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Physical Geometry as Strategy

This is the keynote presentation to the March 21-23 conference of the Schiller Institute, "How To Reconstruct a Bankrupt World," in Bad Schwalbach, Germany. LaRouche's presentation was given on March 21.

There is a combination of farce and tragedy in progress in Washington, D.C. It's a kind of Shakespearean farce, in which the President is playing the role of King Lear, and the Vice President that of Lady Macbeth. But this is a very serious matter. Sometimes fools will do what others will not do, and sometimes, he who wishes to have a great crime committed, finds a fool to do it, because he won't shrink from it, because he doesn't know any better. Like this poor President, who sincerely does not know what he's doing. Has no idea what the reality is, in which he's operating.

What we have to understand is that, in this tragedy, as in all Classical tragedies, in all true tragedies in history, the root of disaster is not leaders of the people. It is not leading institutions. It is the people themselves, who bring disaster upon themselves, by selecting leaders, or by supporting leaders, who are the agents of that disaster. That's what the Greek tragedy teaches. That's what Shakespeare teaches. That's what Schiller teaches. That's truth.

Therefore, when we come to a time of crisis, the people must, first of all, examine themselves, and when studying the misleaders, they must look inside themselves, and find the error by which they become complicit in the evil work done by those leaders.

What is happening to us today, in the world, came as no surprise to me. I've been aware of this, more or less clearly, for more than 40 years. I saw the things that happened, in particular, at the end of the war. I was a soldier in the war. I saw the transformation of those with whom I served, in the immediate period following the war. I saw the Truman era, which was an era of evil, succeeding a heroic era, that of Franklin Roosevelt. I saw among those who had shown the courage of soldiers in war, that when they returned to their homes, in the United States, very soon, within a year or two, they capitulated to fears. They capitulated to the pressure of their wives. They capitulated to their own fears, the fear that, if they said the wrong thing, if they didn't say what was expected of them, in the period of the so-called U.S.-Soviet conflict, that they would be crushed. They would lose employment. Their families would suffer. They wouldn't realize the goals of raising a family. And so they crawled. And about 90% or more of them, who returned as soldiers, *crawled*.

They adopted the habit of crawling, throughout the late 1940s and 1950s. They crawled. They degraded themselves. They taught their children to be careful, to learn how to adapt in life, to learn how to degrade themselves. And then, they got through, because Truman was replaced by Eisenhower. And that was important. That was a gain. Truman was a very evil man. He was a stupid little man—but an evil one. And the reason we got rid of him, was to save the country from what he represented. And because Eisenhower had been a general, who represented the American military tradition, and since the followers of Churchill and of Truman represented a new tradition, an evil one, Eisenhower was a period of stability, and regroupment, for the American people.

At the moment he died—or got out of office, rather—Hell broke loose. We had the Bay of Pigs, the Cuban Missile Crisis, the assassination of President Kennedy, which was part of the pattern: He was not killed by Oswald; he was killed by a special operation, inside our country, called the Special Warfare section, which does these kinds of things. Then we were plunged into the Vietnam War, under Johnson. Johnson was not responsible. It was done as part of a process. And from that time on, we were headed toward Hell. Not immediately, but down the road. We were headed to degeneration: degeneration represented by the Vietnam War; degeneration represented by the rock-drug-sex counterculture, which corrupted much of the youth, entering university level, at that time. They've not recovered from that effect.

We Became Corrupt

We were transformed step by step, from the most productive society on the planet, the greatest rate of productivity per capita, in the world! We were transformed into a parasitical consumer society, living by our power to extract concessions from other parts of the world. We looted the world, to feed ourselves, and said we were better off, because we had gone to a consumer society. We destroyed the instinct for honest work in our people, into an instinct for getting money, even living on credit cards, rather than earning money. You had debt crush you. We became corrupt. Our culture became corrupt. Our entertainment became rotten. Our economic practices, rotten. Universities today are barely recognizable as institutions of learning. In our schools, we don't educate people any more—rarely. We rehearse them, to pass multiple-choice questionnaires, prepared questionnaires. We score the answers to those questionnaires, by computer. The students *know nothing*. They have learned to pass the questionnaire.



Lyndon LaRouche told the conference: "This war is not inevitable. Its continuation is not inevitable. We must stop it. Those who say, let's accept an inevitable war, and try to clean up afterward, are fools. There is no afterwards. There's only a continuing war."

And the students are not rewarded for passing the questionnaire. The students' institutions are rewarded, relatively. The state is rewarded. Officials are rewarded, for this corruption. We have people coming out of the universities, who don't know anything, but they've got degrees. They're professionally retarded.

We don't make things any more. We have benchmarking. We fired the engineers, who were the experimental engineers, and replaced them by engineers who run computers. They go into their computer schemes, and they pull out formulas, from the computer. They paste these formulas together, and they tell you, that's an automobile—which turns over fine at over 45 miles an hour. It may kill you.

We produce things that don't work. You go into the stores in the United States, for example. We have mostly junk. Not goods of the type we'd be proud to own years ago. Junk. Produced by virtual slave labor in various parts of the world. That's our condition. We've become morally decadent. And because we allowed ourselves, to become morally decadent, in this and related ways, we are now being punished, by the kind of leadership we have *selected*, to guide us into this maw of degradation.

So, we got George Bush. How we got him is rather interesting. Maybe his father could explain, or maybe the mother's responsible, I don't know. But we got him because it was decided that no person qualified for the office of President, would be allowed to *run*, credibly, for that office, in the year 2000 elections. We had Al Gore, who's more dangerous than George Bush. He would have had us in war six months ago,

or a year ago. He's a captive of the same people who are controlling George Bush today. George Bush is a man of no competence, whose understanding of geography is less than limited. And who has problems, honest problems.

But we put a man into office, and the alternative we could have put in the office, was equally incompetent. We put an incompetent into the top executive position of the U.S. government, at a point the world was already plunging into the worst crisis in modern history. "*He's* going to make the decisions." Of course he's not going to make the decisions. He's a puppet. A puppet full of emotions, and loose strings, which are pulled to make him do what they wish him to do. Now, I'm going to make this clear.

But I also try to make clear, in discussing tragedy, that a time of tragedy is a time of a search for the sublime. When a people discovers that it's been behaving as a fool, for a long period of time, and that foolishness brings it to a point where it is doomed, by its own foolishness, its own foolish opinions, its own foolish assumptions about what's good, and what's wrong, at that time, the people face a great crisis. They face a great threat. And if a threat is bad enough, maybe they ask themselves, what did *we* do wrong? As long as they blame the leaders, they will not find the answer. When they blame themselves, a cure is available. Because they have to find that in themselves, which led them to walk the road toward degradation.

This has always been the case in history. Mankind has never really grown up. In all civilizations, great ventures have been made in the creation of states. Some of these things are



President Franklin D. Roosevelt “turned the United States back to itself, to the principles upon which it was founded, the principles of Abraham Lincoln, the principles of John Quincy Adams.”

memorable as achievements. But then they degenerated, in the fashion that Solon writes in his letter, his poem that he writes toward the end of his life, in telling the Athenians how they had *degenerated*, years after he had led them to freedom.

This is the history of mankind. Great ventures of nationhood come forth, and they degenerate. And the people like it. They become accustomed to it. It becomes their way of life, their opinion. And then a time of crisis comes. And the question is, can they discover their honor, can they discover truth, and change the way they *think*, in order to change the way they behave.

And that’s how mankind has often renewed itself. Because the sublime has come, the recognition not only that what they’ve been doing is wrong, but that if they look for answers, there may be available answers, there may be teachers and leaders who will provide these answers, or these instructions, and thus nations have saved themselves.

The Case of Franklin Roosevelt

Typical is the case of Franklin Roosevelt. From 1901, when the British and others assassinated President McKinley, until 1932, when Roosevelt was elected, in the general elec-

tion, the United States was predominantly in a process of degeneration. Theodore Roosevelt was an heir, and an ideologue, of the defeated Confederacy. And that’s what he represented: degeneracy. He would have been a fascist, if he’d had a little longer time to complete his work. There was an interval of Taft, of President Taft, an Ohio Republican, who was not so bad, but then we had another fascist, Woodrow Wilson, who was the person who *founded*, or re-founded, the Ku Klux Klan in the United States, from the White House. That was the President, the Ku Klux Klan President, in the White House. Europe had some experience with this gentleman.

Then, we had Harding, who was a mixed bag. Then we had Coolidge, who is not a mixed bag: He was evil. And we had the apparatus which put Coolidge into power, controlled the Hoover Administration, up to virtually the point that Roosevelt was inaugurated in 1933.

So we had 32 years of degeneration of the United States, and fortunately, at that time, a Franklin Roosevelt, whose great-grandfather had been a collaborator of Alexander Hamilton, who had called upon this side of his patriotic family tradition as Governor of New York State, to lead the United States out of Hell, by winning an election for the cause of the common man, for the so-called “forgotten man,” who had been abused in these 32 years, under Teddy Roosevelt, Wilson, Coolidge, and Hoover. He turned the United States back to itself, back to the principles upon which it was founded, the principles of Abraham Lincoln, the principles of John Quincy Adams, and we renewed ourselves, as Lincoln had renewed us again with his Presidency.

These are examples of the sublime: Where leaders come from within a nation, to lead it out of its own degradation, by providing answers which the nation is willing to listen to at that moment of crisis.

We are now again in such a situation. Since the assassination of John F. Kennedy, who was committed to going back to the Franklin Roosevelt tradition, the United States has gone through a long process of degeneration, more deeply, in some respects, than ever before in our national history, and thus we were given two candidates for President—leading candidates for President, in the year 2000, who fit the desires of the American people. Either by wish, or by negligence. And what we’re suffering today, in the United States, and around the world, is the result of that choice, that negligence, by the people of the United States themselves—and also, the people in Europe.

We see what happened recently, in the case of the German Chancellor, and the French President. That the horror that was being presented to them, the combination of a world depression, and the threat of a general outbreak of warfare—global warfare, not just Iraq—horrified them, to the point that the French, the German Chancellor, and the Russian President, formed what became known as the so-called European Triangle. Of resistance to what was coming out of the United States. Resistance because they recognized, that this was not

a war against Iraq, as the French Foreign Minister said in the UN proceedings: This was a war against civilization! It was an expression of an American policy, a U.S. policy, which was a threat to civilization as a whole.

Now, let me just take it from there, and indicate how the story goes from there.

On the 3rd of January 2001, on the eve of the inauguration of President George Bush, I made a broadcast, by network, broadcast by the video network, of an estimate, report, on what would happen under an inaugurated President George Bush. I pretty much forecast what has happened today. I did not know of Sept. 11, 2001, but I forecast in a certain manner of speaking. In the following way.

Go back to Germany 1928, 1933. We had in 1928 the fall of the Mueller government, which was a reflection of an onrushing global financial crisis, economic crisis, hitting Germany especially hard—especially under foreign domination of the Versailles powers. No one solved the problem. Nineteen-thirty-one: There was an understanding of what the solution was, but it wasn't implemented. It came to 1932-33. You had a Chancellor, von Schleicher, who under optimal conditions, could have been an effective Chancellor to prevent the war. Why? Because Franklin Roosevelt had been elected in November 1932, in the same period, approximately, that von Schleicher was appointed Chancellor of Germany. If von Schleicher had not been overthrown, then, he would have still been Chancellor at the time that Roosevelt was actually inaugurated President of the United States in March of 1933. So, had von Schleicher been the Chancellor of Germany in March 1933, the United States, and Germany, would have been cooperating on the policies, like those of Franklin Roosevelt internationally. There would have been no world war.

What intervened was, that a group of forces, based on the former head of the Bank of England, from Britain [Montagu Norman], and his partner, of the Harriman family, and the grandfather of the present President of the United States, Prescott Bush, moved the money, which was American-controlled money, under British direction, to save the Nazi party and Hitler from oblivion, which they had deserved at that point. Not only was the Nazi party, and Hitler's position—Hitler was thinking of suicide—not only were they saved from oblivion, but on the 28th of January 1933, von Schleicher was thrown out, under pressure on Hindenburg, and Hitler became the Chancellor on the 30th of January.

A short time after that, in March, the Nazis organized what was called the Reichstag fire. Immediately there was implemented, an act, crafted by the man who had created—probably you will hear about him from me a bit more here, Leo Strauss. This Carl Schmitt had crafted the *Notverordnungen*. The implementation of that, under circumstances of the Reichstag fire, made Hitler a dictator, and from that event, and what followed with the wave of assassinations during the period, the Summer of 1934, World War II was *inevitable*.



The Nazis organized the Reichstag fire, providing the pretext for implementing the Emergency Decrees, crafted by Carl Schmitt, which made Hitler a dictator. Sept. 11, 2001 was the "Reichstag fire" of Dick Cheney and his chicken-hawks.

There was no force on the planet that was going to stop it. All we could do was prepare for it.

Now, we're not in such a bad situation today, but that's the situation then.

A Doomed System

What I forecast, in my broadcast, on the 3rd of January of 2001, was that, we are in a situation today, where, by the year 2000—the United States was already in a hyperinflationary mode, that is, the rate of money being printed, or issued in other ways, to roll over bankrupt financial assets, was such that we were in a hyperinflationary spiral. That meant that the postwar system, especially the system of the post-1971 floating-exchange-rate system, was now at an end phase: *It was doomed. Nothing could have saved this financial system, then or now.* The IMF in its present form, can not survive. If it does survive, then the human race won't survive.

So I said, then, in January, that's where we were. Therefore, we would expect, given what the Bush Administration is, what forces were involved, that we have to expect, not only a depression, an accelerating depression—which has accelerated, in fact, since then; it was already in process ear-



“No peace movement could ever stop a war, even though it may be useful. Somebody has to pull the strings of power, to set into motion the action, around which popular opinion can then mobilize, and grow.” Here, an anti-war demonstration in Houston, March 22, 2003.

liar. But that we had to look for the occurrence of a Reichstag-fire-like event, a terrorist event, which will be used as a pretext, to bring in emergency government into power in the United States, which would then launch war, or a warlike posture, in order to attempt to control the political situation, by worldwide warfare, rather than facing the economic crisis.

Now, there are some people who think that the war against Iraq, is a war against Iraq: It is *not* a war against Iraq. It is a war against the pretext of Iraq, to start a world war. The purpose behind this, *is a world war, not an Iraq war. If you don't stop, there is no "after" Iraq war.* The Iraq war will never end. The destruction of Iraq, may occur within the next days or weeks, but the Iraq war will never end. Because you will be going into another war, under an administration, which is totally committed to a worldwide fascist imperialism. I'll make clear what that is.

Therefore, we must stop it. This war is not inevitable. Its continuation is not inevitable. We must stop it. Those who say, let's accept an inevitable war, and try to clean up afterward, are fools. There is no afterwards. There's only a continuing war. You could expect the bombing of North Korea to occur, almost automatically, in the context of this, if it's not stopped. And it won't stop there. Iran is on the target list already. And this war could spill into Iran, already. The war would explode throughout the Middle East, if it's continued. It can not be stopped, unless the war as a whole is stopped.

China is one of the nations targetted by this war, which gives you some sense of what the dimensions are, what we're up against. *We must stop this war.*

An Opportunity for Recovery

There's a positive side to this situation. I referred to it already, the so-called European Triangle. The fear which has struck Europe, and the positive response we've had already from Chirac, as well as his Foreign Minister, from the Chancellor in Germany, from others, and from Russia—I think a very positive shift in Russia's response—means that the world recognizes that it's a danger that must be stopped.

We also have at the same time, a recognition of crises and problems, in East Asia, South Asia, and Southeast Asia, among nations that are composed of the so-called Strategic Triangle, of Russia, China, and India. That is a triangle of nations, which, if they agree to cooperate, represent a fulcrum of stability, both economic stability, and general security, for the entire area of Asia. This includes also the North Asia complex, of the Koreas, the two parts of Korea, which should be unified, to one degree or another. It also includes that part of China, which is adjacent to Korea. It includes part of Russia. It includes also the industrial forces in Japan, who are opposed to the warlike policy of the present Prime Minister.

These forces know they need a recovery program. They know that a recovery program, and cooperation, is the only force in existence against this spreading war. There are forces in Europe, as well as in Asia, who recognize the importance of closer ties of cooperation, especially economically based, on technology transfer relations on the long-term, between Western Europe, and Asia.

These things must occur now.

Therefore, this is a force for the good. The issue is, how

do we make this force for good, this potential force for good, how do we make it effective? First of all, how do we make it a conscious factor in the minds of people around the world? It exists. Some people in Russia, as well as in Germany, and France, know it exists. Some in China, some in Korea, some in Japan, some in India, will appreciate the importance of this opportunity. But that's not enough.

Public opinion, even good public opinion, will never stop a horror show, or solve a problem. Someone has to pull the strings of power, to make it conscious, and make it happen. And that's what I'm determined to do. To pull the strings of power. Not to spread good opinion, not to spread good information, but to touch people *inside*, to cause those in positions of leadership, to act, as they must act. Because the people will respond to action from appropriate leaders.

The people may have opinions. Look at the anti-war opinions around the world. Does it stop the war? It does not stop the war. Is it useful? Yes, it's useful. Will it stop a war? It will not stop a war. No peace movement could ever stop a war, even though it may be useful. Somebody has to pull the strings of power, to set into motion the action, around which popular opinion can then mobilize, and grow. And be mobilized for what? For action! Not for negative action, but for positive action. The positive action, of course, is to create a new international monetary-financial system. To take the IMF and put it into bankruptcy reorganization. To bring nations together to do that. To create a *just new world economic order*, by agreeing to form a new monetary system, based on certain principles of cooperation, which are acceptable among the participating nations. Not one nation, or two nations, to give the answers to the world, but an assembly of leading nations of the world, who agree on certain principles, to govern a new monetary system, whose immediate goal is to lead the world out of the present depression.

The mobilization of a hopeful humanity, for a recovery from this horror show, is the one thing that could stop the war.

Yes, other action is necessary. But the will to act, by the people and by institutions, depends upon an initiative, which is given by leadership. Popular opinion will never save civilization. It can destroy it, but it will never save it. It requires, in this day and age, until mankind grows up more generally, mankind will continue to depend upon the intervention of leading circles, who are capable, and resolved, to make sure that what happens, will happen, for the sake of humanity. And in those circumstances, we find a humanity, relieved from such a crisis, does respond. Not always, but usually.

Popular Opinion

Therefore, what's the problem here? I said, the problem is, the assumptions of popular opinion by which the people and nations have so far destroyed themselves, especially during the past 40 years, in Europe, the Americas, and elsewhere. What does that mean?

That means, don't trust your own independent thinking.

You probably don't have any actually independent thinking, but you delude yourself that you do. Because you have seen people doing things, generation after generation, in the post-war period, and especially in the past 40 years, doing things which have led this civilization to self-destruction. So obviously, what people usually think, is wrong. And therefore, independent thinking is not independent thinking. Something is controlling the way they think, and act, which is causing them to do the things that lead to the destruction of civilization. That is what Solon warned the Athenians against, as Athens began to degenerate during his later years of life.

Independent thinking is not valid, because it's not independent. Independent thinking means blinding yourself to false assumptions which are controlling your opinion. In the same sense that a Cartesian geometry specifies certain axioms, definitions, and postulates, as the basis for a formal geometry, an ivory-tower geometry.

Now, this geometry is false. It does not correspond to the real world, to the real physical world. But anyone who believes it, is a fool. But they will pass the course, if they believe it. They will come to a conclusion, based on this geometry, and say, "that is my own independent opinion." It is not their independent opinion. It is an opinion they formed, because they accepted certain taught definitions, axioms, and postulates. And they are controlled, by those assumptions. (I'll get to free trade here, in a moment. And indicate how that works.)

So, therefore, the problem today is, you've got to not only question the assumptions of nations and governments, but you've got to question your own assumptions, and hesitate a moment, before you leap to a conclusion, about what the problem is, or what the solution is. Because your conclusion will probably be wrong, unless you examine the false assumptions which have heretofore controlled the way you think, what you call your independent opinion.

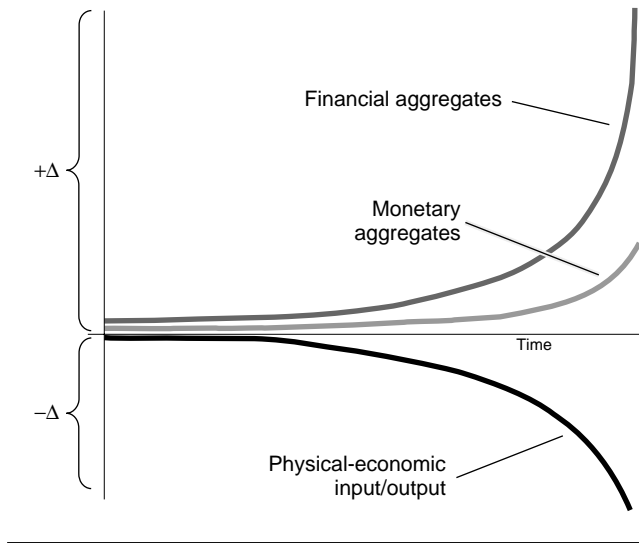
Therefore, we come to the question of axioms.

Now, let's start the fun. This is probably familiar to a number of you (**Figure 1**), but what I'm going to do, is demonstrate exactly how elementary a piece of foolishness has dominated the so-called independent thinking of most people in North America, and Europe, okay? Over the past 30 years, about. Now, what we're representing here is, again, this is a pedagogical chart; it is not an actual statistical chart, but it's a pedagogical approximation. On the far left, what you're looking at, is approximately the year 1966, in Britain, the United Kingdom, and in the United States. What you see over here, approximately, is the present. What has happened over this period, is that, in terms of the process, the degeneracy of the present world monetary-financial system, its economic degeneracy, has taken the form of an increase in per-capita, per-square-kilometer, quantity of so-called financial values. Market values, so-called. If you believe in the market—well, pigs don't like to think about the market, do they?

Then, the second one you're looking at, is a monetary

FIGURE 1

A Typical Collapse Function



aggregate. That is, the amount of money which is being generated, or the equivalent of money, which is being generated to pump the financial markets. Those markets have not grown because productivity has increased. Quite the contrary. Markets have grown because money is being pumped into financial markets, and this increase of money then generates, marginally, by leverage, an increase in financial aggregates. Even if there's no real increase in value.

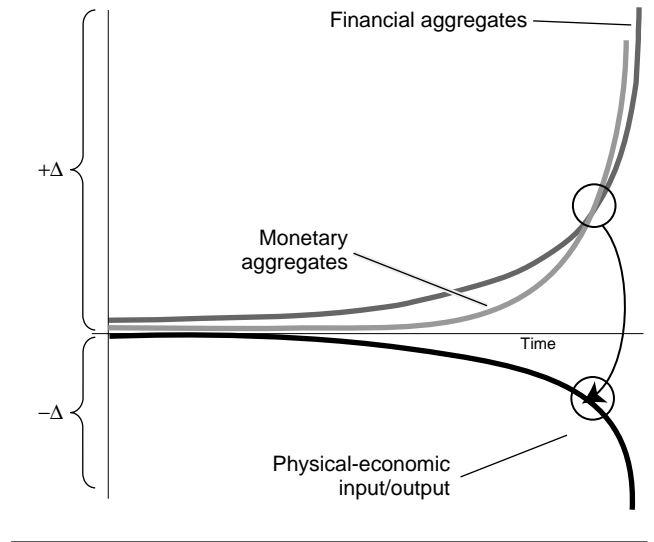
The third is a declining trend, per capita and per square kilometer, in terms of physical assets, including infrastructure, produced, and available. That has been the tendency in the Americas, and Europe, and it has its effects on not only Africa, but also Asia, and Japan, in particular. Japan is also the same kind of thing. Japan is an economy being destroyed by exactly this kind of process.

Now, let's go to the next phase (Figure 2). Now, in this case, this represents the year 2000. Let me describe exactly what happened in this year 2000 problem. In 1998, there was an end of the bubble being pumped up, worldwide, which had been based largely upon looting the former Soviet Union, and countries which had been part of the Comecon. So that looting had occurred on a massive scale, partly under the friends of Andropov, his survivors, in the late 1980s. It accelerated greatly with the fall of Soviet power. And that continued under the new generation of thieves, under Yeltsin, into the year 1998.

So, this looting had reached sort of a limit, and the last gasp of the effort, was by the Vice President of the United States, who was an asset of Marc Rich, Al Gore. And Al Gore had entered into a dirty relationship to the Yeltsin reelection campaign, which was called Golden Ada, which was dirty diamonds, dead people all over the place, that kind of thing.

FIGURE 2

The Collapse Reaches a Critical Point of Instability



The usual kind of gangster operation.

So, the operation had been done with a crowd in New York, Long Term Capital Management Corporation, which had used derivatives to try to take this phony paper, being generated under Yeltsin in Russia, and to give it an apparent value, by marketing it through these long-term financial derivatives. In August of 1998, that bubble collapsed. The Federal Reserve System, and others, stepped in massively, to save the U.S. financial system from a collapse of the hedge funds, which had been involved in this operation.

At that point, people around Bill Clinton, and Bill Clinton himself—I guess I can say it now—[said,] “He was right”—pointing to me. “You guys were wrong.” So he announced, and it became public, in September of 1998, he went to New York, to the Council on Foreign Relations, and announced to them, that he was committed, at that point, to a reform of the international monetary system, a reform which had been prompted at my suggestion. He and his Treasury Secretary, Bob Rubin, thought they could get it through. They soon found out, about what the meaning of Monica Lewinsky in the basement was, because a great scandal was run, and an impeachment scandal, to try to get Clinton out, and Clinton was therefore *stopped* by the impeachment scandal, from proceeding with negotiating monetary reform.

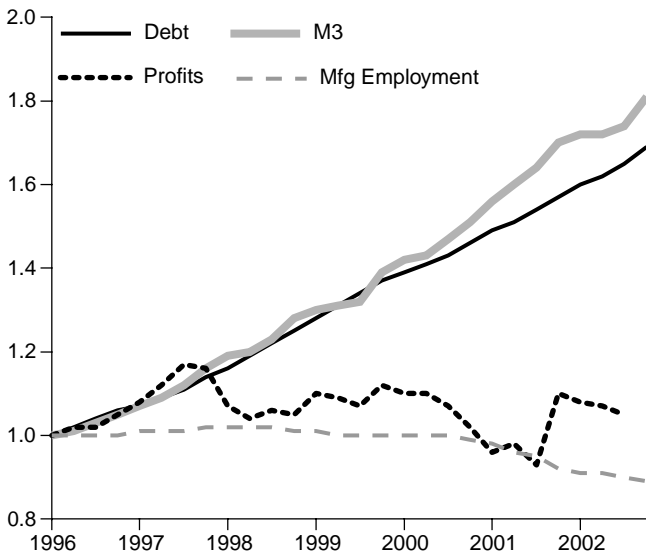
That's real history.

The 'Wall of Money'

So, at that point, what they did in New York, with the aid of George Soros—who's also a thief and a drug pusher—they agreed that the way to solve the problem, because they had a Brazil crisis coming in February 1999, they said, “How

FIGURE 3
The U.S. Economy's Collapse Function Since 1996

(Indexed to 1st Quarter 1996 = 1.00)



Sources: Federal Reserve; U.S. Dept. of Commerce; U.S. Dept. of Labor; EIR.

are we going to get through the Brazil crisis, on top of the present crisis?" And George Soros said, "Wall of money. Print money. Generate money, in all forms, quickly. Flood the world with money." And, by flooding the world with enough money, that is, monetary aggregate, you can prevent the financial collapse from occurring.

Well, that's exactly what did occur, for a time. That's what this represents.

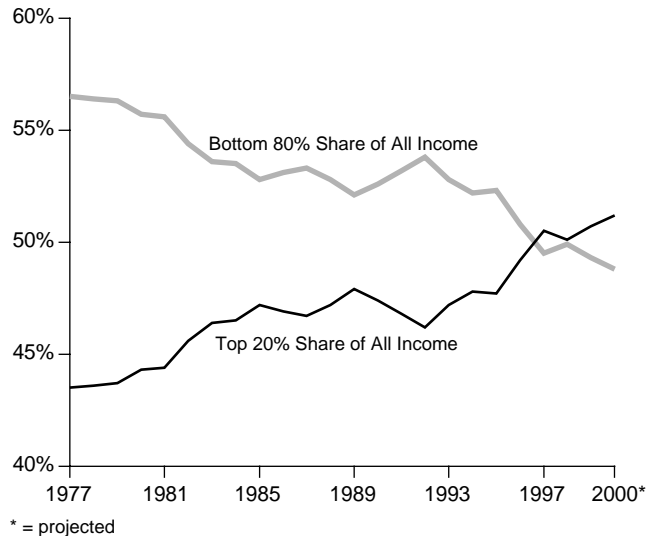
In 1999, we get the first indication, that the amount of money being pumped into the system, to roll over threatened financial assets, exceeded the amount of the financial assets being rolled over.

Now that has a precedent: In German history, 1923—June through November of 1923—the great hyperinflationary explosion. Well, that's what that represents.

Now, because the United States is able to loot a lot of countries (which Germany could not do in 1923), the United States and others have been able to moderate the effect of this. But, since that time, this process has been ongoing.

Year 2000—about the year 2000, I went through the figures again, with my associates, and we determined, that this was not simply an episodic phenomenon—not a surge—but that this was a *permanent part of the process*. That this system would not survive, except in this form, with the amount of monetary aggregate being pumped in, to feed the amount of financial aggregate being rolled over. That meant the extermin-

FIGURE 4
Top 20% of Population Have More Than Half of All After-Tax Income



Sources: Congressional Budget Office; EIR

nation of the system.

Let's go to the next one (Figure 3). What you'd seen previously were the idealized representation, pedagogical representation. These are some of the actual figures for 1996-2002, the same ones. Now, the effect of this—and this covers 1977 to approximately the present: As a result of the changes, inside the United States, there has been—in terms of family-income levels—the lower 80% of families of the United States, have been suffering a major shift in the percentile of the national income received by the lower 80% (Figure 4).

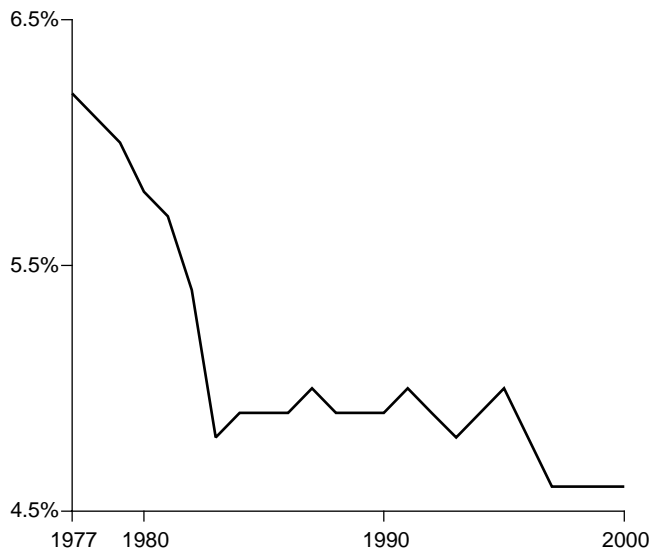
But, not only that, is that the physical amount, the physical value of the income of the average family, of the lower 80%, *has collapsed—physically, absolutely*; as well as the total population (Figure 5).

So, what we had is a destruction, a physical destruction, of the U.S. economy, and a physical destruction of the conditions of life of the lower 80% of the U.S. population.

Have any of you been exposed to courses in economics, in universities, or some place else? Or newspaper columns. They tell you that money, that the market is what's important. That the improvement of financial assets (we can put this to one side), that the increase of financial assets, that the yields on bonds, stocks, and so forth, on the financial market, is a measure of health. They will tell you that the amount of money being circulated, is a measure of health, financial health, economic health. For this past period, most of the world has believed that the United States, and Europe, were in excellent condition, because of the amount of *money* in circulation; the

FIGURE 5

Lower 20% of Households' Share of National Income Plunges



Sources: U.S. Department of Commerce; U.S. Congressional Budget Office; EIR.

amount of financial profit reported in markets in the recent years, hmm? And similar kinds of things.

It was all fraud! There never any truth to it! Because the *physical value* of the total product of these economies, per capita and per square kilometer, was collapsing! And the collapse was not some accidental or incidental collapse, it was a systemic collapse. That is, the way the system was designed to operate was inherently destroying the level of actual, physical income, the physical standard of living, per capita and per square kilometer, in all these nations.

So therefore, if you believed in monetary theory; if you believed in John Maynard Keynes; if you believed in financial accounting, you're an idiot. Because, you were operating on assumptions, axiomatic assumptions, *which had no correspondence to reality*. So, you would come up here, with your own, independent thinking, about how the financial market is operating, about how to make money in business—hmm?—and similar kinds of things, based on monetary and financial theories. And, to the extent that you believed that, your so-called “independent opinion” was less than worthless. It was junk!

The Principle of Truth

Let's go to some more of these things: First of all, let's take something, that some of the young people here are quite familiar with—the question of Gauss's 1799 paper on the subject of the fundamental theorem of algebra. It was an attack

on two of the leading so-called mathematicians of the 18th Century and early 19th Century: Leonhard Euler and Lagrange, among others. They were wrong! They made the same kind of mistake, which Gauss corrected. But some people haven't corrected it, to this day. They're still teaching the Lagrange ideas, the ideas of Euler, today. Their independent opinion is *controlled*, by a false axiom, by false definitions, axioms, and postulates. Their opinion is worthless. It's less than worthless: It's dangerous.

So, when we started the youth movement, the question for me, was: How do we organize the efforts of development among the youth? And I answered the fellows, at one of our conferences, when this question came up, because, what Gauss represents, is two things, in this particular case—also in this case. What Gauss represents *is a principle of truth: that there is knowable truth in the universe*. But, there is the possibility of a competent, independent opinion, but it has to be based on, and derived from, a principle of truth. Principles of truth, which have universal application. So, I said, we'll take this as the principle of truth.

So, here's the implication: What Gauss did, is essentially what's been done, in the time of Plato, by a student of the follower of Pythagoras and Plato, on the question of the doubling of the line, the doubling of the square, and the doubling of cube; you have a big problem. This is what demonstrates—compare this with this financial bookkeeping thing. What this demonstrated, is that the standard of truth can not be determined mathematically. There is no such thing as simple, pure mathematical truth—doesn't exist. There is a truth in mathematics, which is always demonstrated in Classical Greek cases, as in these particular interesting cases, to which Gauss's work refers.

What Gauss had done, like some people before him, such as Cusa, Brunelleschi, Leonardo da Vinci, Kepler, Huyghens, and so forth, was revive Classical Greek knowledge, and principles, after a long period of *rotten degeneration*. Because the prevailing opinion and knowledge of Europe had been degenerated, ever since the rise of Rome, in which these ideas, Classical ideas, which had persisted up until 200 B.C., and maybe somewhat later, were being crushed by the introduction of the Roman way of thinking! Which has been the consistent problem of our civilization, since that time.

Then, in the 15th Century, with the Renaissance, it was the rebirth of this kind of Classical knowledge, from this ancient period of Classical Greece. And, what Gauss did, was essentially in modern terms, with modern evidence, and modern science, re-created the *foundations*, in that work and other work that he did, the foundations for a restoration of the Classical knowledge of the ancient Greek type: the Classical knowledge, based on a Platonic principle of truth.

What I did with this, was to say, “I've got a bunch of young people, who wish to go some place. They're looking to me to give them some signpost, for which direction to take.” Therefore, the first thing they have to know, is they



Carl Gauss (1777-1855) represents the principle of truth: that there is knowable truth in the universe. LaRouche chose Gauss's fundamental theorem of algebra as the keystone for pedagogical work by the LaRouche Youth Movement.

have to have the principle of truth, to sort out all this nonsense that's floating around, to come up with some standard to know, what I'm talking about. How do I come up with a competent form of independent opinion? The idea, that if you can proceed from that, you have a principle of truth—and you know what you mean by “truth”—which most people in this world, don't know today; and most people in most universities *definitely* do not know, today; and most professors, in most universities definitely don't know, today (let alone the politicians, and newspaper editors).

Therefore, if you have a principle of truth, and know what you mean by “universal truth,” then you can use that, in the form of how to construct Platonic dialogue, Socratic dialogue, to attack any problem, with some insight into what will constitute “truth.” Therefore, you can then proceed, by true dialogue, undertaking any energetic dialogue, on all kinds of issues—you can begin to sort out the truth from the garbage, from popular opinion. Then, you can walk in, with confidence, anywhere, and discuss almost anything, if you're willing to go through that process with anybody else who's willing to go through the same process.

What we need in this planet, now, is a standard of truth, to develop leaders of a stronger character—a stronger, individual, personal character, operating on the basis of a principle of truth, who can influence institutions; institutions in the case of the United States and Europe, particularly, of the previous generation, the generation of the Baby Boomers. Because the Baby Boomers were subjected to this terrible change in culture, which took over, beginning about 1964: the so-called “rock-drug-sex counterculture,” and the kinds of things that have gone on since, the kind of movements. And, they became a “now generation,” which has lost the idea that truth lay, as it did for most earlier generations among responsible, moral people; truth used to mean, that what you

are doing today, as an adult, in particular, is going to be good over the next two generations to come. Therefore, you had a *future* orientation, as opposed to a “now generation” orientation. You looked at your children and grandchildren, as a point of reference, for this kind of achievement.

We've lost that.

Therefore, what we have to do, in a time of crisis, when the Baby-Boomer generation is faced with the fact that its ideology was *wrong*, its opinion was wrong, its behavior was wrong, is to confront them, with the evidence that *there is truth*. Since anyone, who's got any brains and sensitivity at all, knows, that my grandchildren's generation—which is what these young people represent—my grandchildren's generation, is my future. The meaning of what I do, lies in what they represent, as my future, and what comes out of the generation to come from them.

Therefore, anybody, including a Baby Boomer, confronted with that kind of evidence, can respond, and say, “Look, our generation *has a future*.” The Baby-Boomer generation, in the United States and Europe, is a generation, which believes that it has no future. And, they're right, as the present Iraq War reflects that.

But, it's the *older* generation, which has been *blocked on* this, which has accepted the “now generation” principle, and has gone along—see younger people, of their children's age, moving, that will move the older people; because, people are moved by that, because they're human. People are moved by their children and grandchildren, or by people who might have been their children and grandchildren.

They're moved by that, in any part of the world. People are moved when they go to Africa, and see the suffering. They're moved by the children. They're moved by the youth with no future. Their morality is disturbed, by this spectacle. And therefore, a youth movement, which is able to convey a sense of *truth*, a universal principle of truth, of the type which is typified by the case of Gauss's paper: *That is a powerful force*. We've never had a youth movement, in modern times, of that type. I simply said, “Let's have it. Why not?”

The Gauss Standard

Just to get to the examples, of other things, that apply to them: There are two dimensions of truth, by the Gauss standard. One, is the truth, as it pertains, as in physical science, to the relationship of the individual mind, acting upon the universe, which we usually call “physical science.” The second one, is the way in which society, *using these ideas* of physical science, is able to act socially, and effectively upon the universe: universality of existence. Therefore, there are only two kinds of truth: This kind of truth, individual relationship to nature truth, on the one level; and social relations, which pertain to man's relationship to nature, and to man.

And therefore, the principle of truth applies to both. And, we have to have a society which rejects Kant, which recognizes that Kant was the thing that poisoned Germany the



LaRouche speaks with young organizers at Bad Schwalbach. "A youth movement, which is able to convey a sense of truth: . . . That is a powerful force. We've never had a youth movement, in modern times, of that type. I simply said, 'Let's have it. Why not?'"

most—next to the existentialists, and he helped to create them; and that we have to go to a principle, a Platonic principle of truth, instead.

Now, let's take some cases on the social side, of the kind of poison which destroys society. Let's take the "little green men" theory; which is what most economists teach, what every free-market person teaches: It's their independent opinion, as stupidity of their independent opinion.

What's its basis? Well, it's based largely on empiricism, in modern times. Take the empiricism of Hobbes. But, the more famous one, the more relevant for our concern here, is not Hobbes, but rather people like John Locke—a real potential fascist; he's called a liberal—that's why liberals sometimes turn into fascists, like Hjalmar Schacht; Quesnay, the physiocrat; Adam Smith, Bernard Mandeville, and other creatures of the British East India Company, such as Jeremy Bentham. These people's theory is all based on the theory, that the universe is actually controlled by little green men, operating under the floorboards of reality. And these fellows, with their invisible hands, are fixing the throw of the dice, to make some people wealthy and powerful, and others destitute and miserable. And, that's the theory. It's the theory of free trade! There's nothing to it, but that. This is what Mandeville said; it's what Locke said; it's what Adam Smith taught; this is what Quesnay taught—look what it did for France.

But, people believe. "You have to believe in free trade. Are you against freedom?"

"Freedom of who—the little green man, under the floor-

boards, with the invisible hands?"

Then, people say, "Well, you have to go by *opinion*." Well, I know most of the opinion, that is expressed in most parts of the world, on most subjects, is idiotic.

Now, if the majority of opinion is one kind of idiocy or another, why should I base myself on opinion, instead of truth? What we have to base ourselves on, is what? What does truth boil down to?

Reason vs. Sense-Perception

Now, let me get a little bit tough—I've done this before, but on this question, it's crucial, to understand my point. Mankind is different than any other type of living creature. Mankind is the only creature capable of reason. And, how does mankind reason? Mankind realizes, that his *senses fool him*. The person, who says, "I believe in sense-perception," is a fool. He's behaving like a monkey—like the case of the Malaysian monkey, who ended up on the farmer's dinner table. Malaysian monkey. The Malaysian farmer was clever, when he wanted to eat monkey for dinner: So he would take a flask, an earthen flask, or another flask. And he would put a nut, which the monkey would like, in the flask. He would tie a rope around the neck of the flask, and leave it there. The monkey would come along, find the nut, put the paw in, grab the nut—but then, the monkey couldn't get nut in his hand out of the flask, while holding the nut. And, since the monkey wouldn't give up the nut, the farmer would come along, and catch the monkey, nut and all, and take them home for dinner!

Not a guest, but on the table. Not *at* the table, but *on* the table!

Animals are like that. Animals have animal insight, but they couldn't solve the monkey-trap problem. And, every hunter can tell you that—every professional hunter, skilled hunter. How do you hunt an animal? Not by chasing it. You hunt an animal, by knowing how the animal functions. You know where the animal is going to be, and you're there, waiting for it, with the appropriate arrangements. And, that's how you get the animal. Every animal can be taken by that way, and all too many human beings are taken that way, because they choose to behave like animals!

The difference is, the animal responds to sense-perception as reality. When human beings enter into relations with animals (as Helga has with her pet dog), the relationship between a human being and the animal pet, changes the character of the animal, because it is now coupled with human behavior, and will respond to sense-perception under the influence of human behavior, and will behave unlike an animal of the same species in nature. But, generally, animals operate simply on the basis of sense-perception, and what appears to be their genetic predetermination.

Human beings, on the other hand, know that sense-perception is a fraud. Or you come to know it. They realize, that what your senses show you, is not the real universe outside the skin. What the senses show you, is the reaction of a certain part of your biological processes, called "sense-perceptions," to the stimulus, provided, usually, by the outside world. Therefore, you will never *see* the outside world of your senses. What you have to do, is you have to solve the problem, of discovering what actually is out there, that causes the effect. And, how can you control what is out there, to change the effect? Only human beings, as a species, can do that. Animals can't.

What man discovers, for example, is principles we call "physical principles": principles of the universe, which are not visible. You can never smell a principle (I hope not!); you can never see one; never taste it; never touch it. A principle is something which the mind recognizes—not the senses. It recognizes it, by understanding what is wrong with the senses, and then, learns how to use that principle to operate on the universe, the *unseen* universe, to cause the unseen universe to change, in a way which is desired, by a sense-perceiving individual.

These discoveries, principles, are universal physical principles. The falseness of the idea of principle, is typified by a Cartesian or Euclidean geometry. You can learn something from these geometries, but don't take them on good faith—especially a Cartesian geometry. There are no *a priori* definitions, axioms, or postulates, in the real world, which are *valid* in the real world.

Now, this point was made by Kästner; also in the case of Gauss; it was made emphatically by Riemann, in the opening of his famous habilitation dissertation. *There are no abstract a priori principles in the universe.* The only principles we

know, are those which are *discovered*, as valid universal principles: These are *physical* principles. They are physically *efficient* principles, because by operating on them, we can produce changes, which otherwise could not occur. And therefore, all we know, the only geometry that is true, is the geometry, which is based on discovered, valid, universal principles. Any other geometry is false. Any other principles are false.

In the case of mankind, this is the basis for real, or "physical" economy, as opposed to the garbage I referred to up here on these charts.

How does mankind, do what? How does mankind increase the relative potential population-density of the human species, as an act of will? If man were a higher ape, then under the conditions which existed on this planet during the recent 2 million years, or the glacial cycle that we know, the total population of these apes called "men," would never have exceeded several million individuals. We now have over 6 billion living on this planet. We can support 25 billion, with comfort, if we would apply the technology that we have. And there's no limit to what we can do beyond that.

Therefore, it is by man's *will*, the creative will, the power to discover and apply universal principles, that mankind is able to change his relationship to the universe, to improve the condition of mankind, and to increase man's power in the universe.

Therefore, in physical economy, *that* is the principle of physical economy. This means, therefore, a certain kind of education as standard; it means conditions of life, in which these mental powers of the young individual are fostered; it means the opportunities of work, in which these mental powers can be called into play. It means the transmission of knowledge, of these principles, which means rediscovery of these principles. And, that we encourage. We now have a situation, on this planet, in which, if we go with a *science-driver approach* to the planet, using these kinds of principles, we can create a new condition of mankind on the planet.

It Takes a Generation

To summarize up my points, now, sum up the following way: These improvements, which we generate as mankind, are never less than the work of a generation. The fundamental capital investment, is the investment the society, including the family, make, in developing a newborn baby into a mature adult, capable of functioning economically, or otherwise. Today, in modern society, that's about 25 years. In other words, to provide the kind of education, and nurture, which will ensure that a person comes out of education, as a qualified young professional, is an investment of society for about 25 years, a quarter of a century, today. Therefore, the first policy of society should be that. That's your first level of capital investment.

The second thing (there are several levels of capital investment), is basic economic infrastructure: making the desert bloom; improved water management; increased fores-

tation—more water, more power. These are things, which also are capital investments, which require time: To build a large water system, will take the period of a generation or longer, to develop it fully. To build a power plant, would probably take four years—a good power plant; three years, if we're lucky. These things require capital investments. The cost of these things have to be averaged out over a number of years—half a generation, or a full generation: a major power system; a major transportation system, is an investment in a generation's time. These are capital investments: We must put the effort in, to get a quarter-century benefit, or longer, out of it.

So, physical capital, is what's important. The level and quality of education, are what's important. The level of health care is important: disease control; public sanitation; these things are urgent.

And, otherwise, to get out into space, and explore the Solar System, to find out what's out there, so we can discover more principles, which we can use, on Earth, for man. That's our purpose. There's what economy must do.

Therefore, we have to have a managed system of management of economy. Now, where does the private sector come in? Most of the basic needs of society, involve public expenditure by infrastructure, by some agency, which is responsible for *all of the infrastructure, for all population*, not a private enterprise. An aggregation of private enterprises could never do that. Then, why do we have private enterprises? Ahh! Because of the individual! Because, the creative power of the individual, is what we want! Therefore, we encourage people, to engage in ventures, which will be useful, in which they can innovate, and make their innovations effective, to increase the productive powers of labor, and benefit to society as a whole.

Therefore, we protect, as states—we protect these kinds of investments, these kinds of enterprises. To improve, to enable individuals to make a contribution: In Germany, people are proud of the *Mittelstand*. This is the high-tech *Mittelstand*, in Germany, which is very essential to the success of Germany, as an economy which is allowed to be successful. So therefore, we want that! We want initiative; we want individual initiative. Our conception of man, is based on the creative power, which is unique to the sovereignty of the individual mind. Therefore, we should be a society, which is promoting the development of *sovereign, individual minds*, and of cooperation among sovereign individual minds.

Therefore, public and private economy are part of the same process. They're not against one another: Without infrastructure, you can't have a private firm; without water, you can't have a firm; without power, you can't have a firm; without public sanitation, you can't have health. And so forth. So, these are the kinds of the *ideas*, we have to shift to.

We have such a system designed, in the United States: It's called the "American System of Political Economy," as opposed to the failed system of Europe. The failed system

of Europe, is the so-called "parliamentary" system, which worked on the basis of co-habitation with the so-called "independent" central banking system.

Central banking systems are parasites: They are collections of financier agencies, of financiers, who gather together like a slime-mold, to control what's called the central banking system, to exert control over the state. And, whenever these things get into trouble, as now—or as in Europe in the 1920s, 1930s—the tendency is, that the financial forces, which are represented by the slime-mold—the central banking system—will act to destroy what is called "parliamentary government," for a dictatorship, in order to save the *interest* and *power*—not the money, but the power—of the financier class.

And, that's what Hitler was.

Who Controls George Bush?

Now, let's take today's situation, to bring it up to date: People are trying to explain what George Bush is doing, or what he is. Well, George Bush is nothing. Period. I don't think he even knows who he is, or what. He reacts. He's a reactor. He's an unreformed drunk—he doesn't drink any more, but he's an unreformed drunk, and that's not a good combination. He wants to drink—and he forces himself not to. Maybe the best thing to do, is get him drunk! All right. But, he doesn't control this. George Bush is not the author of this problem. He hasn't got the brains, to author such a problem. He is only reacting. He's a reactor. Not an actor, a reactor.

Now, who's controlling George Bush? Well, you have Cheney and Rumsfeld. They're obvious. What's behind them? What's behind them, is a very interesting phenomenon: This fellow from Germany, Leo Strauss, from up north of here in Marburg, educated as part of the Marburg School of Social Science Studies, under the direction of Castlereagh. He was given an international career by the Carl Schmitt, who designed the law, under which Hitler came to power in Germany—and Carl Schmitt was a fascist: a real, hardcore Nazi.

This Leo Strauss was also an admirer of Nietzsche. He was very close to the entire Frankfurt School, especially to Martin Heidegger, the fascist. But, he had a problem—he was Jewish. And, you had a number of people in Germany, including the Frankfurt School generally, who are *all fascists*: They were all followers of Nietzsche, or similar kinds of people of this existentialist school, which Nietzsche exemplifies. As did Hitler—same school; the same type. But, being Jewish, they couldn't qualify for Nazi Party leadership, even though their fascism was absolutely pure! As extreme as Hitler! They sent them to the United States.

So, Leo Strauss, prompted by Carl Schmitt, was sent by the Rockefellers to the United States, and then, was picked up by Bertrand Russell, of the Russell-Hutchins collaboration. And Hutchins, at the University of Chicago, installed Leo Strauss, as professor of Satanism, at that school. The entirety of the core of the fascist gang, associated intimately



Carl Schmitt (inset), the legal apologist for the Nazis' seizure of power, also promoted the career of Leo Strauss, godfather of today's American chicken-hawks. Schmitt was arrested for the Nuremberg Tribunal (shown here, with Nazi Economics Minister Hjalmar Schacht in the dock), but was never actually prosecuted.

with the Vice President Cheney, *behind this war, are all students or under students of Strauss*. So, when you touch Leo Strauss, you're touching the core of a group of *lackeys*, not financiers—lackeys—like lackeys of a corrupt, feudal court. These lackeys are loose, controlling the state, with financial backing. Sharon is a part of the same thing: financed and controlled from the United States, by big money, which is behind the same lackeys.

Now, are these guys the cause of the war? No. They're only lackeys. Israel, for example: If Israel, under Sharon, continues its present course, Israel will be destroyed. If Israel goes to war in the Middle East, Israel will be destroyed, like a hand grenade, which has been thrown: When it reaches its destination, it explodes. It does the job, and then it fragments—it doesn't exist any more.

So, is Israel behind this? No. Israel is a hand grenade being thrown at the Arab world. So, Israel is not behind this. George Bush hasn't got the brains to be behind it. Who's behind it? The people I referred to, in January 2001: the independent central-banking-system crowd, the slime-mold. The financier interests. The same type of financier interests: descendants of the same interests that were behind the Hitler project, when the head of the Bank of England, backed by Harriman money, and by the grandfather of the present President of the United States, moved the money to refinance the Nazi Party, and the pressure to bring Hitler to

power, on Jan. 30, 1933: This is what is happening now.

Again, there are two parts to it: One, we have the tragedy. We have degenerated so far, as a European civilization, that we have allowed ourselves to come to this point. Secondly, as in many tragedies, we've come to the point where the sublime is available. We have, in the developing unity in Europe, against this fascist push, coming out of the United States, in particular; and the aspirations of Asia, to defend itself for security and common benefit; and the cooperation between western Europe and Asia, on long-term technology sharing, as a basis for the recovery of the economies of these regions, and for the prosperity of the future. This is the positive line.

What is required, as I've said, is the initiative leadership, of action, to put the potential into motion, and give the world a clear sense, that this positive alternative, of cooperation among a group of perfectly, respectively sovereign nation-states, is prepared to act, to solve the great economic and social problems of this planet. That, intersecting the public opinion, that is opposed to the war, can make that public opinion effective, and mobilize the forces within and outside government, which will crush this fascist process in motion.

This means leadership—not public opinion, not popular opinion, but leadership. And, leadership means one thing: It means people, who, like Jeanne d'Arc, are willing to put their lives on the line, to get the job done.