genius of that, is to experience the artist who created it. To see all the great works of man, is to experience the mind of the person who created that work of art. And to see, in the immortality we sense—in experiencing the interior of their mind, of persons long deceased, and their works—we see our own goal, to achieve, and realize, and earn our own immortality, by becoming that kind of a person, to someone a thousand years from now. And, that sense, imbued in a child, will give us a society of adults which will not tolerate what we're doing to ourselves as a world, today.

Yes, the practical task is necessary. But, it must be imbued with a moral motive: a sense of what the difference is between a man and a beast.

Thank you.

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## LaRouche in Italy

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# The Man Behind The 'Beast-Man'

Lyndon LaRouche spoke to a meeting of supporters in Milan on Oct. 12. These remarks were followed by another two hours of dialogue on the subjects that he outlined.

As you probably know, there was recently an election in the state of California. It was a recall election, a rather fraudulent form of election, which due to the credit of the Democratic Party, elected a Republican as Governor. What they elected was a Nazi. That's the only fair description of the actor, our dear friend, Arnie Schwarzenegger. This man is a personality—you don't have to go by his credentials, of his parentage and so forth, but by his personality itself: You are looking at a figure that will remind you of Adolf Hitler and Mussolini. You don't need secret evidence to prove that he's a Nazi, you have to simply observe the evidence he presents, in his manner, in his conduct of his behavior, his past, and what he says. If this man were to represent a trend in U.S. politics, you could forget civilization.

Now he's essentially a protégé of a very bad fellow that you know—George Shultz—who is rather famous in U.S. politics, since 1970-71.

### Who Broke Up Roosevelt's Bretton Woods?

Go back to 1971-72, to understand what we're dealing with. During the post-war period, from 1945 into, in the United States, about 1966: In the Americas, in Europe, in Japan, and elsewhere, we experienced a general economic recovery from the conditions of war. The source of this recovery was President Franklin Roosevelt, who had not only pulled the United States out of depression, but by using American methods—that is, the American political tradition methods—had created, in 1944, what became known as the Bretton Woods system. And, contrary to certain mythology, John Maynard Keynes had nothing to do with it.

The United States, at the end of the war, was actually the only world power, and the U.S. dollar was the great world monetary power; the gold-reserve-based dollar. This U.S. dollar, and U.S. power, was used to create a recovery system in much of the world. This continued in the United States, and in Britain, into about the middle of the 1960s. About 1969, the European aspect of the recovery began to dwindle; you would probably recall, in Italy, that 1969 was the last year of an energetic trend of general recovery. For example, if the recovery had continued at the rate of the 1960s into, say, 1980,