

## LAROCHE TO WASHINGTON DIPLOMATS

# A Four-Power Agreement To Save the World from Hell

*On Oct. 2, Lyndon LaRouche addressed an audience in the nation's capital, of Washington, D.C.-based foreign diplomats. The event took place one day after LaRouche's international webcast (see this week's Feature), and one day before the House of Representatives voted to approve the Bush Administration's Wall Street bailout plan.*

*In his initial remarks, and in the several hours of off-the-record discussion that followed, LaRouche continually returned to the special importance of the U.S.-Russian cooperation, for the establishment of a new international financial system, modeled on Franklin D. Roosevelt's original 1944 Bretton Woods System of fixed exchange rates. LaRouche emphasized that such a U.S.-Russia partnership would assure the participation of China, India, Japan, South Korea, Italy, France, and scores of other nations from every continent, in such a new treaty arrangement. Without the U.S.-Russian anchor, LaRouche warned, the ability of nations to successfully defeat the power of the existing Anglo-Dutch Liberal system of globalization, free-trade, and genocidal deindustrialization and Malthusian depopulation, would be non-existent.*

*Here is an edited transcript. Subheads have been added.*



EIRNS/Stuart Lewis

Lyndon LaRouche

Many of you, perhaps, have heard of, or have seen, the webcast from yesterday, or part of it, which I delivered from this city.

We are in the world's worst crisis, in the history of European civilization, since the Middle Ages. There is no crisis in modern European history, or related history, which compares with the crisis which is striking now. The nearest comparison is the general collapse in Europe in the 14th Century, which is called the New Dark Age. And this resulted in a collapse of half the parishes of Europe, a reduction of the European population by one-third, and the outbreak of

complete chaos and disappearance of whole parts of culture.

This crisis, in particular, was caused immediately by the role of a group of bankers, like investment bankers of today, who are called—essentially, the northern Italian banking system. This system engaged in usury of a type which we have experienced from the United States and Britain and so forth, and elsewhere, increasingly since the end of the 1980s; especially since about 1987. We have now reached the point, through methods of financing associated with Alan Greenspan—which had been previously considered criminal, methods for which some people had been sent to prison in



World Bank/Scott Wallace

*Africa cannot be developed without a modern rail system, LaRouche said. Without modern power, transport, and water management systems, there will continue to be genocide. Left: hauling bananas by bicycle, in Tanzania; below: the Transrapid maglev, in Emsland, Germany.*



Transrapid

the United States: As a result of these methods of speculative increase in nominal assets, we have now reached the point, that the *entire world system* is bankrupt.

Now, while the United States has been shrunken greatly, while the British-centered part of the system internationally has increased its relative power, nonetheless, the dollar has remained the principal currency and measure of assets in international values. Thus, the crash of the dollar, which is occurring now, means a crash of the international world monetary-financial system. This is not just a crash of the dollar, and, as you see reflections in Europe and elsewhere, precautions being taken in Russia and so forth, this is *not* a U.S. crisis. This is *not* a mortgage crisis. It's a general breakdown of the entire international monetary-financial system, the present form of the post-Bretton Woods system: It's coming down. It's in a hyperinflationary mode. It's on a *very* short fuse. And unless corrective actions are taken—which can be taken, that is, in principle, can be taken—the world is going into a dark age. That's the reality of the situation.

### **We Need Order in the System**

Now, as I indicated yesterday, the positive aspect of the situation is, that if a group of leading nations, with the right understanding, were to enter into cooperation, we could have an immediate, emergency reform of the

international monetary-financial system. The only way this could occur—it would have to involve the U.S. dollar, because a major part of the world's assets are denominated in dollars, even though the United States dollar doesn't own them. Other people own it; the British own a lot of dollars, for example.

So therefore, we need order in the system, which means we have to put the world system through bankruptcy reorganization, and we have to restore something comparable to Franklin Roosevelt's intention in 1944, with the Bretton Woods system. The only way, in practice—being practical, not just abstract—is that there are four nations which must agree, in order for such a reform to occur *rapidly enough*, to save the world from Hell: These four nations are, the United States—despite the disposition of the United States President at this time, and other people here, there are strong pressures for this kind of reform; there are some difficulties which I referred to yesterday, fears and so forth, which prevent people in the United States from acting in a sane fashion at this time. Many people in the United States are waiting until January of next year, when they hope a new President comes in, and replaces the present President. That, in a sense,

is hopeful—but that’s a mistake. Because in the coming four months, this whole system’s destiny will be decided.

Now, the four nations, as I indicated yesterday, are: the United States must agree; second nation must be Russia; the third nation must be China; the fourth must be India. If those four nations agree to a suitable type of agreement, most of the rest of the world will immediately join them in reform. You will not get the reform from Europe, even though there’s sympathy for such a reform in Europe. There’s a resolution in Italy, in the Senate of Italy, in which the policy of New Bretton Woods, under my name of design, is there, and it’s being voted up by more and more of the Senators there. There’s something being initiated by Sarkozy in France, and there are various interpretations of what that means. But I don’t worry about it: Because, if the United States, Russia, China, and India, move in a certain direction, France will move in that direction under Sarkozy. Sarkozy is pro-American enough to do that.

So this is our best shot.

### **Forty Years of Folly**

Now, what does this mean? It means we have to take a long view, because this system is bankrupt, and the system has been going bankrupt for 40 years: If we measure the world’s output, per capita and per square kilometer, in physical terms rather than monetary terms, we take into account the value of basic economic infrastructure, which is essential to society’s industry, agriculture, and so forth, the world, and the United States, beginning in 1968, has been shrinking *in physical value of output*, per capita, per square kilometer, each year! We’ve had 40 years of folly, since fiscal year 1967-68 in the United States. This was followed by the election of Nixon, which was a disaster, and since that time we’ve been going down. Worse and worse; and worse and worse.

That doesn’t mean every President was bad. But in the nature of tragedy, leading people, even though they may be good people, are caught up in the system, and the ability of the individual in the system to direct the system in a new way, is a great difficulty historically. Even though people have strong, good intentions, that does not mean they’re capable of getting them implemented, even in their own country.

So therefore, as a result of this international situation, in which the British Empire, that is, the Anglo-Dutch Liberal financial interests, which are imperial

interests, have dominated the world more and more; and green policies, anti-industrial policies, anti-agricultural policies have dominated the world. Under this condition, the United States, *every year* since 1967-68 fiscal year, has been shrinking, in physical output and standard of living, per capita and per square kilometer. A similar trend occurred in Europe, in about the same period, somewhere between 1968 and 1973.

The world has been collapsing.

Now, you have a contrary trend, apparently, in countries like China. Now, China has, on the basis of agreements with the United States, has increased its industrial development and other development. But it has done so at prices which do not enable China to satisfy the needs of 70% of its own population. So therefore, you see progress in China, but progress based on the dollar, and progress based on China working cheap, working at lower prices than you would have to pay in the United States for the same production. Which means that China is not getting enough out of the dollar, for its own work, to help development of all of its own people.

If you look at India, you have a different problem, but a similar one: The same general problem of British imperialism and its legacy, there. We have throughout Eurasia, the same thing.

So now we have a situation, in which you have, what had been the leading industrial powers of the world—the United States and Western Europe have been going to Hell, economically, and socially, culturally, intellectually, morally, over this period! While there has been certain development, in some parts of the world, as in Asia—*aspirations*—and in the recent period, there’s been a positive movement upward in South America, for example, in political intentions and perspectives.

*But!* It’s not enough. Africa is still a victim of the mass genocide, by the British Empire—pure and simple! Cut away all the garbage, and that’s it: It’s the British Empire which is destroying Africa.

### **A Mission To Develop the Planet**

So, now we have a mission: Not merely the problem of restoring economies of the United States, and Europe, and so forth. We have a problem of a *world*, which is already suffering from shortages caused by this system, as in the case of China—progressing but not enough; India—progressing, but 70% are extremely poor, still; similar throughout Asia. Africa is



U.S. Immigration and Customs Enforcement

*Mexican and other Central American immigrants are being thrust back across the border as the U.S. economy tanks. Now is the time to help develop our neighbors, which is in both their national interest, and ours. Shown: immigrants being deported from Houston, May 2006.*

a target of *major genocide*, chiefly by the British interests.

Therefore, if we're going to deal with the world to come, over the next two generations, which is about the period we have to think about, we have to think of a program for developing the planet, within the context, not of globalization, but of *a system of sovereign nation-states*. That means, that nations in particular regions of the world have to come to common agreements on development, long-range development, so we can create credit for up to a 50-year perspective, for investment in infrastructure, and such projects. For example: Africa can not be developed without a modern equivalent of a rail system, which means, largely, a maglev system. Without the development of power systems, and mass transportation systems, and water management, Africa can not develop. The genocide will continue to proceed by inertia. Therefore, we have an Africa mission, as part of the world!

We have a special case in the United States and South America: The United States has a special dependency on stable relations and the health of Mexico. The United States and Mexico, together, depend upon stability and development in South America. And you have the Africa business. You have Eurasia, with an

emphasis on how are we going to develop the *Asian part*, of the Eurasian continent. This means we're talking about 50-year perspectives, and we have to have a conference which, in a sense, lays the pre-outlines, for a commitment to this kind of perspective.

If we do that, then we could come to an *actual* agreement, a long-term, permanent agreement, on a *fixed-exchange-rate system*, without much change from the current currency relative values, in order to ensure stability.

### **Put the System into Bankruptcy**

It also means that we're going to have to put the world financial system and monetary system into bankruptcy reorganization. These are the measures which are now absolutely indispensable to get through. This is

one of the greatest crises in the history of mankind: It covers an entire period, from the end of the Dark Age in the middle of the 14th Century, through the emergence of European civilization as becoming a global power, from about 1492 on. And this whole system is now in question! And the question is not merely country by country: It's an international, global problem.

But on the other hand, it's a problem, which, if we reach agreement, perfectly sound agreement among nations, we can solve the problem, providing we set up a system of credit, to replace the present bankrupt monetary system, a fixed-exchange-rate system of credit among nations. Then, we can generate the long-range capital advances, in terms of credit, to take on major projects, such as a rail system, water management, and power for Africa; Africa does not need to be micro-managed. The Africans can take care of the problem, and if they don't do it themselves, it won't work anyway. But Africa *needs* something from the outside: It needs an effective mass-transportation system for freight and passengers. Without that, you can't have development. It needs power, and this means a lot of nuclear power, specifically. It's needed. Otherwise, if you don't have the power, you can't have the development. You need a major project in management of

water resources: Because if the water resources are not adequately managed, you're not going to have development. If we have capital investment in infrastructure projects which deal with power, transportation, and water, this flow of credit will trickle down into other aspects of the economies, and be a basis for expansion of productivity and employment.

We have a similar, but different, situation in South America. We have a crisis with Mexico: Mexico was ruined by what was done to it in 1982. I had a big fight about that at the time. But since that time, Mexico, which was moving upward, since 1982, has moved *downward*, in terms of the conditions of life of people. This was associated with an emigration from Mexico, into the United States, and Mexico as a conduit of other people from other countries of South America, through Mexico into the United States! Now, these populations are being thrust *back* across the border, back to the places from which they came. As in the crisis we have in northern Mexico, where the population coming from northern Mexico, came in as legal *and* illegal immigrants, and are now being thrust back, across the border—back to an area which was not developed, and it's more poorly developed than it was before.

So, project cooperation on these kinds of questions is crucial.

In Europe, we have to have an orientation about the world. We have to have the idea of sovereign nation-states—not globalization; the WTO [World Trade Organization] is a menace to humanity!—sovereign nation-states, which are sovereign in managing their own affairs, but cooperating. Now, the cooperation has to be a long-term capital flow of technology, flowing from areas where there *is* technology developing, into areas where there is a deficit of technology. This would generally take the form of long-term investments in capital-goods production and public works.

This is a 50-year project. And it means that nations will come to trade agreements and credit agreements among themselves, based on a general understanding, among the sovereign nations of the world, of the direction in which things must go. Under those conditions, if we are ruthless enough *for* humanity, and if we can take the principle which resulted in the Peace of Westphalia in 1648, and each nation is dedicated primarily to the benefit of the others, first—which, instead of having: “who's our enemy, and who're we gonna kill next week? Or try to kill, or hate next week?”—we have to take a concern, that whether we *like* the na-

tion's policies or not, we have to put *their interests first*, as our first concern. Because we must build a world system of confidence, based on the assumption that each nation is working as much for the others, as for itself. Under that case, you can have trust, and you can have long-term successful investment. You can argue about a lot of things, culture, this, that, and so forth, but that remains essential.

### **Threat of Military Coup**

So, that's where we stand: We have a terrible situation now. We have, right now, a still-lingering threat of a military coup d'état in the United States. Some of you know that. But that's a very real concern, and we're trying to deal with it. The Bush Administration, and some people around it, are crazy and desperate. They want their way!

You are in a situation, which can be described as like the French Revolution: France was a great power in 1782. It came under British influence, under the formation of the British Foreign Office, by the British East India Company, and operations were run to confuse and befuddle the King of France, and others, and so by the time that Lafayette stepped forward with the Tennis Court Oath, he flinched! And the King of France, enraged over what had been done to his wife, with the famous British-orchestrated Queen's Necklace Scandal, and the Emperor of Austria, who was enraged by what was done to his sister, Marie Antoinette, acted against the French population, by bringing foreign troops in, around Paris, to occupy France, to suppress the French population. For that crime against humanity, against the French people, the King and his wife had their heads chopped off! For the commission of a capital crime against civilization: bringing foreign troops in, to suppress their own populations—in an economic question directed from London.

So, that is the kind of situation we have in the United States, today. We have the intent to use troops, to suppress the Constitutional institutions of the United States *inside* the United States, *from the incumbent government*, from the incumbent Presidency. If that were to occur, as you can see, by the unpopularity of the bill being pushed through the Congress, especially in the House of Representatives, there are probably about 10% of the total population out there, the voting population, which would support—and would not want to kill!—over the issue of this bill!

You have, in the meantime, you have institutions of

government, which, out of fear—fear of being targeted individually, of being killed, imprisoned, or so forth, for opposition to this President—who are capitulating. Doesn't this remind you of the French Revolution?

So we have that kind of revolutionary potential: You have an *enraged* U.S. population. Ninety percent of the lower income brackets of the population *are enraged!* And as you will notice, even though the House of Representatives, which is the most popular of the institutions of government, *acted* to reject the bailout bill—which is a bailout of London, more than anything else—the popularity of these same people or this institution in the Congress, *fell* among the people—fell catastrophically. So, the people were not satisfied with the fact that their representatives, honestly, had rejected the bailout bill, but their anger went deeper: They have no confidence *in the system!* No confidence in the system of government at the top.

### **A Russia-U.S. Agreement Is Key**

And so, unless there is a change, we're in for some very hard times in the United States, times for which the French Revolution is actually a precedent. It might not seem that way on the surface, but the situation, from our analysis, is that right now. Therefore, if we do *not* take steps, and the most crucial issue right now, involves Russia: Because, without the role of Russia, the United States could not possibly implement the kind of international program of cooperation which we must have. If Russia and the United States can not come to the kind of discussion, or pre-discussion, which the President of Russia and people immediately around him, have openly proposed, repeatedly, to the United States, there's not much chance for this planet!

Because, if Russia agrees *with* the United States, on a *pre-agreement*, that is, a spirit of intention, then China can put its word in, because China has a vast investment in U.S. dollars! Therefore, China's dollar crisis has to be considered. China's not going to do something on its own, without considering the dollar factor. Therefore, if Russia and the United States agree to a pre-agreement, then China can function. If they function, then India can function. If those countries function, the whole world can be brought into functioning! Maybe a few holdouts here and there, but we can get a basic agreement, to create a New Bretton Woods system—as a *credit system*, not a monetary system!—but a credit system among states, from which we can begin to launch the programs of investment for devel-

opment of humanity in general.

And if we give humanity a sense of optimism, about going in a new direction, out of a very *bad* direction, we may have a lot of quarrels about a lot of things, but that will be secondary or tertiary—just part of the business, and part of continuing discussion.

That's what I think right now, is the crucial issue, what I summed up here. This is it, right now! This is what I'm seeing, getting inside the United States, from my circles here, and what I'm getting also internationally. But the issue of this thing, that former President Putin pressed, on trying to break through with the United States, on a new kind of agreement, of a post-Yeltsin agreement, was the right direction. And now we have the new form of direction, under the new President with Prime Minister Putin, and his associates. They have been pressing in this direction. If we have the *brains*, to make a *pre-agreement* with them, from institutions inside the United States—whatever the President himself thinks or not—if we can make a pre-agreement on that, and the intention to bring this combination into play, bring the key nations of Asia into perspective of a development program, which is needed *for Eurasia*—deal with the question of Africa, the same way, deal with the question of Central and South America the same way, *then we have a way of optimism, of breaking out of this crisis and building a better world.*

## **Russian Policymakers: LaRouche Was Right**

Lyndon LaRouche's leadership in fighting for the solutions to the accelerating global financial-monetary calamity, are receiving wide attention in Russia. In addition to his two recent live interviews (Aug. 21 and Sept. 22) with Russia's English-language TV channel, Russia Today, here is further evidence that his ideas are being heeded, at the highest levels of Russian policymaking.

### **• Russian Railways chief Vladimir Yakunin: LaRouche warned me about this crisis.**

In the Oct. 2 issue of the leading Russian business daily *Kommersant*, the CEO of Russian Railways (RZhD), Vladimir Yakunin, was interviewed under