

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 debts, 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.