

'The European Monetary System Is The IDB'

U.S. needs dirigism, not free enterprise, USLP's LaRouche tells Chicago rally

"In the next few weeks, either the new European Monetary System will begin to be implemented, or the United States will soon cease to exist in the aftermath of World War III."

With that assessment, Lyndon H. LaRouche, Jr., the U.S. Labor Party's national chairman and 1980 presidential candidate, opened a major campaign address before an audience of 110 people in Chicago on July 15 — the eve of the Bonn Summit of Western heads of state. That summit, said LaRouche, was already decided — at Bremen on July 7 when Europe's leaders made their move to put into effect the Labor Party's program, the International Development Bank.

"If this banking arrangement goes through, a banking arrangement in which the Soviet Union will participate," said LaRouche, "then we shall have a human race. If it

does not go through, if the Israelis under London's direction launch a war against Syria in the Middle East, if the Zionist Lobby in this country succeeds, if that talented psychopath Kissinger succeeds, if these dumb fools who go around screaming — 'We don't want international banking, we want free enterprise' — then we shall be on a course of events which leads irreversibly into World War III. After that, the United States will cease to exist."

*Free Enterprise—
The Dictatorship of London*

The chances are overwhelmingly on our side, that we *shall win*, said LaRouche, "But we have nuts running around, including corporation presidents and others who say the new European Monetary System ain't free

LaRouche: How the IDB was Born

In 1975 I proposed on behalf of the U.S. Labor Party a draft program for ending the world depression called the International Development Bank. There was nothing particularly new with this proposal; it was the consummation of a project on which I had been working for 20 years.

The IDB institution now exists. It has been established by the Europeans. It was made possible in large part because Helmut Schmidt, the Chancellor of West Germany, negotiated in May 1978 a special set of accords with President Brezhnev of the Soviet Union. If this banking arrangement goes through, a banking arrangement in which the Soviet Union will participate, we shall have a human race.

This International Development Bank proposal went through a number of tactical evolutions without any change in conception.

A resolution was adopted at Colombo, Sri Lanka in August 1976, the Colombo Resolution which embodied essentially the policy of the IDB. The architects were people like Fred Wills, former Foreign Minister of Guyana, and Zulfikar Ali Bhutto, formerly the Prime Minister of Pakistan and one of the great humanists of Asia: these two people whom Kissinger marked for death because of their role, though I think we may have saved Fred Wills's life, through the help of many

people concerned about the longevity of a great humanist.

But we were defeated, tactically. We didn't have enough people of power in the United States with the combined brains and guts to keep the United States from going straight to hell.

But we do. We did it, with an elite of some Europeans, some Japanese — who are much more intelligent than Americans when it comes to business, finance and economics because they don't listen to the British. We did it with networks which are sometimes associated with Opus Dei, which runs from the Vatican by way of the Iberian Peninsula to France where they meet in the personality of President Giscard. We won it with the aid of leading Gaullists, with the aid of people like the murdered Jürgen Ponto, former head of the Dresdner Bank in Germany — murdered by the British because he was working for this cause, and with the aid of other bankers of that type.

We won with the aid of the Pope, we couldn't have done it without him. We won with the aid of the Communist parties, or viable sections of them, in France and Italy. We won with the aid of the government of Mexico.

We won because we were able, with the aid of some people in the United States who do have brains and guts, and with the aid of many people in Europe, to influence the perception of policy alternatives among leading strata inside the Soviet Union. So a policy perception of certain strata inside the Soviet Union associated with the Brezhnev-Kirilenko policy came around to our point of view.

enterprise. They think the United States was built on free enterprise. What bull! The United States was built by rejecting the principles of free enterprise, the principles of Adam Smith. Free enterprise is a dictatorship of the braintrusters in London.

"These poor fools who are *parasitizing* on the accomplishments of people who thought the way we do, such as Benjamin Franklin, Hamilton, the Whigs, Abraham Lincoln, think they know how to run an economy — they don't. In the Republican Party, the Democratic Party, the commercial banking community, a good deal of industry, these leaders do not, as a whole, represent the combined brains and guts to survive.

"Free enterprise doesn't work," said LaRouche. "Look at the British Isles . . . ruined. Japan, on the other hand, is a prime example of a dirigist, industrial capitalist nation where the flow of credit is forced into the creation of new and the upgrading and expansion of existing industry. Dirigism is the only way to run an industrial capitalist system."

Shaping the Future Now

This free enterprise insanity prevails among the leading forces in the United States. Nevertheless, at this point, explained LaRouche, the institution which the U.S.

Labor Party proposed in 1975, the International Development Bank, presently exists.

"We did it, the U.S. Labor Party, with the elite of some Europeans, some Japanese; with the aid of leading Gaullists, with the aid of the Pope, and with the aid of some people in the United States who do have the brains and guts.

"A few of us who are on the inside know what was adopted at Bremen. The Bonn Summit is very important, but it is not crucial. It is a formality with three features: It is to bring the Japanese officially into the arrangement worked out at Bremen and also to bring the Saudis officially into the arrangement, because Helmut Schmidt has a Saudi plenipotentiary power in his back pocket. The wealth of Saudi Arabia sits in Schmidt's pocket as a negotiating tool to get certain things done at Bonn.

"The United States," continued LaRouche, "is going to be advised and influenced to tolerate, accept, and gradually join the new arrangement. We expect to have these two features completed after I am in the White House in January of 1981.

"In the transition period between now and the time I get into the White House, the world will begin to move and consolidate around the conception of the International Development Bank. Once the United States

LaRouche On The Gold-Backed Monetary System

There is nothing sacred about a monetary system. It is not the gut of an economic system. There are people who say, "You've got to work within the existing monetary system." They don't know anything. Maybe they can conduct banking business, do good things in a *clerical* sense or administrative sense, but they don't know anything about finance. If a group of states, or governments, working with a hubristic person such as myself, decides to do so in the general interest, we can destroy monetary systems on a world scale and create new monetary systems *overnight*.

What you do is decide what your economic system is going to be, what your economic policies are going to be, and you design a monetary system to suit that purpose. And the only kind of monetary system that works in the capitalist world or a world that includes industrial capitalism is a gold-based monetary system.

During the period ahead, the value of the dollar will rise, per agreement between us and those with whom we collaborate in Europe, to a value of three deutschemarks. It is now about two. Rising to three will take a little time but it will happen. The price of gold as a monetary reserve unit will rise internationally to a price that rotates around \$240 per ounce in terms of current dollars.

When these two conditions are fulfilled, then all major currencies in the world will be pegged to a fixed

rate in this gold reserve system. The values will no longer fluctuate, they will be fixed at a rate that will be the same over a period of years. If the dollar is worth three deutschemarks in 1980, it will be worth three deutschemarks in 1986: the price of gold will continue to be \$240 per ounce of gold. Every currency and every value in the world will be pegged against that price.

The dollar is now two marks. That's an artificial value based on speculation. Why is it going to rise to three? Because there are hundreds of billions of dollar debits sitting on Japanese, Saudi, West German, and other books. We don't need to print any more dollars to have a big expansion of credit. There's already too much credit doing nobody any good except churning the speculative markets.

What are we going to do with these dollars? The first thing we're going to do is to pool large numbers of these dollars, approximately \$50-100 billion worth, in a central pool called the European Monetary Fund. This pool will be a mixture of dollar credits plus gold and some other currencies. We can essentially ignore the other currencies because they have the same function that other currencies have in any central bank. The basic reserve currency will be the U.S. dollar, which will be associated with and valued as an equivalent in terms of gold. The first form will be this pool; various central banks and other institutions get together and create a pool called the European Monetary Fund. This is a cooperative venture of central banks and other agencies, in which at least the major commercial banks will participate through central banks.

is under my competent leadership, we will have a new world economic order.

"We're going to lay the foundations between the 1981 presidential inauguration and the completion of that term for the future of the human race to come."

The New World Monetary System

"What is this new monetary system that we've put into effect?"

"During the period ahead, the value of the dollar will rise to three deutschemarks. The price of gold as a monetary reserve unit will rise internationally to a price that rotates around \$240 per ounce in terms of current dollars. When these two conditions are fulfilled," said LaRouche, "then all the major currencies in the world will be pegged to a fixed rate in this gold reserve system."

"Why is the dollar going to rise to three marks? Because there are hundreds of billions of dollars, of dollar debits, sitting on the books of our creditors, the Japanese, the Saudis, West Germans, and others — enough dollars to create a big expansion of credit."

"The first thing to do is to pool these dollars — about \$50-100 billion — in a central pool called the European Monetary Fund which will be a mix of dollar credits, gold, and some other currencies."

"Later, gold-denominated bonds will be issued which will carry for every dollar of value a denomination of \$240 per ounce of gold. The bond will carry interest rates in the order of magnitude of 1-3 percent. Perfectly feasible, because you're better off than buying in the Eurodollar market at 9 percent. Your money is inflation proof."

"The dollars exchanged for bonds are then used to create credit for world trade and investment, issued at a low rate of interest for a 15-25 year term. These dollars ultimately come back to the United States in the form of purchases of U.S. high-technology exports."

"That's how you turn a liability into an asset the way Alexander Hamilton did with the bankrupt United States in the period 1789-1793," said LaRouche.

"Under this new system, the United States is going to export agricultural products because the U.S. can produce meat and milk cheaper in terms of social cost than any part of the world. We're going to sell capital goods to the Third World. We're going to increase production of high-grade specialty steel that is needed for nuclear, breeder, and fusion reactors. The United States will become a nation of capital goods producers for capital goods producers."

"Between now and when I enter the White House in

LaRouche On U.S. Capital Exports

Our policy, like that of the Japanese, must be to divert our advantage in knowledge into an exportable commodity, which is done primarily by concentrating on the most high-technology capital goods, and by concentrating at the same time on the fundamental scientific research and the basic research and development which develops the new technology We have the most advanced labor force in the world, or what's left of it after deducting hippies and environmentalists.

So we will not become a nation of capital goods producers as such; we will become a nation of capital goods producers *for* capital goods producers, based on the leverage we have in character of the U.S. economy and its labor force, properly educated and deployed. Because of the higher standard of living and culture that we have enjoyed as a result of what our Founding Fathers and Lincoln did, we have an advantage which represents a moral obligation to the world — the advantage of specializing in producing high quality capital goods. The highest quality in the world. That's our future. . . .

But Miller proposes and that idiot Blumenthal proposes, that we beggar our economy, and bring the dollar's rate down to one and a half deutschemarks — so that the American goods will be so cheap that we'll outsell everybody else. There are some people who

say, look, if we raise the value of the dollar to two marks, three marks, our sales are going to drop. They don't understand a thing about economics.

I hope very soon, we will be issuing gold-denominated bonds. These bonds will carry for every dollar of value a denomination of \$240 per ounce. That will be the value of the bond. The bonds will carry interest rates of 1-3 percent, if I get my way in the matter. Some people may want high interest rates. I don't. I want low interest rates in the prime international lending markets of between 1 and 2 percent.

Now, someone says, "How can you get a person who's loaning out millions in the Eurodollar market at 7-15 percent in various deals to accept a bond which yields only 1-3 percent? Because 9 or 7.5 percent in a commercial savings account is *worthless*. You're contributing to inflation, you're sending it higher. The only advantage you have saving at 7 percent or 12 percent is that you're doing better than the person who's hiding his money under his mattress."

Therefore, I offer you a gold-denominated bond at 1-3 percent. You're *ahead*, you're better off than buying in the Eurodollar market at 9 or 10 percent, because your money is inflation-proof. You're guaranteed a gain of 1-3 percent in a gold denominated bond, and no inflation is going to touch that because we are dealing in a gold-denominated international monetary system.

The person talking about free enterprise wouldn't understand this, but no central banker or capable commercial banker is stupid enough to believe in free enterprise.

1981," said LaRouche, "we are going to pull together what might be called a blue ribbon commission of outstanding individuals who are in agreement on the main thrust of our policy objectives. This institution, or group of institutions, gathered around me personally, will not only advise the White House, the State Department, the Commerce Department, Congress, industrial groups, and trade unions, but tell them what is going on in the world.

"Such a blue ribbon commission will bypass NBC, CBS, Reuters, AP, UPI, The Washington Post to provide people who have to make decisions for the group they represent and provide members of those groups with some idea of what the issues are, what is happening, and supply the policy recommendations.

"That same blue ribbon commission, by August of 1979, will decide after looking over this barnyard collection of Republican and Democratic presidential aspirants that I am the only presidential candidate they can support.

"At that point, as a candidate, I need to get 20 to 25 percent credibility as a winner. Once I have that, then you know and I know that the Labor Party will get 70 percent of the presidential vote in November of 1980.

"Because of our policies and our track record, it is inevitable that the people in this country are going to find out how I saved the United States from war and the worst depression ever when nobody else except myself and my associates was competent to do it.

"Once I am in the White House, the goal will be building nuplexes, cities built around one or two nuclear reactors or their equivalents. The oil companies are going to be turned into energy companies, selling entire nuplexes, in which industries are sold or developed as a part of the sale of energy — entire finished packages to transform the world. With the new monetary system in place, we are going to first transform the developing sector and begin to build the next century."

— Kathy Stevens

LaRouche On The Nuplex Concept

The multinational oil companies, which have been stuck with the Royal Dutch Shell-Rothschild principle from the 19th century of monopoly in oil marketing, are going to have to complete their reorientation away from petroleum marketing as their long-term essential corporate goal into a new goal. The new goal will be building what are called nuplexes.

A nuplex is a city built around one or two nuclear reactors or equivalent forms of reactors. These nuclear reactors today are each in the order of magnitude of from a half gigawatt to two gigawatts each. Around such a unit you build a city with a population of from 100,000 to 500,000 population. In this city you put the industries which are required for that area, just sort of plug them into the energy source, the way you plug in any kind of modular unit. You also include industries which utilize the waste heat of nuclear reaction, this will include desalination, it will include chemical industries which use waste heat, and that sort of thing.

The way to build these cities is as follows: You go into any part of the world, and you dig a gigantic crater. You put a foundation in the bottom of the crater. And for six, ten stories underground you build a honeycomb, in which goes, modularly, your sewer systems, drain systems, communications systems, transit systems, et cetera, anything the city requires now. You construct it modularly so you can improve these things without having to tear the city apart every time you try to make an improvement in a substructure. When you come to a surface level, you build the housing, the factories, the parks and so forth.

And you do the job not over 20 or 30 years, you do the job from start to finish in between four and six years. You build a brand new city of between 100,000 and 500,000 population and you build it in any part of the world. We're going to stick a couple in the northeast district of Brazil, we're going to sprinkle them across the Sahara Desert! Within a short time, the Sahara Desert will become a habitable area. We'll start with the Sahel which is the Subsahara region, bring that back, and then repopulate the Sahara Desert. We'll be putting cities of this type throughout the world. And our oil companies will play properly a key role in doing this.