

LaRouche Briefs Poles On Road to Recovery

Lyndon LaRouche, a Democratic pre-candidate for President for 2004, gave the following speech to 13 parliamentarians in the Polish Sejm (Parliament), on May 23. Subheads have been added.

We are presently in the most dangerous situation on this planet since some centuries. It is worse, potentially, than anything European civilization faced during the last century.

The first thing is, that the international financial system is, at present, hopelessly bankrupt. Nothing can save the present IMF system in its present form. It has no possibility of surviving. There are no tricks, no magical solutions which will keep this system functioning. For example, the United States has an estimated Gross Domestic Product of \$11 trillion. The general estimate for the world GDP of combined nations is \$42 trillion. In the last year, the collapse of market values in the United States was actually over \$10 trillion. About \$6 trillion of that was reflected in reported figures, and another \$4 trillion or more was a yet-unreported figure. If we include the off-balance-sheet debt, the total world debt now is about \$400 trillion or more. Every leading bank in the United States is bankrupt, hopelessly so.

A similar situation exists in the banking systems of Western Europe. In the United States, despite the fact that the market index figures are being artificially maintained with a hyperinflationary expansion of money, if you put aside the so-called index reports on so-called economic figures, and you look at the actual unemployment index figures, as reported by leading companies themselves as to their unemployment plans, the United States is already in a severe depression of the 1930s type, economically.

Chapter 11 Bankruptcy

Now, there are solutions for this problem. One of the most respected institutions in finance in history is bankruptcy. The most important concept in bankruptcy is what is called in the United States “Chapter 11 bankruptcy.”

This was given a strict meaning during the early 1930s under President Franklin Delano Roosevelt. So, in a Chapter 11 bankruptcy, the court does not merely consider the debtors and the creditors. The first party in any Chapter 11 bankruptcy, is called the “Public Interest.” This law of bankruptcy applies especially to institutions which are technically bankrupt, but whose continued functioning is essentially important to survival.

For example, we have a major fight inside the United States right now on this kind of issue. For example, health care is a matter of the public interest. If an essential hospital is financially bankrupt, then the public interest demands that the hospital continue to function despite its bankruptcy. In the case of the California energy crisis, the ability of industries to function, and homes to continue to function, means that the supply of energy must be available to them at reasonable prices.

The same thing applies to certain major banks. A bank is not merely a financial institution, it is an essential, functional institution of the economy, of the society. It’s an instrument of deposit for governments and private individuals and organizations. It’s an instrument for having insurance clients, it’s an instrument through which government may deliver credits to foster some necessary purpose.

Obviously in the present world situation, the same idea of the General Welfare, or Common Good, which underlies a Chapter 11 bankruptcy, applies to the world as a whole.

In any financial reorganization, governments must continue to function; essential industries must continue to function; essential government functions on which the population and society depend, must continue to function. Now therefore, we can solve this international financial crisis by using the same principle on an international level. The IMF is not the ultimate political authority in the world. By my principle, sovereign nation-state governments are the highest authority in the world. If there is an agreement among sovereign nation-state governments, then that is the authority to reorganize the world financial system.

A Model for Recovery

Our experience with the 1930s to the 1950s gives us a model for understanding how to deal with this kind of process. The United States recovered from the Great Depression of the 1930s under Franklin Roosevelt. Through the power of the United States which depended upon Roosevelt’s economic leadership, the issues of World War II came to an end. Roosevelt had many important policies for the postwar period which were stopped at the point of his death. Many of the evils of the past 60 years would never have happened if Roosevelt had lived. But nonetheless, as we see in the cooperation especially between Western Europe and the United States, up to about the middle of the 1960s, there was a great recovery in Western Europe and the United States.

This recovery was made possible by the original form of the Bretton Woods agreements. It was a reorganization of a world in bankruptcy. So, we instituted a system of relatively fixed exchange rates, no floating exchange rates. A system of strict capital controls, strict exchange controls, strict adherence to protectionist methods for trade and production. And then, the use of the power of government to generate credit for fostering the construction of basic economic infrastructure, largely a state enterprise, and also for the fostering of the



Lyndon LaRouche's most frank and fruitful exchanges with Poland's parliamentary and other leaders, were on the subject of the nasty, short, and brutish nature and prospects of the Bush Administration.

rebuilding of industry and agriculture. This worked very well.

The Schuman Plan was one example of this. The development of France under the leadership of de Gaulle was an example of this; the development of Germany, first under the leadership of Adenauer, and then under the leadership of Ehrhard; in Italy, until the death of Mattei. So, these are examples from the past which worked. The situation today is worse than then, but the same principles can work again.

Therefore, the problem is not an economic and financial problem; the economic and financial problem is one we must solve, but the threat to civilization comes from the lack of a political solution which permits the economic and financial problems to be solved. The additional problem is that never before in all recorded history has the entirety of the human race been as much in jeopardy at the same time as now. In no history since the melting of the glaciers, which began about 25,000 years ago—most crises had been limited to one part of the world. For example, you had the great crisis which hit Europe in the period from the end of the 12th Century into the beginning of the 15th Century. This hit in all North Eurasia, from China through to the Atlantic Ocean, in the coincidence of the Mongol invasion of Europe and similar kinds of problems. But South Asia was less affected, and China began to recover sooner than other parts of the world. Which defines that modern European history began with the 15th-Century Renaissance as a general rebuilding of civilization from the ruins of that previous period.

The Situation Today

Now let's look at the situation today: Africa, Sub-Saharan Africa is undergoing deliberate genocide, Anglo-American-directed genocide. It's pure, massive genocide, aimed deliberately to reduce the population of the Africans.

Until the beginning of the 1980s, Central and South America consisted chiefly as viable, relatively healthy sovereign nation-states. Today, Mexico is in jeopardy, the Dominican Republic still holds on—that's an exception—but all of the rest (putting Cuba to one side, which is a special case), all of Central and South America except Brazil, has lost its sovereignty in a greater or lesser degree. The situation is impossible. We are in a situation where a Middle East war is almost inevitable now. The President of

the United States wishes a Middle East war to occur. He is a supporter of Sharon—for a while. The United States does not intend to participate in the war, but it intends to support Israel to conduct a war.

There are no issues causing war. The issue is that certain people wish the war, and they will launch the war because they wish to, not because of some reason. It's like Hitler's invasion of Poland. There was no reason for it, he just intended to do it. This kind of Nietzschean mentality of determination to do something evil because you intend to do it. Such a war launched by Israel would have a chain-reaction effect, in which Turkey would be involved, as well as Syria, Lebanon, Iran, and other countries. The effect would be worse than that of the Balkan wars of the last decade. There would be an evil spreading out, affecting Central Asia, Transcaucasia, and so forth.

The Possibilities for Recovery

Western Europe is hopelessly bankrupt. The only possibility of reviving the economy of Western Europe from absolute bankruptcy would be a recovery of Germany as a leader of a general export drive of high-technology production from Western Europe into Asia. This is reflected somewhat in the negotiations between Schröder, the Chancellor of Germany, and Putin, the President of Russia. There is a general intention now, centered around a group called the Shanghai Five, which is to bring Asia, Russia, and Western Europe together for

economic cooperation. This is a long-term trend in European civilization which began with Peter the Great, and which took off in 1877 with the work of Mendeleyev in building the transcontinental railway.

The objective impulses today are similar. Eurasia is the center of human society. The development of Eurasia has so far been based largely on the coastal areas moving somewhat inland. Central Asia to North Asia to the tundra region is essentially an underdeveloped area, one of the great frontiers of the world. We have the potential technology now—which should have been begun in 1989, when Poland began to become liberated. The disintegration of the [socialist countries' trading bloc] Comecon should have been the symbol for a great rebuilding effort throughout Eurasia, for a combination of great combined transportation, water management, power generation, corridors of economic development. At that time in 1988, when I first proposed this in an address I gave in Berlin, I looked at the railway-building potential of Poland as one of the great potentials, for spreading this kind of development of Eurasia as a whole.

Poland actually is on the frontier, in a sense, of this Central Eurasian development area, an area of underdevelopment which requires great infrastructure development.

The Political Requirements

Now, my conception has been, and has been for many decades, that we can solve these problems, if the United States would play a leading role, together with countries in Asia, Western Europe, and so forth, in launching this kind of orientation for rebuilding the planet. Temporarily, my proposal was accepted by President Reagan in the famous, so-called SDI proposal. Unfortunately, Andropov was the General Secretary in the Soviet Union at the time. Otherwise, it would have happened. I often have said that Andropov and Gorbachov destroyed the Soviet Union. Sometimes the failure to accept a rational alternative leads to the destruction of the person who refuses the alternative.

The essential problem today is this: There are only three national cultures on this planet which think globally: The British monarchy thinks globally, the United States thinks globally, and Russia, Russian culture, thinks globally. China does not think globally. Europe is naturally an area of potential global thinking as representing European civilization, but, because of 20th-Century history, European nations, continental European nations, do not think this way. Poland is an example of that.

Obviously, people in Poland can think globally, if they wish to, but you are involved in government. You know what the problem is. There are things you know you can do for Poland. But if you propose them, the international institutions will not allow you to do it. So, the answer comes back: It's not practical, it can't be done. There are many things you would do, which are very practical to improve

conditions of Poland, but the IMF says no, the European Union says no, and that's the end. That's what I mean by being able to think sovereignly in a global way. So, this is a typical situation in this part of Europe, of Poland, the Czech Republic, Slovakia, Hungary. You have the same problem, caught between former Western Europe and the former Soviet Union as a kind of a buffer area still. So, when an American comes to Poland to speak about problems that involve Poland, that's the first question which should arise: "Why did you not let us do it?"

The same thing we discussed in the Czech Republic, the same thing we discussed in Slovakia, in Hungary, the same problem: That sovereign governments are not allowed to act in a sovereign way. But, on the other side, contrary to the would-be globalizers, the entire history of European civilization and world history shows us that the sovereign nation-state based on the principle of the General Welfare is the only form of civilized existence. So, that means that the sovereignty of Poland should be intact, that Poland should be able to apply the rules of general welfare to make its own policy, which the IMF presently will not permit. So, how do you deal with this kind of problem among a group of nations, each of which suffers this problem? It means you need a combination of powers, which is agreed on the principle of the sovereign nation-state, in creating a common solution.

The Question of the U.S. Government

Now, that brings everything back to the question of the government of the United States, because you have three powers, that is, national cultures, that think globally today—Russia, the British monarchy, and the United States.

For Europe, Putin is extremely interesting on the Russian side. It's a complicated question, but it's an interesting question. But the solution will not come from there; the solution will not come from the British monarchy. Therefore, the initiative must somehow come out of the United States. If we have the right government in the United States, everything can be done now. Well, some people made sure that wouldn't happen, at least so far.

Now, in order to be absolutely truthful, I should be very undiplomatic. As you all understand, there are certain points where diplomacy must give way to truth.

The financial oligarchy which actually runs the U.S.A. at the present time—it's a racist financial oligarchy, it's an alliance based on New York bankers and similar types, with the tradition of the Confederacy. In the present form, it was consolidated by the Nixon election campaign of 1966-68. On the Democratic Party side, it was consolidated by the takeover of the Democratic Party by the Carter Administration in the late 1970s. And we as a nation have been degenerating morally ever since. We now think in Washington of money, money, money, market, market, market.

So, you have people who are in their twenties and thirties,



LaRouche spoke to a seminar at the Warsaw Polytechnic Institute on May 24, along with Prof. Jerzy Oledzki (right), former Vice-Minister of Education of Poland. Translator is at center.

who are trading on the stock markets, the financial markets — they are absolutely insane, they can't think for more than three minutes. It's money, money, money, markets, markets, markets.

Now, this crowd, this financial, Southern-related crowd, is also based in this power on the mass media, which is both the entertainment and the so-called mass news media.

You can understand this phenomenon better here by looking to what happened to the mass media in Russia in the recent period of liberalization, what happened to the mass media in Poland itself, the change in politics by the Polish mass media in the recent period. This evil parasite sucking on the brains of the citizens, and worse than the news media, is the entertainment media. You have a mass media, which is dedicated to entertainment media, to sex and violence, sex and violence, so that you have a substitute for thinking and a substitute for knowledge, just like the Roman Empire, with Nero in the Colosseum and the Romans cheering for Christians being eaten by lions, under Nero. It's a similar kind of culture.

And this phenomenon of moral and intellectual degeneracy, is protected by the magic word of "democracy." It's a prostitute's conception of democracy: every man a client. What has happened in the U.S.A., is the mass media took over control of politics from the top down.

For example, in the recent Presidential elections, we had a number of candidates who were running, and others who would have run, from a number of which you could have had a functioning President. But, in one way or the other, all of them were eliminated by March 7 of last year, and only two dummies were allowed to continue running: Gore, who is a mental case, and Bush, who is an idiot. It's true! We say, in

the United States, that Bush is the most "undermisestimated" man in politics. He's a stupid, evil, mean-spirited person. Like the Hitler phenomenon. Powerful people put a totally unsuitable chief executive into power for a reason: because they want an idiot in the Presidency.

Why? Because they knew the world was going into the worst financial crisis in history. Now, the position of the President of the United States, as a Constitutional position, is the most powerful in the world. Not only because the United States is powerful, but because Constitutionally, the design of the Presidency of the United States is unique among heads of states. We have two historical figures in the United States who exemplify that: President Abraham Lincoln in the 19th Century; Franklin Roosevelt as leader of the United States in depression and war in the 20th Century. Franklin Roosevelt never took a dictatorial measure in anything he did during the Depression or during the war. He didn't have to, and he knew he didn't have to, because the Constitution gave him the powers Constitutionally to do what he had to do as a leader of a nation, to do what's needed. No more, no less.

That's the beauty of the U.S. Constitution, if it's done under the principle of the General Welfare, or what is known otherwise as the Common Good. You must act for the Common Welfare, you must act for the Common Good, you must do nothing to injure the General Welfare or the Common Good. That's the essential position of a President, and it's because of the power of the United States, because of its history — and as you know in Poland, history is embedded in many successive generations; the character of a people is located in the heritage of many generations of cultural development. And a President of the United States who can respond

to what is in the people as a legacy of successive generations, knows what he can do, and knows that he has the power, as Roosevelt did, to resist the demands of any oligarchy.

Any person who is morally qualified to be President of the United States, faced with the kind of crisis the United States and the world as a whole is facing today, would tend to do the same thing. And that is what they didn't want. So, they put idiots into power, and behind the scenes—it is not Cheney that runs Bush; it is a cabal of very powerful financial oligarchical circles. They really run him. That's the bad part. Now I come to the good part.

How It Will Get Better, Soon

[Interruption by one parliamentarian: "When is it going to be better?"] It is going to be better soon: The way it's going to be better, is very simple. If you look at the performance of the Bush Administration, and if you are in touch with people in many parts of the world the way I am: There is a revolt against the IMF going on in Asia. When it will explode, I don't know, but it's being prepared now. The nations of Japan, Korea, China, and Southeast Asia are not going to put up with this nonsense from the IMF much longer. The revolt against the IMF is in process. They are working with the Shanghai Five—it overlaps, a resistance to this problem. You have weakness in Western Europe, but there is a growing sense: "We cannot put up with this any longer." Even in England, even among some of the hard-line Thatcherite types in England, there is a perception that the United States is insane, is intolerable, it's dangerous.

Everything the Bush Administration made as a major decision is stupid, self-destructive, as well as being wrong. Bush is openly pushing for a Middle East war. Bush is pushing for conflict between Taiwan and the Mainland. These things are insane. The push for this nuclear missile defense—which is a complete fraud, there is no reality to it. The question of certain nuclear defense policies and anti-missile defense policies could be discussed, but you don't have to ram them down people's throats.

You have, over the past 100-odd days, a growing revolt around the world among leading circles against the current Bush Administration.

Changing the United States

Now we come to my part of the story. The Democratic Party, as a result of the last Presidential elections, came out of the elections leaderless, and President Clinton, whom I often assisted and whom I often disagreed with, is out of office. The entire Democratic Party was organized behind Gore; it shattered the entire apparatus, and Gore lost. And you cannot run the Democratic Party from the Congress. A political party in the United States cannot be run as an extension of a parliamentary faction. It has to be run as a mass movement, based on extensive organizations of constituencies. What has happened, of course, is the financial crisis hit

the United States people hard. Especially people in the lower 80% of the income brackets and the lower part of the upper 20% of the income brackets were hit with a disastrous effect of this financial crisis.

There is a terrible collapse of the health care system in the United States. The energy crisis, particularly the swindle on the energy crisis, by privatization of energy resources, has caused a social crisis, in California and elsewhere.

What I have done is, I have organized, beginning last November, shortly after the catastrophe of the Nov. 7 elections in the United States, I began to organize a process to pick up the pieces from this domestic political disaster in the United States.

I organized around four issues:

1. A reorganization of the world financial system, based on the model of the 1945-1963/64 model of the old IMF.
2. The question of Eurasian cooperation for Eurasian economic development. A 25-year program of Eurasian development as the basis for a general economic growth pattern of the world.
3. A reform of the energy policy, addressing specifically the energy crisis which is now exploding in the United States.
4. A reorganization and reversal of health-care policy, focussing on the case of the Washington, D.C. General Hospital, which is the only full-service general public hospital in the Washington, D.C. area.

These four issues are the key issues which can organize not only the Democratic Party—there are also many Republicans who are breaking from Bush right now. So, we have in our hands the potential for changing the policies of the United States rather quickly, and rather profoundly, because we have the possibility of bringing together forces of both the Democratic Party and Republicans. For example, you have the case of the state of Vermont—every state of the U.S., as you know, has two Senators. One Senator from Vermont, who is a Republican, is thinking of announcing soon a change from Republican to the Democratic Party, which may mean, you have a Democratic majority in the Senate.

So, in general, I am optimistic in this sense. The possibility of changing the U.S. direction in policy-thinking is now quite possible. In history, nothing is guaranteed, but it's a possibility. I think that under those conditions, the kind of programmatic perspective I have indicated, can work. There are other considerations which are required as well, but under those conditions, I believe it will be possible to pull together cooperation among nation-states, of the type I indicated. But, it would work only if countries such as Poland, which do not presently think in global terms, are willing to become partners, rather than subjects of a global system. It means that they perceive the opportunity to become recognized with the dignity of being actual partners in the deliberation of global policies. I believe, if we reach that point, I think we can succeed with the rest of the way. I think that's the difficult part of the process.