

tives, diplomats, labor leaders, a former national university dean, delegates of various financial institutions, and Indian representatives. The event was held at the Hotel Intercontinental in Guatemala City, under the coordination of journalist Carlos Enrique Wer.

“In open opposition to those currents which have been imposing themselves upon the country, in asserting that sovereignty is already an obsolete value and that ‘limited sovereignty’ is the national contribution to globalization, Dr. LaRouche brilliantly presented the reasons why sovereignty and the sovereign state should prevail, not only as a means of achieving the common good, but as the only possibility for avoiding the expansion of war.

“The sovereign state is solely responsible for the common welfare, security, and the realization of those values which are common to the human race; when one rids oneself of the materialist manifestations which make one an egoistic being, the true nature of one’s potentials in action enables one to visualize the future, not merely as the realization of one’s own objectives, but of the objectives common to mankind as a whole, no matter the color, race, religion, or place of birth.

“Combining humanism with his enormous scientific talent, Dr. LaRouche declared that the collapse of the international financial system is inevitable, that the economies which depend on the United States as ‘the importer of last resort’ will be seriously affected, and that if an agreement among nations on the model of the post-World War II Bretton Woods agreement is not renewed, decline to levels of starvation and destruction will also be inevitable.

“In focussing on the problem of the foreign debt for developing nations, he declared not only the injustice of it, but the obligation to reject imposition of its immoral collection. He said that the debt has already been paid over and over again, and that the speculative way in which it has been managed, has forced countries to pay a debt which, at the same time, has limited the capacity of the states to meet their social and development commitments.

“The charge just made yesterday by the most prestigious French daily *Le Monde*, to the effect that the situation in the United States appears like an ongoing coup d’état against the republican institutions of the country, coincides with the charges made by Dr. LaRouche just a few days after Sept. 11. The invitation to the economists, that it is their professional responsibility to present his scientific recommendations for the reconstruction of the weakened national economy, recommendations which take the republican concept of the common good as their compass, had the effect of reviving those present at the event. The enthusiastic comments at the end of the presentation demonstrated this.

“The experience carried out by the Society of Professionals of the Economic Sciences opens new ground, for the use of modern technology, in presenting colleagues with currents of thought that enrich their knowledge.”

Lyndon H. LaRouche, Jr.

A Global Partnership For Economic Progress

Here is Mr. LaRouche’s videoconferenced speech to the Guatemalan Society of Economic Scientists on Nov. 13, 2001.

It is not unusual that the kind of crisis which we’ve been experiencing worldwide, since the 11th of September of this year, should have occurred at the same time as the greatest financial crisis in more than a century. That is, what is now happening on a world basis, as a financial crisis, is worse, in its implications for Europe and the Americas, than was the Depression of 1929-1933. Therefore, just as the Hitler coup in Germany of 1933, was, in a sense, a lawful expression of the economic-crisis conditions of 1929-33—just as was the attempted assassination on the incoming President of the United States, Franklin Roosevelt—we should recognize that there is a relationship between crises of the type we’re now experiencing, and great financial economic crises. Also, we should recognize that the solutions to economic crises of the type we’re now experiencing, as they affect the Americas, including Central America, will not be solved, except in the context of addressing the strategic crisis, which is going to determine the way that governments and other leading institutions *make policy*.

And I shall look at it from that standpoint. While we’re sitting, waiting, in a sense, for the news from Buenos Aires, of the inevitable bankruptcy of Buenos Aires, which will cause a chain-reaction effect on Brazil; which will cause a chain-reaction effect on Spain and the Spanish banks, which are heavily involved in Chile, Argentina, and Brazil; and which will affect the hemisphere as a whole, including Mexico. So, we have to solve these problems, but we have to solve them in the context in which they are occurring.

If you go back to 1982, at the time of the Malvinas War, we find there’ve been changes in Central and South America, which have been, for the most part, disastrous in their effects on the economy. These have become systemically worse, than they were then. And, we all know the number of nations, which are friends of ours, which have collapsed, since 1982: Not only Argentina, which effectively has collapsed; but also Peru; Ecuador is dollarized; Mexico depends almost entirely upon its exports to the United States, for its margin of survival; Central America is affected so; Colombia is being torn apart by a civil war, a drug war; Venezuela is now on the verge of a new crisis; and so forth and so on.

And, this is typical of the situation in the world at large.

FIGURE 1



Though there are differences in Asia, differences in the Middle East, differences in Europe, the crisis is worldwide, and we're going to require a worldwide solution. And countries, such as those of Central America, are going to rely upon trying to have their voice heard and their interests expressed, in terms of the international negotiations—especially the *informal* ones, as much as the formal ones—which will determine what kind of a financial and monetary system comes out of this crisis—a world system.

A System That Worked

It's obvious, that, from the period from 1945 through 1963 and slightly beyond, the kind of system that was set up, initially by Franklin Roosevelt, in 1944-1945 for the postwar system, was successful. There were important changes which were made immediately by the Truman Administration, removing many of the policies which Franklin Roosevelt had intended. But, nonetheless, despite the inequities, despite the errors and the abuses, the financial system, the international monetary system of 1945-1962, '63, worked. It worked to the extent that for Western Europe, for Japan, for most of the Americas, the conditions of life, relatively speaking, were improved; the productive powers of labor; to some degree, the degree of political freedom, and personal freedom, were improved.

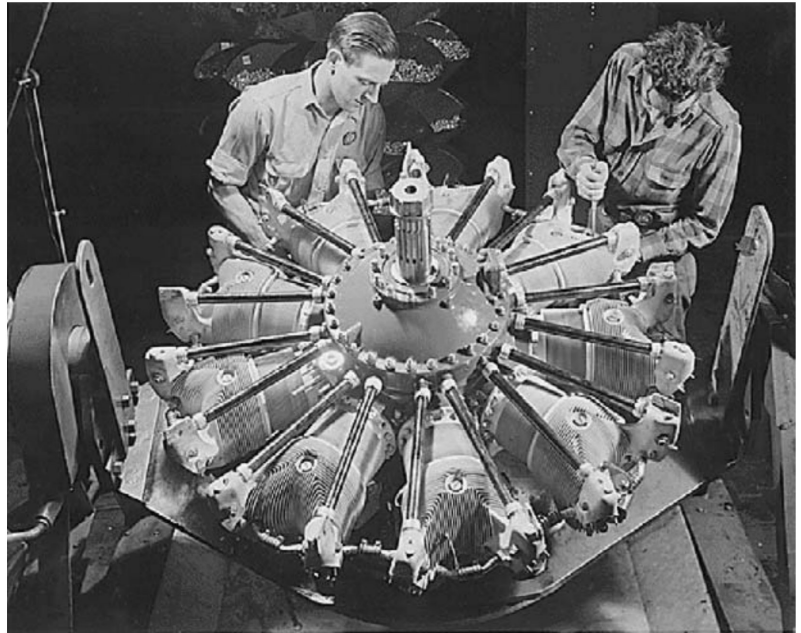
From 1964-1965 on, there was a change. Beginning in 1966, with President Nixon's campaign for the Presidency, '66-'68, there was a major shift in U.S. policy. This shift in U.S. policy followed the fall of the Macmillan government in Britain, which led, a short, few months later, to the Wilson

government in Britain. And the Wilson government in Britain, the first Wilson government, set the world pattern for a systemic *destruction* of the world's physical economy and trading relations. The Nixon campaign indicated similar changes in U.S. policy. Nixon's policy of August 1971 introduced a new monetary system, overturning the old one, a floating-exchange monetary system. And this monetary system, in effect, is now being destroyed, or self-destroyed. The present, international monetary and financial system *will not live out the period immediately ahead*, the weeks ahead. It is now being destroyed.

So, in this period, we *have* to consider the establishment of a new financial and monetary system. In my estimate, the order which could be agreed to quickly, is a return to the kind of monetary system we established in 1946 through 1963. That kind of highly protectionist monetary system, based on fixed exchange rates; a large degree of regulation in world trade, of a protectionist nature; the promotion of credit, extended from the United States in particular, to other countries on long-term credit at low prices, for infrastructure projects, for investment, for industrial investment, agricultural improvement: These kinds of policies worked then. They worked very well, despite the inequities in the political features of the system. And they will work again.

Therefore, I think that, today, in trying to reach an early emergency agreement, among governments, to establish a monetary system, to lead the world out of the present economic crisis, that the agreement that would be most readily reached [would be], in terms of using the model of 1945 through 1963, in particular. The policy of the period from the time of Roosevelt to the assassination of President John Kennedy. Those policies would *work*. They wouldn't work perfectly: They're not perfect policies. There are very few perfect systems in the world. But, it's something with which we could live, and could be the basis for a general economic recovery. With other things, as well.

Let me indicate what recovery measures are: First of all, the conditions of life, of the world, today, are far worse than they were over the period 1929-1933. During the period, prior to the end of the First World War, the nations of the Americas and Europe, or parts of them, had engaged, from the middle of the 19th Century—that is, from the time of the Lincoln victory over the Confederacy, you had the spread of the so-called "American System of political economy" as an influence in Mexico, throughout South America. The American System of political economy, of List, Carey, and Hamilton, was very popular. And countries adopted elements of those policies, with success. This was continued in Europe. It continued in Japan. There was, from the period of the middle of the 1860s, through 1932 approximately, a large buildup of the industrial and agricultural capacity of the world. So that, when the Depression hit, 1929-1933, there were tremendous reserves—partly idled—in agriculture, industry, and infrastructure, which could be mobilized to create an economic recovery. That was the basis of Franklin Roosevelt's suc-



When the Depression hit in 1929-1933, the United States had tremendous reserves that could be mobilized to create an economic recovery. That was the basis of President Franklin Roosevelt's successes. Here, workers at an airplane factory in 1942.

cesses, in mobilizing an economic recovery, in the United States, over the period from 1933 into the beginning of the war.

The Crisis Is Worse Than Today

Today, it is now nearly three and a half decades, since the change in policy occurred. Since the Wilson government in Britain, and since the Nixon campaign for the Presidency. Over this period of time, we've undergone a great, so-called Malthusian process, of destruction of agriculture, industry, and technology generally. This has been aggravated by the so-called "outsourcing," the export of employment from the United States and Europe into developing countries. While this has resulted in what many of these countries feel was a benefit, because industries came in and provided some employment, there was a lack of development of infrastructure, a lack of development of the *autonomous basis* in the economies, for a stable economy.

So, therefore, we see now — at the beginning of this year, we saw a collapse of the United States' role as the importer of last resort, for many countries of Asia, South America, and so forth. That is, China must expect, for example, a 50% cut in its exports to the United States — or more. Japan is being crushed by a collapse of the U.S. market. Mexico is being crushed, though the effects are not yet fully felt, by the collapse of the role of the United States, as the importer of last resort. You are being hit in Central America, by a collapse in the role of the United States, as the importer of last resort. South America is affected by this. In the meantime, the infrastructural development, which should have occurred, has been destroyed. The agricultural development has been ad-

versely affected, in general, especially in northern Brazil: Brazil has a crisis, in agriculture. Brazil has a crisis, in terms of power. Brazil is dependent upon water-power, largely, for its electricity, and the international NGO organizations have come in and demanded that Brazil not use and not develop its Amazonian and other water systems. And, Brazil has been denied the right to develop other sources of energy, to meet its needs. And Brazil is the most powerful country in Central and South America, in terms of economy. And, we know what the rest of the country looks like, as well, on this basis.

So, therefore, the problem is, that we have to recognize, the United States is a weak economy. Its infrastructure has been destroyed, over 35 years. Its industry has been destroyed; the productive capabilities of its population have been destroyed. The generations available for employment today, are not as *intelligent* as they were, say, 30 years ago, because of a collapse of the educational system, a collapse in *culture*, in the United States. People do not have the ability to think as clearly, as they did, say, 35 years ago, in the United States. You have similar effects in Western Europe.

So, therefore, we're starting from a *much worse condition*, today, in dealing with a world depression, which is now on-rushing, than we faced in 1932-1933.

The Potential Eurasian Development

But, there's a good side.

On the positive side, although the collapse of the Soviet system — has been a failure, because of the policies in dealing with Eastern Europe and dealing with Russia, that is, economically, it has been a failure. There's been more freedom for people, there's freedom from some of the problems of the

Soviet system, but, otherwise, economically, biologically, culturally, it's been a disaster.

However, since, in the recent period—and I've been involved in some of this—there's been a change. Back in 1988, I gave what is now, perhaps, a rather celebrated television address in Berlin, on Columbus Day, Oct. 12, 1988; in which, as part of my campaign for the U.S. Presidency, which I stated there, in Berlin, that Berlin should be seen as the prospective, early, new capital of a united Germany. The basis on which I said that, was the indications that the Eastern European and Soviet economies were in a process of disintegration. That the collapse of these economies in Eastern Europe—the Comecon—and the Soviet Union, would result in a political change, which should be used as a great opportunity, for change, in the economy. That, the United States and Western Europe should offer, and participate in, large-scale projects of development, in the area of the former Comecon and Soviet system.

We've proceeded with that policy, in what was called the European Productive Triangle, in 1989-1990. We extended that in 1992-1993, to a proposal for a Eurasian Land-Bridge. That is, to use the modern types of transportation-infrastructure networks, from the Atlantic Coast to the Pacific Coast, across Eurasia, to open up Eurasia for a great development, and reaching out to China, India, the other great population centers of East and South Asia, and to use that as a basis for expansion of the world economy. Since that time, especially since 1998, since the Russian GKO crisis of 1998, since that time, there have been major steps along the lines I've proposed, to bring together Russia, China, and India, as partners in bringing together the nations of Asia and Europe. There have been successes in involving Western Europe, *in this partnership*. I have been campaigning to have the United States *included* in this partnership. This can be the great basis for the revival of the human race, of the human economy.

For example: The characteristic of China, Southeast Asia, and India, is that they have the great population concentrations of the world. They have some areas, which are highly developed. China's coast is not poorly developed. India has about 350 million of its population, which lives in urban life, although most of them are extremely poor—perhaps poorer than they were when Rajiv Gandhi was alive, and Mrs. Gandhi, before him. But, nonetheless, they have some quality of technology. Japan, of course, is an economy-driver, a technology-driver for Asia. Korea is potentially a technology-driver for Asia. So, these countries—Western Europe, the United States, and these countries in Asia, like China and so forth—each have the ability to generate the kind of technology, which is needed to lift the poor populations of Central Asia, the poor populations of China, poor populations of India, of Southeast Asia, to begin to lift them out of their misery, and to create the basis for a successful, modern economy. These countries can not possibly meet the needs of their growing populations,

without such technology infusions. The sources of these technologies *must be* countries which have labor forces and skills, and are able to become technology-producers, for the kinds of technologies needed by these countries.

Therefore, we can envisage a global partnership, within countries and among countries, based on the development of infrastructure—large-scale infrastructure developments; based on the development of modern agriculture, in a modern form; based on the development of new kinds of technologies; based on development of new cities, new towns, new centers; based on uplifting the productive powers of labor; based on increasing the amount of education, given in the poorest parts of the world, so that the children of these families can become productive members of society on a modern basis. This partnership requires a 25- to 30-year, long-term set of agreements. It will require the creation of a new monetary system, somewhat like that of the 1945-1963 period: the old Bretton Woods system, in which the prevailing interest rates, on long-term credits—that is, 25-year credits, for example—among nations, would be 1 to 2% simple interest on long-term, with infusion and mixture of many grants, and so forth, for poorer countries and special projects.

On that basis, we could build up, in our countries which have technology potential, build up, again, our industries, to become suppliers, not only for our own countries' needs, but for the countries of Asia, for example. In cooperation with Egypt—and we can have peace in the Middle East. This would mean that all of Africa would be opened up for this kind of improvement. We have, to the south of where you're sitting now, in South America, we have a vast continent, with vast resources, which are largely undeveloped. Very much *underpopulated*, in terms of the potential of the area. One of the richest potential areas of the world. As a part of this kind of project, from Patagonia north, the entirety of South America and Central America can be developed.

For example, concretely: What is now on the table, among other projects—and it's now being negotiated between people in Russia, and the United States and Canada—is the development of a tunnel system and bridge system, linking Siberia to Alaska. The idea is, that you will be able to move through a transportation system, move freight, as well as passengers, from Siberia, through Asia, through Alaska, down through Canada, down through the United States, through Central America, into South America. Then we can integrate, effectively, economically integrate the economies of Asia, and Central and South America, and North America. So, this is one of the great projects, which stand before us.

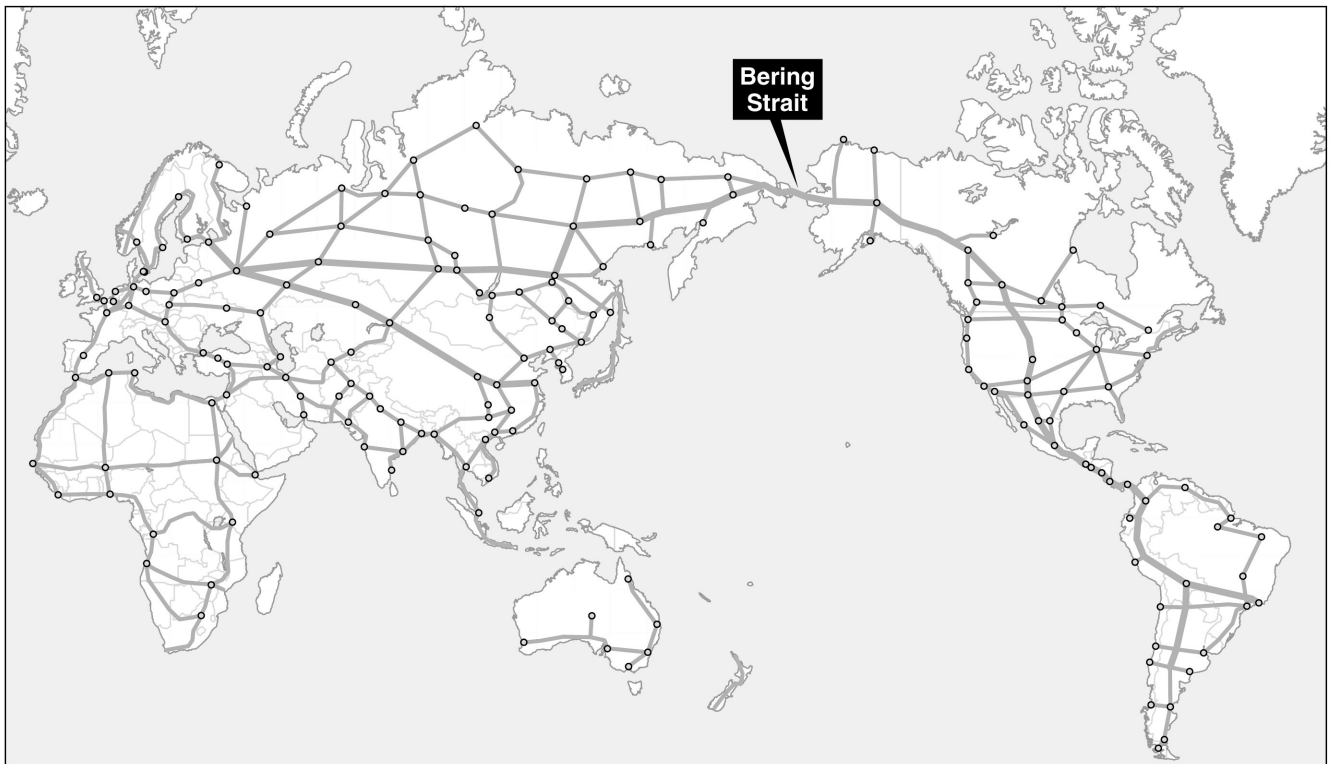
A Political Question

So, we have, on the one hand, great opportunities; on the other hand, great catastrophes, and great problems. I believe that they can all be solved. It requires a political decision.

Now, on political decision: As you look around the world today, as I do, with the exception of this new President

FIGURE 2

Main Lines Of A Worldwide Rail Network, As Sketched By H.A. Cooper



of Russia—Putin—who has shown good imagination and competence, we have very poor governments, generally. Very weak, compared to those we remember, say, from the 1970—or 1960s, or early 1980s. The politicians are, generally, of a much poorer quality. The populations are more poorly educated. Their moral character is weaker. They think less in terms of the long term; they think very much about tomorrow, or the next day, and their immediate opportunities. They don't think about the future. They don't think about one or two generations ahead. So, we have very poor politicians, generally; very poor political parties; very poor political classes.

But, nonetheless, we have a desperate situation: And when we think about the 2 million or more years, the human race has lived on this planet, and when you consider all the foolish things that human beings have done to themselves and others, over known history and before, the remarkable thing to us, is the goodness of mankind, such that, from all of these *disasters*, which mankind has brought upon itself, something has often come forth to create the equivalent of a renaissance in culture. And, sometimes, by the very nature of man, what causes the greatest advances in culture, the greatest improvements in the human condition, are the worst crises. A crisis so bad, that they say to mankind: "You have been behaving,

Mankind, as a collection of fools. Therefore, you must do something to stop being foolish." And sometimes that confrontation with folly, prompts and encourages people to find in themselves the capacity of *reason*, of *goodness*, to stand up and do something good, to move the world in a better direction.

That's essentially what happened with Roosevelt, in the United States, in 1932-1933. We had a desperate situation. A desperate *moral* situation; you should know the *morality*, as some of you, perhaps, do, who are my age. The immorality of the United States, in the 1920s. It was disgusting! Then came the Depression: And all the illusions and disgusting things that people were doing, suddenly were thrown into crisis. And, Roosevelt came along, in 1932, and gave a speech in West Virginia, when he was running for President. (Franklin Roosevelt, that is. Not Teddy!) And, he said, we must consider the forgotten man. The forgotten man, was the typical American, who was suffering, as a result of the conditions of the 1920s, as continued under the Depression. Roosevelt's address, and his campaign, captured the imagination of the American people. His initial efforts as President, beginning March 1933, *inspired the nation* more and more, to undertake great works, on which this civilization has depended, to a large degree, ever since.

And, you see the same thing in postwar Germany, immediately. Germany, which had come out from under the Hitler dictatorship, during the early period, under Adenauer, rebuilt the nation with a great moral effort. With a good educational system, which was subsequently destroyed. You saw things like that in de Gaulle of France. You saw things like that in De Gasperi in Italy. You saw similar kinds of things in the Americas, at various points—in Brazil and elsewhere.

So that, sometimes, great catastrophes bring forth leaders, who find a response in the population. And, I think we're in such a time, now. We have to look at things that way. We can not sit back, like a man in a foxhole, hoping to avoid battle, and waiting for a hand-grenade to be dropped on him. We must think like leaders. We must *hope*, that we can reach the people, and find ways to reach them. We must *inspire* them, and inspire them by the very fact that they have no *choice* in life, except to take a new course of action. And, perhaps, when people see that they *need* to take a new course of action—now, as in previous times of renaissance—we can have a great renaissance.

I think our job, now, is to think clearly; accept the fact that the crazy monetary system, which has ruled us over the past 35 years, especially since 1971, *was a disaster*. We have to abandon the *change in values*, which occurred 35 to 30 years ago. We have to go back to the basic values, of *physical economy*, saying that, money is important, but only as a medium of accomplishing something. The objective of economy, is to increase the productive powers of labor; to improve the conditions of life; to create a future for a larger population; to realize the potential for this planet, for its development, under the human genius. Go back to that kind of thinking.

And, I think some of you, know what I mean.

Thank you.

Dialogue With LaRouche

Because of technical difficulties, we do not have translations of audience questions to LaRouche. What appear here are brief paraphrases.

Q: I have some doubts about the need for having a fixed monetary agreement like that of Bretton Woods, because we would fall into the trap that we did in the '70s, when we came under domination by the United States. Second, when you have fixed exchange rates, you limit yourself, in terms of investments into production, into the types of productive projects that you need to carry forward. Perhaps it would be better *not* to have fixed exchange rates, and what we really need is technological transfer.

LaRouche: The first thing to concentrate on, in this thing, is that, over 50% of an investment in any effective economy, is in basic economic infrastructure, which is by the state. Without that economic infrastructure, technology

transfer is a farce, because it has no net benefit for the national economy and the people as a whole. Or their productivity as a whole.

So, therefore, what you need, essentially, is, you need 25-year agreements. For example: When you talk about technology, don't think in terms of what these idiots—forgive me for using the term “idiots,” but it's obvious. The whole idea of a New Economy, of a so-called “information-based economy,” is a piece of insanity which has almost destroyed us! It was a farce! It was a bubble. Most of the innovations which have been taken in the recent period, the recent 25-30 years, in terms of economy, have been a farce! They have destroyed us. When you look at the industries, which have been destroyed by these changes in policy, you'd say, “Wouldn't we like to have those industries back”!

Now, when you're looking at Central and South America, you're looking at an irony. The irony is, the irony of “outsourcing.” What happened in the course of change, particularly the past 20 years, is increasing reliance on exporting jobs from the United States, to countries which had poorer labor, which would work cheaper. And, where infrastructure costs were not a part of the *burden* of cost of production. What has happened recently, is, now, that that market has collapsed—as it was going to collapse. And, therefore, the idea that you can get technology transferred from the United States or Europe, to countries of Central and South America, or Africa, or Asia, is now a dead idea. It was always wrong, in the long term. But that's what often fools us. We get so attracted to short-term, apparent remedies, to “feel-better” remedies, that we fail to see the price that we pay for those so-called remedies, 10-20 years later. And that's what often happens to us.

A Question Of Statecraft

Re-phrase your problem: When talking to people there, you are involved in statecraft. You may be an economist, but you think about the *state*, largely. You may think about industries, but you're thinking about the nation. How do you think about a nation? Well, you have to think about a nation of what? A generation. How long is a generation? In Europe or the United States, it's 25 years. From the birth of a child, until the mature development of a future professional, who's educated as a professional. Twenty-five years! So, you have to think 25 years ahead. How long is the investment, say, in a power plant? If you're building a power plant, how many years' investment is that? If you're talking about building highway systems; power-generation systems, or networks. So forth. How many years is that? You're talking about building an educational system for a population, to develop a population: How many years is that?

We're talking about generations. And, therefore, economics, and our thinking about economics, should be in terms of *one or two generations, at a minimum*. We can not be people, as economists, who think only of our immediate geographic environment. Who think only of next year, or the next two to

five years, the short term. We must think in the long term; and we must think, more or less, in terms of the nation as a whole. We must think of regions. For example: In Central America, we must think of a region. Because the idea of national development has some meaning, but also, regional development's crucial. And, regional development means the relations with Mexico. It means the relations with South America, as well as the United States. As well as with the Caribbean. As well as trans-Atlantic and trans-Pacific trade.

So, *we*, as economists, must think in bigger, longer-term terms, than most people have been educated to, by the modern entertainment media, in terms of short-term, very narrow, pleasure-seeking terms.

We have to think, also, in a way that some of the great Christians thought: We think not in terms of just our lives. We think of the meaning of our lives, as located in what we have obtained, as ideas, as a heritage of ideas and other things, from people before us. And we think of our lives as something which is going to *contribute* something to the future. So, we have to think in those terms.

So, thus, in this connection, the Bretton Woods system was intended to think in long terms; was thinking in a 25-year cycle, essentially.

Europe was destroyed, by a war and by a depression—the combined effects. The United States was coming *out* of a depression and a war. We had a large war industry. Our question was, how could we convert our war industry into an instrument for helping to build up our own economy, and that of Western Europe and other countries. So, therefore, we had to take a 25-year view. For a 25-year view, if you want to have a 25-year credit, at 1 to 2%, you can not have a floating exchange rate. You must have a fixed exchange rate: Otherwise, you can not maintain a 1 to 2% simple interest rate. If you can not maintain a 1 to 2% simple interest rate, you can't have long-term investment! Not in basic industry: The rate of *profitability* of agriculture, of basic industry, does not allow you to have interest rates in excess of 3 to 4%; does not allow you to have basic state-to-state long-term loans, in excess of 1 to 2% simple interest. Otherwise, it's theft. It's robbery. It's looting.

And, that's the problem. So, we do that.

Now, the question here is, in the question of how we make technology transfer equitable: This is precisely what we must agree upon in a new monetary system. We must understand that there are certain things, which must be done as technology, which are the *right of every population on this planet*. And, the delivery of those kinds of technologies, to every nation, at prices that those nations can afford, should be the essential basis of our international monetary system.

Yes, we need a monetary system, which has a structure. Which has to be a fixed economic structure, a fixed exchange-rate structure. But, monetary and finance [policies] are *not* economics! They are finance and monetary policies. We must make monetary policies and financial policies, the *slaves* of

economic policy. And economic policy has to do with *physical reality*: the physical reality of productivity; the physical reality of life-expectancy; the physical reality of the health of the population; the physical reality of the future of children; the physical equity of a nation's being able to stand up, as a nation, with a sense of equality among nations.

These are the concerns of economics. And, we must build into any agreement, on monetary and financial conditions, *precisely* the things you're concerned about. We must build these economic conditionalities and purposes in, to say, "This monetary and financial system will work to the following purposes. The rules and interpretation of the rules of this system, will be governed by the following economic considerations of justice."

And, I think we should have learned that from the *painful* experience, and other experience, that we've had since the American Revolution. We had, in the United States, free trade; we had floating exchange rates—always disastrous! Lincoln saved us from the Confederacy. And the American success was then imitated in Europe and Japan, in the late 19th Century. This was largely destroyed by the First World War; it was destroyed by the 1920s' *lunacy*, under Wilson, and Coolidge, and so forth. We went back to sanity, under Roosevelt. When Truman became President, we started going back to *insanity*! And, it got worse all the way through.

By this time, we nations—not only those *in* the United States, but those outside—should have learned some lessons, about what is a good system, and what are the experiments which we wish had never been made!

NAFTA And The Immigration Issue

Q: There is talk about extending NAFTA throughout all of Latin America: What are the implications of this? And what about the so-called Panama Plan, which is the plan proposed to stop immigration, before it reaches Mexico, by developing *maquilas*, outside of the south of Mexico.

LaRouche: Well, obviously, the question of immigration: This is a tragedy. Because, one part of the immigration policy, is what it does to families and communities. When you uproot people, and you dump them in an area, as just labor, being dumped on the labor market—we had a lot of experience with that in the United States, with immigrants, you produce very bad effects.

As much as possible—don't ban immigration; don't ban migration. But keep it rational. The basic thing is, the integrity of the sense of family, of the sense of identity, of the individual's importance. The sense of the identity of the country, the dignity of the country, the continuity of the country, is extremely important. And, that must be built up, and protected. Now, this means, obviously, measures to encourage investment in job creation and economic improvements, which will stop the immigration, by making the conditions of life better in the countries from which people tend to emigrate. Why do people emigrate? They emigrate because they're hungry; or

they're desperate; or they're frightened! Or they have illusions about what it's going to be like in a country: They get there, they find themselves victimized. People go into the United States, and they find themselves victimized. Sometimes, they succeed and survive, under these conditions. But often, the typical person, coming from Central America, Mexico, into the United States, *is often victimized!* And, it's horrible! And has horrible effects.

So, this, obviously, must be resisted, in the sense of *promoting* the stability of communities, and nations, as such.

Under NAFTA, and under the present rules of the euro, it is impossible, illegal, to attempt to organize an economic recovery from a depression. And you don't want it, at this time.

And, we don't want the kind of migration, which is destructive of the culture, the identity of the nation.

And, it's no good for the world economy, in any case.

Now, on NAFTA: We have two problems, right now, which are extremely dangerous, for the Americas, and for Europe. One is, as of Jan. 1 of next year, the currencies of Western Europe will disappear, into what's called the "euro." Now, the worst part of the euro is not the fact of having a European currency. If you're going to have a European currency, I would say, make it gold-reserve based, like the dollar was gold-reserve based up till 1971. But: The worst problem is the Maastricht agreement, under which you have an enforcement agency, over the European currencies, which does not allow the generation of public credit for expansion of the economy. It does not allow *any* of these kinds of methods. NAFTA has the same implications for the Americas. Therefore, under NAFTA, and under the present rules of the euro, it is *impossible, illegal*, to attempt to organize an economic recovery from a depression. *And you don't want it, at this time.*

Whatever the effects on Guatemala, and so forth, the effects on all the countries of the region, are of a certain nature, and therefore, that will affect Guatemala accordingly. *You don't want it.* It's a menace. It was something invented by the British monarchy; introduced through Canada; promoted by various people; and rammed through in the United States, by the faction of the Democratic Party associated with Al Gore—who is not exactly a man I would recommend to you.

But, the idea of extending NAFTA, to include the entire hemisphere, and to include the British monarchy—remember, the British monarchy is Australia, New Zealand, Canada, and so forth; it's essentially to go back to a colonial, imperial

world, like the Roman Empire. We don't want it. The authority of a nation, as a sovereign nation-state, to resist, and to make its own law regulating its internal affairs and its internal economic affairs, is one of the most precious gifts of modern civilization. As a matter of fact, it's what modern civilization is based on, since the 15th-Century Renaissance. Since the initiation of the new form of modern nation-state by France under Louis XI, and by Henry VII in England; and the attempt to do so, by Isabella in Spain, despite her successors. And, this nation-state, the sovereignty of the nation-state, is essential, not only to protect the individual, but to protect the right of the individual nation to develop its own economy.

NAFTA has the *purpose* of destroying that right. *There are no good sides to NAFTA.* I'm opposed to it; have been opposed to it. Let's hope this thing goes away.

The Sovereign Nation-State

Q: You seem to be proposing the extension of capitalism.

LaRouche: [Let's not use that term] . . . it means different things in the mouths of different people. In one case, it means shareholder value; it means the current policy of the fascist majority of the U.S. Supreme Court, headed by Scalia, who is a despicable character. Shareholder value. And we see what that has done to the United States and its people.

No, "capitalism" is a bad term. Let's not talk about "capitalism"; I think we should abandon the term "capitalism," and say, nobody should ever bring it up again. Because it is a term which means different things to different people. So don't use a word, which you know is going to be misunderstood from the beginning, and try to reach agreement on a term that *has* no consistent meaning.

Why don't we talk about the *sovereign nation-state*; the economy of the sovereign nation-state, as *distinct* from the previous forms of the economy, which were based either on the *Roman Empire*, Romantic policy—like the proposal for NAFTA is a replication of the ideas of economy from the *pagan Roman Empire*. We don't need that. It's a replication of Byzantium. We don't need that. It's a replication of feudalism, as typified by Venice. We don't need that—when Venice was the ruling maritime imperial power of the Mediterranean. We don't need that. We need the modern, sovereign nation-state.

Now, the sovereign nation-state has a specific kind of economy. The economy is exactly what is laid down, in a sense, by Pope John Paul II, in recent addresses on the subject of Sir Thomas More, for example, and other questions. The modern nation-state was based on a rejection of Roman law, and of feudalism. It said that no longer can government be recognized as having the authority to treat some of the people of the world as human cattle; either as wild cattle, or as *tamed herds* of subject cattle. That the government has no legitimate authority to rule, except as it is an efficient promoter of the general welfare of *all* of the population, and *all* of the posterity of that population, over the entire area.

The first government, formed on that basis of that new law, was that of Louis XI's France, the successor, in a sense, of the accomplishments of Jeanne d'Arc.

The second government, founded upon that principle of law, was the reform of England, with the overthrow of Richard III under Henry VII, as the policies of Henry VII were made famous in the English language by Sir Thomas More, and his efforts, and also made famous, in a sense, by the writings of Shakespeare, who actually was a direct *follower*, intellectually, of Sir Thomas More.

The modern nation-state means, essentially, that you have a division of labor, between, on the one side, the government, which has the responsibility for *all* of the people, and *all* of the area. That is, the government must protect and maintain the entire *area* of the nation, and must protect and promote the welfare of all the *people* of the nation. At the same time, government must *encourage*, as was the characteristic of Louis XI's government, and was the characteristic of England under the influence of the reforms of Henry VII, government must *promote* private ingenuity in useful inventions in agriculture and trade, which are *beneficial* to the general welfare, to the common good.

Now, that is the kind of government which was adopted as the Constitution of the United States. That is the kind of government which is expressed by the first three paragraphs of the U.S. Declaration of Independence, and by the Preamble of the Constitution. The government is responsible for *all* of the area, and *all* of the people. Government is also responsible, to *promote* those private initiatives which are beneficial to the nation as a whole, and its future.

These were the policies which were laid down on the question of national credit, on national banking, and on manufactures, by the first Treasury Secretary of the United States — one of the co-authors of the Constitution — Alexander Hamilton. These were the American System; this was the policy of John Quincy Adams; this was the policy of Abraham Lincoln; this was the policy of Franklin Roosevelt, at least, the policy that informed him. This was the policy which Kennedy had intended to introduce again, as a Roosevelt revival, had he not been assassinated. So, that's what we mean: the *sovereign nation-state*.

Now, take Russia today. Russia, in the past century, went through a number of evolutions. It went through *Tsarism*, which had some good features, and bad features. *Tsarism* was destroyed by its involvement in a war. You got *communism*, as a system. *Communism* was a success, relative to the worst features of the *Tsarist* collapse, but was a failure in other respects, especially in the private sector, or what should have been the private sector. Then the Russians had a dose of *liberalism*, which they have discovered was far worse than *communism*, at least as far as economics concerned with the future of the nation. So Russia has now just *abandoned*, or is in the process of abandoning, *liberalism*. So, it's had the experience of all these diseases, one after the other.

Now, the question is, what kind of economy should Russia have? I'm in many discussions with leading Russian circles on just that question: What is the economy of Russia? My answer is, *the sovereign nation-state*; what we intended to build in the United States. The *nation* is responsible for the protection and promotion of the entire area and all of the people. The nation is also responsible to *foster* education, and to *foster* the opportunities for useful innovations by citizens who can make a contribution with useful innovations, and to protect and encourage those efforts. That's all.

The government is responsible for all of the area, and all of the people. Government is also responsible, to promote those private initiatives which are beneficial to the nation as a whole, and its future.

So, therefore, the result is, in economy, a healthy economy, is *dominated* by the state, by the nation-state. The nation-state provides regulation, regulation *intended to promote the general interest*; nothing else, for *all* the population, and *all* of the people. This will take 50% of the total, physical activity of government of any healthy nation — healthy economy — will be investment and maintenance of basic economic infrastructure. Which is either the public sector directly, through government operations, or through *highly regulated* utilities which are chartered by governments, such as large public utilities in electricity, water, transportation, and so forth. That the rest of the economy is divided among the *private* activities which government should *encourage*; discouraging bad things, and encouraging good things.

So, you don't *need* a theory of capitalism. What you need to recognize, is not capitalism; you need to recognize that the basic unit of investment, in any economy considered as a whole, is one to two generations of the population. You invest in the present, to create the future. That's the difference between the *trader*, the gypsy, who is going from place to place, selling tin goods, and so forth, and the economic producer.

Look, take any case of a good entrepreneur. What's a good entrepreneur? A private entrepreneur? They start out simply. Often, the best case is someone with a scientific, or agricultural, or other skill. They take the risk of an idea. Of developing a unit of production as an idea. They may run it entirely themselves, as a private venture; a personal venture; as a consultant, or some other professional; as a physician, for example. Or, they may employ a number of people. This thing may grow, through the success of the idea on which it's based, and the success of the quality of direction which it

enjoys. That's to be encouraged. That also takes time.

For example, the immediate life-expectancy of any new enterprise is within five years. The first five years of a new enterprise are life-or-death for that enterprise: Will it succeed, or will it continue to exist? We want people to have the opportunity to do that, *but*, we know that the future of the economy depends upon the ability of those who survive the first five years — treacherous years — of establishing a new business, a new enterprise. So, we encourage that.

So therefore, we think of the economy, not in terms of

What can you do with a country like Argentina? First of all, you start with a principle, that you can not destroy a nation. . . . Therefore, the present debts of Argentina—the financial debts—could never be paid, and therefore, they shall never be paid. Why? You have to choose between human life, and shareholder value.

instant results; we have to think of economy in terms of one to two generations of basic economic infrastructure; long-term investment. We have to also think in terms of not less than five years to ten years, in sustaining the conditions under which businesses can start, and enter the phase in which they may become successful and durable. So, that's what we have to think about in terms of economy.

And I say, therefore, if we have these ideas clearly in our head, we don't *need* a term like *capitalism*. We simply have to say, we defend the kind of economy which is *best* for the modern conception of the sovereign nation-state, committed to the general welfare, or what is otherwise called the common good.

The Argentina Crisis

Q: What are the repercussions of the Argentina crisis?

LaRouche: First of all, what is happening now in Buenos Aires is, in a sense, a farce; that the fate of the present bankruptcy of Argentina, of the Domingo Cavallo arrangements, the policies of the present government—these policies are *doomed*; there is nothing in the world that could save this present situation.

Now, what is the result? The first result is on *Brazil*. Argentina is the key market for Brazil. If Argentina goes down, the chain-reaction effects on Brazil are tremendous. Now, also, this is linked, because of the Spanish banks, such as the

Bank of Bilbao's involvement in the electricity and other investments, through the control of electricity distribution throughout much of the southern part of the hemisphere. So, the *chain reaction* is immediate.

Now, if you look at the economy of Peru; the vulnerability of the economy of Chile; the situation in Uruguay; the situation is Paraguay; the continuing situation in Ecuador; the situation in Venezuela, which is in a real crisis mode, political crisis, right now; the crisis situation in Colombia; what is the effect of a chain-reaction collapse of Argentina? It's enormous. If *the system* goes; this carries out the whole system. There's no way you can stop it.

Now, what's involved? The repercussions of this immediately hit Europe, because the Spanish banks are the ones that are first hit. Spain is a very vulnerable economy. It's not worth much. It's about to collapse. The Spanish economy's collapse will set forth a chain reaction inside Europe.

The Strategic Context

What you have to do, to get the full appreciation of this, is look at an article which appeared in this morning's edition—I think it's this morning's edition—of the leading French newspaper, *Le Monde*. It's a two-page article, which identifies the recent crisis in the United States, of Sept. 11, and continuing, as the product of a military-style coup attempt inside the United States, against the present government of George Bush. Now, there are many features of that article, and that report, which are prepared by a section of French Intelligence, of which I'm critical; they may be exaggerated, mistaken, or falsified. But, nonetheless, the *overall* impression is correct; it is an opinion which is shared by leading circles, military and others, in many parts of the world. You can not understand what's going on in the minds of people in many parts of the world, at high levels, unless you understand the general, widespread agreement behind the scenes, of what is published in this morning's edition of *Le Monde*, on this subject of the crisis in the United States. I can tell you the crisis is now much more intense than it was on Sept. 11. This is very complicated.

So, what you are looking at in Argentina, is not an Argentina crisis. You are looking at Argentina as like a *fuse* on a very large bomb, which is ready to explode. You will hit all of South America, all of the Americas, including Mexico—and you know what that means—you will hit Europe, through Spain, and other implications. It will force the world to the table, with the question of, what are we going to do about this? Are we going to continue the present, *bankrupt* monetary and financial system, or are we going to cancel it *now*, and take immediate steps to set up a new financial, monetary system?

Because, look, for example: What do you do with Argentina? What *can* you do with a country like Argentina? First of all, you start with a *principle*, that you can not destroy a nation. You just can not do that; whatever you do, you can not destroy a nation. Rule number one. Therefore, the present debts of Argentina—the financial debts—could never be paid, and

therefore, they *shall never be paid*. Why? You have to choose between human life, and shareholder value.

Now, you and I should know, you as economists, that—you go back to 1971, and you look at the total debt of the nations of Central and South America; that is, the so-called sovereign debt, and related foreign debt, at that time, and you take the debt, as it existed in August 1971, and you trace the history of the debt in an accounting way. For every dollar, or equivalent, that was invested to cause the indebtedness of these countries, how much has been paid? How much of the debt service has been paid? Well, it's been *more* than paid! Therefore, by a just accounting standard—the historical accounting standard—virtually none of the countries of Central and South America, *owe any debt* to anyone. They've more than paid the debt. They should *get some of their money back*. They paid too much! They now have a bigger debt than ever before. Why?

Because under the floating exchange-rate system, the international authorities would come in through the London market, make a speculative *run* against the currency of a country, run the currency down, under the new system—the floating exchange-rate system—*then* in would come *the IMF*, or the World Bank, and other institutions, including Washington, the U.S. government. And they would sit down with the government, and say: “*You’ve got to come to terms with the IMF. You’ve got to talk to the IMF, and come to terms with the IMF.*” So, the IMF, which is, of course, *not biased*, would then write down the value of the currency of the country which had lost the value of its currency through an *attack by speculators*—by financial speculators, centered in London. Then the IMF would come in and say, “*You’ve got to devalue your currency.*” “*Fine. Okay, we’ll devalue our currency. We’ll continue to pay our debt in our currency.*” “*Oh, no; no. You don’t pay your debt in your currency; you pay your debt in your pre-discounted currency.*” So, what they did, is they put an *additional debt on the books*, for which no money was paid to the debtor, and proceeded to collect *interest* on a debt that was never incurred, but which was simply *arbitrarily imposed* as a fiction, by action of the International Monetary Fund, working in *collusion* with financial speculators on the London market.

So, obviously, when someone comes up and says, “*Argentina has a big debt to the IMF and foreign countries,*” you say, “*So what? How did it incur that debt?*” Most of the debts that were incurred by the countries of Central and South America, were incurred by *orders from abroad*. They were not *sovereign decisions* made by a sovereign nation, to incur debt. It's just like war reparations imposed on Germany at Versailles. These were not debts that were incurred; they were *imposed debts; arbitrarily imposed debts*.

Now, you get to Argentina. What do we have to do? Well, the debt was created not by Argentina; there have been some bad governments in Argentina, but all governments—we have bad governments in the United States. Lots of them. The

Bush government was terrible. The Carter government was worse. The Nixon government was terrible. So we have terrible governments, too. We had *terrible candidates* in the last election, the last Presidential election; *awful candidates*. Couldn't find a decent candidate running. So don't blame *the people*—victimize them because they had bad governments. Cavallo was not put in Argentina by Argentinians; Cavallo was *imposed upon Argentina* by the North Americans; by the United States. So, let *him* pay the debt. Leave Argentina alone.

The issue is, *we must save Argentina*. We must save Brazil. We must protect Peru. We must restore these nations to *functioning health*. That is the law of the general welfare. *If we don't*; if we don't, what happens to the world? *We all go to Hell*.

So, therefore, we've come to a revolutionary time, in which probably the best authority to adjudicate all these questions, is the Pope. I would do the job myself, but I think the Pope is a much more recognized authority at this thing, at this time [laughs]. But's that's how we'd do it. The point is, *the general welfare principle*. What we did at the end of World War II; we had bankrupt economies; disrupted economies, from depression and war. And what did Roosevelt do? Roosevelt and others moved for a system where the United States would create a system under which we would rebuild a war-torn, depression-ridden Europe, and other parts of the world. We did it, not on the basis of what the past debts were—though some of that was considered. We did it, because it was necessary to *save these countries as functioning nations*, and we would hope that they would do the same thing for us, if the time came. Maybe the time has come [laughs].

This Is No Cyclical Crisis

Q: What are the characteristics of the new international financial system, regarding the type of speculation and the application of the principles of bankruptcy? What about the Basel agreements?

LaRouche: The point is, most of the existing policies simply have to be wiped from the books. That's the key here.

When you have a system that doesn't work—. Look, this crisis is not a cyclical crisis. We were accustomed to talking about “cyclical crises.” We say that systems, through their certain characteristic features, go into periods of growth, and depression. Cycles. And therefore, if a depression occurs, we say, “*It's going to bounce back*. Or it can be *caused* to bounce back, without *changing* the basic rules of the system.” You make some intervention; some adjustment; some stimulus, to bring the system back.

We are *not* in that kind of situation. We're in a situation where you have to say, “*All of the changes in rules*, which have been established since the middle of the 1960s, *must now be cancelled*, because *the system* that we developed, by the changes of the rules, begun by the influence of the first Wilson government of the United Kingdom, and by the influence of those who supported the Nixon candidacy in 1966-



Argentine Economics and Finance Minister Domingo Cavallo (left). “Cavallo was not put in Argentina by Argentinians; Cavallo was imposed upon Argentina by the North Americans; by the United States.”

1968; these *changes in rules* by the Swiss banks, and by Swiss agreements, and other agreements; the Basel agreements, *these things were a mistake*. We have 35 years of a *catastrophe* to show that all these changes were a mistake; *we should have never made those changes*.

Now, we are acting as *governments*. We are *sovereign*. We, as sovereign governments, run our affairs, and, collectively, *run the world*. We are *the lawmakers*. We are the final judges of what rules are struck down, and what rules are maintained. So, what we do, is, we say, “We accept our responsibility, as governments, for the mistakes that we, as governments, allowed to be made. The fact that a previous government made this decision, has *no bearing* on the situation. If that government was mistaken, we are responsible to *change* that decision, not to enforce it.” So there are no *enforceable conditions* in a time of crisis, except those which a *higher moral law*—the law of the sovereign nation-state—obliges governments, either individually, or in groups of nations, to take.

That is, for example, the groups of nations of Central America, have a certain *implicit authority as sovereign states*, if they can reach an agreement on a regional problem, to be the *authority* that decides how that regional problem will be solved, regionally. The governments of Ibero-America, from the U.S. border down to the end of Patagonia, have also an inherent right as a group of governments—we’ll call them the Ibero-nation governments—to make certain rules; to set up certain institutions, as a group of sovereign governments, governing their affairs. *Europe* has a right to make certain

decisions of that type. We have a group of nations in Asia; we have the so-called “Ten-Plus-Three” group, which includes China, Japan, and Korea. This group of nations is *moving*, toward a regional agreement among governments on credit and trade. They, as governments, have the *moral authority* to do that, as it affects their internal affairs among themselves.

So, in this case, we have, *as governments*, the moral responsibility to act *as governments*, to *overrule* any previous agreement by a previous government or governments, which has been proven to have been *wrong*. Look, we *overthrew* the Roman Empire. We *overthrew* the Byzantine Empire. We overthrew the imperial power of Venice. We overthrew the Habsburg Empires. We’ve overthrown more empires and governments in known history, than we can count. Why can’t we do it again? The *moral responsibility* of government continues; the *moral principle* continues. And, therefore, we act according to the moral principle, to *cancel* all outstanding agreements which are contrary to the general welfare of a *nation*, or *group of nations*.

And we have to understand that. This is a *systemic* crisis; we must make *systemic* decisions. We must reach *systemic* agreements.

The War In Afghanistan

Q: What is your view of the war in Afghanistan?

LaRouche: What happened, is this. I’ve said this before, so it’s not a big surprise; what I said on Sept. 11. I was doing an interview with a radio station in Utah, at 9 o’clock in the morning, on that day, and by the time we began to talk, on the

interview, we'd had the first attack by a plane on the first of the two towers, in Manhattan, and I made a characterization of this, in that period—on the three attacks: the two in New York, and the one against the Pentagon.

Now, what I said *then*, I could stand by *today*, and if you read what I wrote then—what I said *then*, which was later published [*EIR*, Sept. 21]—and compare that with what has been said in the pages of *Le Monde*, speaking for a section of French intelligence today, you would understand exactly what I was saying. I understand this sort of thing; some of you probably do—I mean, in Guatemala, for example, you lived through some of the operations that were run as a by-product of what was called the Cold War period, where irregular warfare operations were being run in Central America. They were being run by irregular armies; irregularly funded armies; privately funded armies. So, what has happened, is that this kind of operation, privately funded, largely by drug funding, or other kinds of irregular funding—weapons-trafficking funding—has become the major instrument of ongoing warfare throughout the world. Armies which are run as *mercenary* armies, such as you see in the FARC in Colombia—a drug-funded operation, are major sources of warfare.

Now, the problem has been, that in the United States government itself, in the military, since the days of Allen Dulles, the United States has maintained what is called a *special warfare capability* under the Defense Department. Often, this thing is called “CIA.” It is *not* CIA; the CIA is attached to the State Department. It is actually a part of the *Defense Department*; it's a part of the military. So, you have the British, the Israeli, and the U.S. special warfare capabilities, funded largely through private funding: drug funding, weapons-trafficking funding, as was done in the famous case of Iran-Contra, have been running private wars, and are still running them. One of the private wars, which was started by Zbigniew Brzezinski, was the war in *Afghanistan*, which began in the 1970s. So, what has happened, is that you have, internationally, a major warfare capability, *funded* by private organizations, or through private funds, by the Israelis; by the British, or a section of the British; and by the United States government.

What happened on Sept. 11, as the French have indicated in their own way, in *Le Monde*—and you can compare what I've published, and what *Le Monde* has published; there are differences; there are also some similarities, which are important; and, other governments have said similar things—is that a section inside the United States government, of people who agree with the ideas of Zbigniew Brzezinski, on starting a *general religious war* throughout much of Eurasia; *these people*, which include Israeli factions, and their supporters in the United States; which include some people in Britain, not others; and some people in the United States, *organized* what amounts to a coup d'état *against the Bush government*. Not by the Bush government, but *against* it.

The Bush government responded to this threat by saying, “We are going to hit somebody. We are going to give the



Zbigniew Brzezinski, formerly Jimmy Carter's National Security Adviser, started the private war in Afghanistan, in the 1970s. Special warfare capabilities, funded in part by private sources and supported by sections of the Israeli, British, and U.S. governments, are running amok today.

American people *revenge* for what people in New York and Washington suffered, as a result of these attacks. So, we're going to pick on a target that nobody cares about.” The target anyone can hate, is Osama bin Laden, who is a creation of the Anglo-American-Israeli interests, who created him as a part of *running*—not only running—the Afghanistan war of the 1970s and 1980s, but *also was used* for running secret operations against *Russia*, such as Chechnya, and other secret operations against Russia, today. So, everybody *hates* the Taliban; everybody *hates* Osama bin Laden, and he's certainly a hateable, despicable character. The Taliban are generally despicable characters; you don't want them in your living room, or even in your cellar. So, *bomb them*.

Now, this is wrong. But it's understandable, if you understand the defects of the present U.S. administration and government, and the problems.

The world is concerned that this thing—what the Bush Administration has *opposed*, which Brzezinski has demanded, which Kissinger has demanded, which the Zionist Lobby in the United States has demanded, is that the United States attack Iraq, Syria, Sudan, and so forth, and start a *general religious war*, between 1 billion people of Islam, among them, and by them, against civilization, thereby to destroy civilization in Eurasia. And, the United States government so

far, the Bush Administration, has resisted that, and has told Sharon to stop it—stop his killing, his butchering, of these Palestinians; stop this war. The Bush government has not taken *effective* action to bring that about, because it's got a lot of pressure on it; so, therefore, it cuts a balancing act.

But, now the point has come, that you can't play this game forever. The financial system is coming down, which is one of the conditions under which this occurred. Now, the question of Afghanistan. Somebody thinks they've got a deal in Afghanistan, it may end—well, I don't think so. That thing is

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not solved. The Soviet Union, which had a much bigger, and more effective force, than we ever put in that country, couldn't do a thing with Afghanistan in ten years. And what we've done in Afghanistan as a military operation, won't succeed either. So, it's a *foolish* operation. But, that doesn't mean, that that's the issue. That means that is an issue, which has been created by this idea of, "You can't take on the enemy, so therefore, kill somebody else who's hateable, as a matter of seeking revenge," which is a lousy policy, and the French have now blown up against it.

The thing is out of control. *We are now in a very deadly situation*, which—Afghanistan, yes, it's a horror-show. Look, there's a recent statement, which involves the statement of an exposition of the position of John Paul II—with whom I agree, on these issues and related issues—that John Paul II has, in his own way, as I have done in other ways, warned against this process. We are now in a terrible crisis of all civilization. The Afghanistan situation is *not* something in itself; it is something to be seen as both a *symptom* and an *aggravation* of the problem which we must face and solve.

Q: Is the war in Afghanistan worth anything in terms of economic recovery?

LaRouche: No! The war as such was no good for economic recovery.

Look. What Bush has done is understandable, if you un-

derstand Bush and his government. What Bush did, what is significant as a result of Sept. 11, but not Sept. 11—Sept. 10, because Sept. 10 was the date upon which the severity of the world systemic financial crisis became evident, in the United States. And, if you look at the figures, as of the beginning of September, *before Sept. 11*, you see what the financial crisis is.

Up to that time, the Bush Administration, under the influence of Treasury Secretary O'Neill, who I think is an *idiot*, actually, as an economist—under his influence, he said, "Nothing needs to be changed. Nothing needs to be changed. Everything is fine! Don't change anything! We stick with our free-trade policies, our crazy policies." But, then, after Sept. 11, other people, including the President, began to talk a different line. They began to talk about pouring tens of billions, and hundreds of billions of dollars into various kinds of recovery-stimulus projects. At first, these were to give money to arms dealers, who were in trouble. Or to bail out, maybe, one or two airlines for a couple of weeks. But these were not serious proposals, that are going to work to cause an economic recovery.

How do you cause an economic recovery? You *increase employment among the unemployed*. Number one. Organize large-scale infrastructure projects, as Roosevelt did. Because, as you know, all governments have infrastructure projects which are of urgent importance; which you can invest in, without any danger of making a mistake; and that you can hire people and put people to work, in jobs, which these projects require. You thereby stimulate not only incomes among people who are unemployed, the families of those people, but you also create an enlarged market, for both private contractors and others, who benefit by the fact that these projects are going forward. You'd benefit communities. For example: We used to do this in the United States all the time. We'd have big projects, like the highway projects. And, we, as the Federal government, or state governments, would move projects ahead, in certain areas, in order to stabilize those sectors, which were going through a slight economic retreat.

So, this was not done. What an economic recovery program would mean: Do what I've said. Put the thing through bankruptcy reorganization—a Roosevelt-style recovery. What they've done so far means, that the President of the United States and his government, are beginning to think *in terms of* the essential role of the nation-state in organizing a recovery. What they've proposed so far, *will not cause* a recovery. It's the wrong selection of policies. But, maybe it creates the platform, on which we can discuss actual recovery policies. But these are not going to do any good.

This is not a "bounce-back" depression. This is a *systemic collapse* of the entire system, and you have to make systemic changes.

Look To Global Partnerships

Q: The United States, because of its tremendous power, has established the rules of the game. What then is the role of

a small country, in defining this new financial system?

LaRouche: The United States does not have that kind of power any more. The United States is now dependent upon its partnerships for doing anything. The number-one partner with the United States, right now, is Russia. And, you have, right today, in Crawford, Texas, which is the tin-covered shack that the President calls home, you have the President of Russia meeting with the President of the United States, with a lot of officials, U.S. and Russian officials, there. This discussion between Russia and the United States, is the key determinant. What comes out of that, and similar discussions, is going to be the key determinant to what happens on a world scale.

Russia represents—not only Russia—but Russia represents, at this point, its partnership with the nations of the so-called “Ten-Plus-Three” group: Japan, Korea, China, South-east Asia, and India, and other countries, including Iran. Russia also has understandings and economic ties with Germany, and with Italy, for example; and France, also. Remember, for example, Germany’s yearly net export growth is coming from Russia and China. In all other areas, Germany is losing exports, similarly. So, therefore, you have a partnership, in fact, of various degrees, with Russia, and various nations in Eurasia, which includes the unification of Korea; the proposal for a railroad from Siberia through the Bering Strait, into the Americas; cooperation with China on the first magnetic-levitation rail systems, public rail systems, in the world, are going into China, with German investments; similar operations in India.

So, the cooperation among nations in Eurasia and their dependency upon Western Europe for that—for example: You have Northern Italy. You have five states in Northern Italy, which are the big producers in Northern Italy. I’ve been visiting in a few of them recently. These states have mostly entrepreneurial companies—that is, privately owned companies, not large corporations—which have a high-technology capability. The heads of these companies are scientists, or scientists and technologists—engineers, and so forth—and their technology is being exported to many parts of the world. So, you have a natural tendency of the type I described: People in Western Europe, who have high-technology capabilities, to seek cooperation with Russia, *in delivering high technology to needed markets* in China, in India, Iran, and so forth.

This is what Putin represents, in terms of this process. The United States is sitting there, with the world disintegrating around it, internally and externally. If the United States is going to survive, it’s going to survive, not on the basis of a projection of power; it’s going to survive on the basis of a projection of partnership. And, this partnership, *with* Russia and the United States, and so forth, *if it comes off*, if it is not disrupted, this partnership will mean an opportunity—if we exploit that opportunity—an opportunity for nations to *come together*, either as groups, or regional groups of nations, or others, to *begin to change the conditions of life*, under which they operate.

And, that’s where we really have to use our imagination. We’ve got to get out of small-mindedness, and begin to *think big*. Nations, heretofore, have been dominated by a few powers: Russia, the United States, and the British monarchy, have been the powers that have run the world through most of the postwar system. Up until a recent time, it was the United States and the United Kingdom that were running the world. Now that time has come to an end. If you’re going to run the world, you’re going to have to do it with a system of partnerships. And, therefore, nations around the world, should give up the habit, of thinking as dependencies, begging at the back door of the White House, or something else, and begin to think in terms of forming partnership alliances, for negotiation of *their role*, in the new world we have to create.

The Moral Responsibility of Economists

Q: Under what rules will the Eurasian Land-Bridge be developed, so that the small nations will have a say?

LaRouche: I think we have to make those rules. As I’m speaking now, I’m hoping in this address here, as I do elsewhere, in other locations, to provoke and inspire people to realize that they have to think of themselves as being more important in these matters than they had thought of previously. You have to *think* in these terms. You have to, in publications and discussions, you have to start discussing in these terms. You have to define the relationship of your nation and region of the world, in what you think is your potential role in respect to these kinds of developments. You have to understand what these developments are. You have to envisage—particularly as economists—you have to envisage!

People in your country, and your region, are going to say: “What are we going to do about this?” It’s *your* responsibility to begin to define the *ideas*, which must be discussed, to form the new policies, which affect the situation. Your people have to decide! On what your relationship is, to Mexico, for example, under these conditions. Not only to the government of Mexico, but to circles of people you know in Mexico. In South America. You have to have these discussions, in order to formulate the ideas, so that, as you come to the table, or negotiation; or your governments come to the table, you can advise them of what the *implications* are, of this change in the world.

And, your position as professionals, is especially important in this respect. Most people don’t think in economic terms. You *know* that! You know it very well! You deal with governments: You despair sometimes: They think in accounting terms, financial terms, this year’s budget, this balance! They don’t *think* in terms of 10, 15, 20, 30 years, or regional things! *You’re* supposed to think in those terms. And, *you* have to advise governments, of what those terms mean, under these new kinds of conditions. So, it’s up to you! As I say to other countries, it’s up to them. When I say to friends in Brazil, or we talk to people in Peru—the same thing. My job is to encourage *you* to think *independently*, about the facts that I’m presenting to you, and the alternatives that I’m discussing.

Hoping that *you* will be able to find *your* way to advising *your* governments, and, through private discussions with channels you have, to influence the environment, to create a new set of ideas about *how we deal with a new world situation*.

Q: Agriculture and the environment are related; if one is destroyed, so is the other. How do we get these things reactivated, when people, who live in the rural areas, want to move to the city and become consumers, rather than producers?

My job is to encourage you to think independently, about the facts that I'm presenting to you, and the alternatives that I'm discussing. Hoping that you will be able to find your way to advising your governments, and, through private discussions with channels you have, to influence the environment, to create a new set of ideas about how we deal with a new world situation.

LaRouche: Well, this is a political problem. It's a political organizing problem. It's a problem, not of polemics, it's a problem of ideas. I find that the ability of even so-called "simple people" to understand some things is much underestimated. Let me just give an example, which I give on a number of occasions: The problem of most people in society today, is that they're very small-minded. They think about events within a very small geographic area. They think of a few years, at most; usually think in terms of pleasure, or in terms of money. Pleasure. Little things. They don't think in terms that any economist should think in. We, who are economists, are supposed to think in at least 25- to 50-year terms. And, in studying history, we're supposed to think in terms of thousands of years, to get some understanding of how humanity functions; how the human race is able to feed itself, grow, improve.

We have all these *little* people, who are miseducated, who are saturated with the crazy entertainment produced in the United States. I mean: real, sordid stuff! *Terrible* things pass as entertainment! The identity of people is cultured, by this terrible entertainment and similar kinds of things; and drugs, and whatnot.

So, the problem is, that you come along, and you say: "Well, what if a war breaks out?" I suppose some of you have

been soldiers, right? You know what it means, to think in terms of war. Guatemala has faced the possibilities of various kinds of wars in the recent period: guerrilla wars, other kinds of wars. People have been killed. What is a soldier supposed to think? A soldier does not intend to die! But, a soldier knows that the nature of the profession involves an element of risk. You may be killed! You may be killed, because you're a soldier. Now, what do you do? Run away? "I don't want to be killed"? Who's going to defend the nation?

Then you're forced to think about your life. You're forced to think about your life, in the way that everybody should think about their life. You say: "What does it mean, if I die? What does my life mean? It means what I make possible after I have lived." Now, you take the same attitude, not as a soldier who's going to die, or might die; but think of it as an ordinary citizen: We're all going to die! Aren't we? We're born, and we're going to die! So, what does life *mean*? What is important? Since we're all going to die?

What was important, for example, to Jeanne d'Arc? Jeanne d'Arc was a simple peasant girl, from an area of France, who had a stupid King, who was not really a King. And, she got herself dressed up in armor, and she went on a horse, and she went to this stupid King, and said: "Stupid King, you're a horrible King! But God sent me to tell you, you have orders to become a real King!" Now, as a result of this performance, and the courage and her execution of it, she died a horrible death, by the British-controlled Inquisition. *But*, she made possible the existence of modern France. She played a key role, in her fight, in making possible the existence of the modern nation-state, and contributing significantly to the influences on the Vatican which resulted in the 15th-Century Renaissance, which was the great revolution in modern culture.

So, therefore, she died early, and died a very painful, horrible death. But her life was not a waste. She was not a tragedy. She did not make a mistake, in dying. She did not make a mistake in choosing the course of action which led to her death! As many opportunists would say. *She made history. She made possible, the good things that came after her.* And, therefore, where other people, who made compromises, die in obscurity—justified obscurity, because *their lives meant nothing* to humanity—her life will always mean something to humanity as a whole.

Now, take a little child, coming up. In the good days, when children were better educated, the typical visitor coming to visit a family of friends, would say to the child, "What do you expect to be when you grow up?" And, the child would often smile brightly and give you an exposition on what their future career was, as an adult, what they intended to accomplish: It might be, "I'm going to be a mother and have so many children, and we're going to do this." But she had a clear conception, that her life *meant* something, in terms of the larger scheme of things. Our problem today, is not simply an intellectual problem, in the sense of, lack of knowledge. It's a *moral* intellectual problem. We have ceased to impart, to



A Mayan family in Guatemala. Even the poorest, most illiterate of citizens can be inspired to understand that their lives can be meaningful, if their leaders take the approach of statecraft, in the interest of the common good of the entire nation.

young people and to others, a sense of the meaning of life; of a life, which is a mortal life, which has a beginning and end; and you say, “What are you going to do with this life you have, *while you still have it, which makes your having lived, something of which to be proud?*” And, if you approach the people of today, and can deliver that message to them, there are very few people so decadent, they can not be inspired to recognize that image, as the essential moral image, which should motivate them *even as the poorest, most illiterate of citizens.*

And, that’s what we lack. *We don’t motivate them that way.* We motivate them by bribes: “We’ll give you a candy bar. We’ll give you this. We’ll give you that.” *We don’t motivate them,* in the sense that we’re trying to help them find the meaning of their *humanity*, of their existence. That’s our mistake.

There Is No Recovery!

Q: Why do you say that the financial system is coming to an end, when the crises in Asia and in Latin America have almost been overcome?

LaRouche: They have not been. The Asia crisis has not been, in any case, overcome. You have to look at two things: You look at the financial figures, which are largely a result of hyperinflation. Japan is about to disintegrate! Japan has a debt beyond belief! Look, take the rate of interest being charged by lending of money, in Japan and in New York. The rate of inflation in the United States is estimated at 2.5%—that’s official, not real. Real is much higher. The lending rate is 2%, the borrowing rate is 1.5%. What that means, is that the United

States is in a *hyperinflationary growth* on the financial side, but in a *hyperdeflationary collapse* on the economic side. Look at the number of firms: Xerox went under; many other firms; airlines are going under; many other firms are going under! The same thing is true in Asia. The only thing that’s defending Asia, is the agreement with China and Russia, and Japan, and others, to create an *Asian monetary bloc, outside the present system*, which gives them some capability with the tremendous reserves of China, for example, which gives them some ability to *resist* a collapse.

But, physically, the collapse is ongoing, around the world, and in China. China is reacting to this, as Jiang Zemin has said, by reacting with large-scale infrastructure development projects, internal—that is, China has abandoned the expectation of a large foreign market; has expected a collapse by as much as 50% or more, of what had been the foreign goods market—and is going to an internal market, generated by large-scale infrastructure developments, in the interior and the northwest frontier. This is typical of the entire region.

So, there is no recovery in the United States. There is no recovery in Asia, at this time. There’s an *illusion* of a financial expansion. But the financial expansion is of the type that occurred in Germany in 1923, which ended up with a blowout of the Weimar reichsmark. That’s not expansion: That’s an explosion.

[The Society thanks LaRouche and hopes to have him speak to them again soon, perhaps in person.]

LaRouche: Thank you. It’s good to be with you. Our best wishes to all.