

LAROUCHE TO PRIVATE WASHINGTON SEMINAR

## Sovereign Nations Can Solve The Global Economic Crisis

*March 17—Lyndon LaRouche made the following remarks to a private gathering of diplomats in Washington, D.C. today.*

The issue, of course, is really, internationally, economy. And presently, despite all wishful thinking, under the present system, the entire economic system of the planet is about to crash. The crash will be centered in the trans-Atlantic community, of course, but the point is, Asia—those parts of Asia which are moving in a positive direction—is going to have great difficulty in trying to operate in a world in which the trans-Atlantic side has collapsed.

Frankly, and this is absolutely frank: Unless we get rid of this President, very soon, in the United States, there's no chance that the world's going to make it. Because if this President continues to be President, the U.S. is going to crash, and when the U.S. crashes, Europe will crash, the entire Atlantic region will crash, and that will bring down entirely the market upon which Asian countries, and others, depend for marginal support for stability.

So, therefore, it's obvious, as I emphasized to people in the United States just recently, and abroad, that this President has to go. That's not your responsibility; that's ours. We will do the best we can.

And he is very unpopular with the American people. Over 60% of the population does not like him. A large

number, probably a majority, wish he would go away immediately. Some members of the Congress are frightened, and therefore some politicians are frightened, of the power of the British, and the President. And the President is essentially a puppet of the British. And therefore, they're afraid to throw him out. But sometimes in these processes, as in history, history has its own way of helping people to do the right thing, to get rid of bad governments.

I think this is one of the occasions. Because the anger building up in the U.S. population, against this Presidency and this Congress—if you want to be out of politics in the United States today, be presently a member of the Congress. They're the most unpopular species we have presently. It's not that they're all bad—they're not all bad people; they're just a little bit cowardly. And they get intimidated by the kind of pressures that come upon them.

Most of the American people, frankly, *hate* this Presidency. But they don't hate the President so much, because they don't consider him an American. The ones they hate are the ones whom they believed were their trusted friends in the Congress, who, they believe, have betrayed them. They don't believe the President has betrayed them; he's just doing bad things. But because the Congress supports this President, they hate the Congress, and they hate the present government.

So, there is a process underway, despite the cowards



Courtesy of the Council for the Study of Productive Forces (SOSPS), Russian Federation

*An alliance of sovereign nation-states could unite almost every part of the world by high-speed rail. Shown here, an artist's rendition of the proposed Bering Strait Tunnel.*

in our ranks; there is a movement to get rid of this current Presidency. And it will happen. The question is, when it will happen. It can happen within weeks from now. It can happen around the issue of trying to push through this Nazi-like health-care policy, which the President is fanatically committed to.

### **Rebuilding the Shattered World Economy**

We have another problem. Once we get rid of that problem, we have a major problem, apart from the Anglo-American problem. The major problem is that we have a shattered world economy.

This is not something new. This has been going on for a long time.

Asia, for example, because of low wage rates, has been producing goods which were formerly produced by Europe, formerly produced in the United States, and so forth, and therefore, we see the bankruptcy most concentrated in the collapsing part of the world economy which is the trans-Atlantic region.

But, part of the process has been that the trans-Pacific region has depended upon the market represented by the trans-Atlantic region. And therefore, we have a real world crisis. If you put the two parts together, this is not a safe situation.

Now, what's happened, and just to give you a picture of how this happened. . . . I've been forecasting since the Summer of 1956. I was at that time an executive for a consulting firm in the United States, and doing my own consulting, out of that office. And on the basis of the studies I was doing, I forecast that, by the end of February, or

the beginning of March of the following year, there would be the biggest depression in the United States, since World War II. And it happened.

Everyone else failed in this, because they depended upon what's called financial forecasting, statistical financial forecasting. Mathematics of finance. And the world doesn't work like that.

For example: I use this often, the case from Vernadsky's work, that what really counts, is physical factors.

Take it, for example, from Vernadsky's standpoint. Let's start with how the thing works. We have a planet which is based on physical economy. Now, one of the elements

of physical economy, in ancient and modern times, is iron. Since about the time of the Hittites, we began using iron. We went to the areas where the iron was in the richest concentrations. And thus, we tended to use up those richest concentrations, the ones we could handle with our technology at the time, and we drew it down. Which meant that there was a physical cause of a decline in the economy, if we didn't make technological progress. And that has happened, repeatedly.

One of the key factors in this, of course, is the development of modes of power. Monkeys and chimpanzees and so forth, do not use fire. Human beings are distinguished by the artful use of fire; and it's not just fire. Society progresses by increasing what we call the energy-flux-density of power. You increase the energy-flux-density of power—which means going from wood and charcoal, to coal, to gasses and so forth—and we've now entered a period in which, only on the basis of nuclear fission and nuclear fusion power, can we maintain a world economy successfully. We have to keep going to a higher energy-flux-density.

But the characteristic of mankind is that we make inventions, which are of the nature of largely scientific inventions, but also cultural arts, which shape the way we use our physical, scientific progress. And thus, mankind increases the productive powers of labor, through increasing power, through the development of basic economic infrastructure, and so forth, so that we're able to maintain, and depend upon, a growing world population.

The problem has been, for example, on the Asian

side, the Pacific side, that we had too many poor people. Now, you can't solve the problem by eliminating poor people, but you have to find ways of increasing the productive powers of labor, even in countries such as those in the trans-Pacific region, which have many poor people. India, China, and so forth. Therefore, you need a process of development.

The problem has been that since the middle of the 1960s, the United States and Western Europe have been collapsing in their own productive powers, and have been depending increasingly on cheap labor markets outside of Europe and the United States. So, therefore, we've had a process of increase of some activity in the trans-Pacific region, but we've had a decline in the productive powers of labor in Europe and the United States. And that's where our problem lies. That's why we need nuclear power.

But the other problem is, in the United States, with shutting down the auto industry and a few things like that, we just shut down the economy! We have virtually shut down the economy. In 1967-68, the United States shut down, went negative, on basic economic infrastructure. We produced some new infrastructure, but we lost more, by attrition. That happened under President Johnson. It was a side-effect of the war in Vietnam, which was used to draw down the infrastructure. And since 1968, there has been a net, accelerating shrinkage in basic economic infrastructure.

## How To Move Poor Populations

So, you have a situation in China, you have a situation now in Siberia, and other countries—you have a shortage of basic economic infrastructure among populations which are, in large degree, very poor. We can talk about a 60% poverty factor. It's not just poverty, it's the lack of skills. What we're doing today, where we're doing something successfully—and you see this in China, you see a commitment on this on the side of Russia, you see this in terms of India—you see an improvement based on nuclear power.

For example, a couple years ago, I was dealing with this problem, meeting with some of our friends in India, who are in Indian government circles, and one of the things we discussed when I was there, was the question of nuclear power for India.

Now, even though at that time, already, Russia was delivering some nuclear power plants to India, the problem was that for the needs of India, there was not enough nuclear power on line, available, to meet the challenge of

India. And this has been improved since then, by some policy changes. We see a recognition of this problem in poor countries, such as India, and other Asian countries, which have 80% or 60% very poor people, with very poor skills, with very little infrastructure to support them.

The only way that we can move these populations upward, is two things: First of all, basic economic infrastructure: water systems, railway systems, super-railway systems, power systems in general. But, we can not solve the problem technologically, and I could use the case of India as an example of that, where it has 60 to 70% of extremely poor people, in an essentially hopeless situation.

Mrs. Indira Gandhi, when she was heading the government of India, would do things. I was on friendly terms with that government at that time, so we had a lot of joint discussions about common interests, that sort of thing. And she would, every year, in every season's budget, would always get something for the very poor people in India, which would give them a small increment upward.

For example, replacing their carts with ball-bearing carts, which would make the thing just that more efficient. Getting more fruit trees, through their Department of Agriculture there. An Indian would burn the trees in sight, to cook his food, but would not burn a fruit tree. Therefore, her idea was to improve the number and quality, of fruit trees available, which would be a climate enhancement, and at the same time, would be a source of nourishment, which would improve things.

The main thing for poor people in poor countries, is to enhance their optimism about the future. If they're optimistic about the future, they'll be conservative. If they're not optimistic, they will, as any people are, tend to be desperate.

## A Solution in Sight

So, today we've got this problem, which I think is in sight of solution. It's crucial.

We have presently two leading elements of power sources, on which the world depends. If you're not talking about nuclear power, you're not serious, because without nuclear power, there is no possible net improvement in the world. It's just not possible. We've cut to the point that's the level we must have.

Well, we have a basic source. One is the thorium cycle, thorium nuclear-reaction cycle. And the supplies of thorium in the world are actually larger than those of uranium, at present. But, to get a reactor going, you



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*The late Indian Prime Minister Indira Gandhi (right) would always make sure there was something in the budget to benefit the very poor, through even small technological advances. Left: LaRouche in the Indian village of Mandi, April 24, 1982.*

have to charge it, with plutonium. And because of certain restrictions, and restrictions on development of certain technologies, we do not have the ability to charge it. For example, we did not have, two years ago, in India, the prospect of the ability to charge both the large uranium reactors, and also the needed thorium reactors. The thorium reactors are generally smaller, faster. They're actually safer, from many standpoints. And there's an abundance of thorium.

And you take a case like India, the poor areas of India, where you have virtually no infrastructure. The addition of power, of thorium power, means we can actually solve a great number of problems in the areas of very poor people, fairly rapidly. For example, clean water: a very simple thing. All kinds of things of that sort.

So, therefore, we now have a perspective, under presently changed policies toward the use of nuclear power, in many countries—we have the ability, a perspective: combined with mass transportation development, water management, that sort of thing, and more nuclear power, using both thorium and uranium, as basic forms of this. That is the way we can accelerate productivity per capita, in countries which have many very poor people in them.

Because you have a cultural problem—you can overcome the cultural problem by increasing the amount of power available to assist the population. You can do that by going to mass transportation—not automobiles,

but mass transportation. Private automobiles are not an efficient way of moving things around. Trucks, or anything else. And we now have high-speed, very high-speed rail. We'll be going to magnetic levitation more extensively, because those are the modes of the future.

We also have the prospect before us, of the opening up of the development of the Bering Strait railway tunnel. We have the prospect of uniting every part of the world, by high-speed equivalent of rail, except Australia. Australia has a little problem, a geological problem there, which makes it very difficult to do that kind of thing. But if we go ahead, as was intended after the 1970s in Russia, with the Trans-Siberian Railroad—that was a limited objective, but the principle was there: That railway system, which covers an area, potentially, of mineral resources of North Asia, opens up the entire world to high-speed, efficient transportation, much more efficient than shipping. We can beat shipping with high-speed rail. We can beat it in economy, we can beat it in lost time. If we create an international maglev rail system, we can have a qualitative improvement in productivity, because of this advantage of magnetic levitation, and similar high-speed rail, over shipping.

So, these are the kinds of things we can do.

### **Get Rid of the Green Policies**

What I would propose we should be doing, is using these technologies, first of all, to force Europe and the

United States and South America, to behave themselves, and stop the silly things they're doing, in terms of policy. Green policies are mass murder! We must eliminate green policies. Because the energy-flux-density of green policies is insufficient to maintain the present human population.

The British have come up with a proposal of cutting down the human population. Their proposal is to reduce it from 6.7 billion people, to 2, or less! That's the green policy; that's what we're getting in the trans-Atlantic region. A green policy of reducing the potential population density, as a way of driving down population. You'll have a bunch of poor stupid people, less than 2 billion on this planet, where we now have 6.7 or 6.8 billion. And we'll have more.

To support a population of this size, in good health and good condition, and in peaceful relations, requires a nuclear revolution, in terms of policymaking. And elimination of windmills, and similar kinds of nonsense.... A windmill, for example, used as a power source, costs more in its whole lifetime, from construction to use to cutting it down, than you get out of the windmill.

Solar power is negative. If you want to use solar power, grow trees! Trees will convert up to 10% of the radiant, incident power. That's your moisture, temperature. You want a better climate? Grow trees! Grow high-quality trees. Tear up the solar collectors; they destroy more wealth than they create. Going back to primitive technologies destroys more wealth than it creates.

Optimism is located in the kinds of infrastructure typified by high-speed rail and magnetic levitation, by large-scale water management systems, by programs of developing foliage, different kinds of foliage, growth of trees, this sort of thing, to master the natural capabilities of the planet, with high technology.

### **Preventing a New Dark Age**

That's what we must do, and we must do this because we are collapsing, and have collapsed the productive powers of labor far below survival levels. We are now headed toward a global dark age, unless these technologies are changed. There are tendencies in Asia, as in the recent agreements among Russia, China, and India, and other countries, which indicate a willingness to move in that direction on the part of those countries. These are the correct directions. They need some enhancement, they need some reinforcement; but that's correct. What we have to do, is force the same thing to

occur in the trans-Atlantic community, because it is the trans-Atlantic community which is breaking up.

For example, Western and Central Europe have no sovereignty—none. They can not create credit. They have no authority to create credit. They're a British colony! From Belarus and Russia, to the Atlantic, the whole continental territory is a British colony, which is being looted and managed. We have a parasitical economy based on usury, fraudulent usury. The money is made by sucking the blood of the people and the population.

So, we also need, therefore, a revolutionary change in international monetary financial policy. We can not live on the kind of trends in economic policy, financial policy, which have ruled the United States since October 1987. We have to go back to a fixed-exchange-rate system of the type that Franklin Roosevelt intended; not the Truman version, but the Roosevelt version. We have to go back to that. And thus, we have to create a situation in which you can lend money from credit systems which are sovereign credit systems.

The only way we can run this planet is by perfectly sovereign nation-states. And the sovereign nation-states now must have some medium of essential cooperation, in order to deal with common problems of mankind. There has to be a great flow into some parts of the world, of technology. That means exports. The technology will require 30- to 50-year investments, which means credit over a long term will be required. It will be required among nations in their trade with each other. It must be at a low interest rate, because if you get above about 2% interest rate, poor countries, in particular, can not stand it, and you can not get many necessary things as investments internationally.

Therefore, you must have a fixed-exchange-rate credit system, not the present monetary system. We will not get out of this mess unless we do what I intend we should do. Have one big great birthday celebration! On that day, we will burn up all the bad credit of the planet; but Roosevelt-style, by a fixed-exchange-rate credit system, not a monetary system.

In other words, we must eliminate the tyranny of international finance, which preys upon and sucks the blood of mankind now. The authority for creation of credit lies with the sovereign nation-states. But the sovereign nation-states must have agreements among themselves, which are fixed-exchange-rate agreements, which prevent the interest rates and charges from rising, which will kill off trade.

And therefore, we need an agreement among sovereign nation-states to say, “We sovereign nation-states”—not colonies—“we run the planet. We run the planet based on the sovereignty of the individual nation-state. Therefore, we must have agreements among ourselves, especially trade, fixed-exchange-rate agreements, and agreements to help one another. And we can do just fine.” We have to eliminate this imperial system, which has dominated Europe since the period of the Peloponnesian War, either in explicit empires, or in the form of empire that the British represent today, as a financial empire.

That’s our problem. And we have to have the courage to do that, and do it promptly, otherwise it’s not going to work.

### Obama Is in the Way

We have run out of time, and this President is our impediment. You will find in the American people out there, about 60-70% of them *hate* the members of Congress. They hate them for this reason; they hate them because this Congress supports this President. They want the President out, but they don’t hate him, because they never considered him a friend. They hate the people whom they elected, as members of Congress, the people who should have been their friends, who have turned against them and betrayed them.

And the American people, as you saw last August and you’ll see more and more now, the American population, the American citizen, believes that their representative in Congress has *betrayed* them, with very few exceptions. And they *hate* them. You have a bunch of terrified members of Congress, who are bending to Obama on a health-care policy which is a direct copy of that of Adolf Hitler during World War II, and intentionally so. It comes out of people like Tony Blair, who’s about as evil as you could find on this planet, in terms of performance.

So therefore, we come to a point that is the breaking point in politics, where the American people are pre-



Transrapid

*The maglev from Shanghai to its airport, which China now plans to extend. “Optimism is located in the kinds of infrastructure typified by high-speed rail and magnetic levitation,” said LaRouche.*

pared to turn against their own representatives, including the President, because of the crimes the Congress and the President have committed against them, and threaten to commit. This health-care legislation is Adolf Hitler legislation; it’s a direct copy of Hitler’s policy, and therefore it must go. And if he sponsors it, he must go. We must not have genocide on this planet, which is a British policy; it’s a policy of these types of people.

But I believe we have reached the point of crisis in the United States, where some gigantic, sudden changes can be made. The important thing is that we, who represent various nations as sovereign nation-states, come quickly to an agreement—which *we need*—which will change the character of this system and open up new hope for mankind. It’s possible; it’s necessary. And by our being conscious among ourselves, as nations, as sovereign

nation-states, of what our common interests are, the common interests of mankind, and coming to rapid agreement on essential points of agreement, especially Constitutional agreements among sovereign nation-states, we can get out of this mess.

It will take us 50 years to undo the damage that we’ve suffered in the recent period, but we can do it, if we have the will to do it and exert the power to do it. But we must work together; we must understand the system as a whole. We must respect sovereignty of nation-states, because without sovereignty of nation-states, a people can not work with their own government. They can not have confidence in their own government. And confidence in the governments which are responsible, is essential to do this job.

This is the worst crisis in modern history; it’s also the greatest opportunity in modern history, and it depends upon consciousness and will to do some simple things in terms of policy which will fix it. And bring the trans-Atlantic region and the trans-Pacific region into harmony with each other.