

LaRouche: The Urgency of The American System Today

Lyndon LaRouche addressed an invitation-only EIR seminar in Berlin on March 2, titled, "The Iran Crisis: The Danger of a Global Asymmetric War Must Be Stopped." Other featured speakers were Helga Zepp-LaRouche, head of Germany's Civil Rights Movement Solidarity (BüSo); former German military attaché to Baghdad Col. Jürgen Hübschen (ret.); Prof. Cliff Kiracofe from the Virginia Military Institute; Prof. Mohammed el-Sayed Selim of Egypt (via a written speech); and EIR's Michele Steinberg. There were about 100 participants, including Arab, Asian, and African representatives; former German officials; former deputies from Parliament; scientists; and LaRouche Youth Movement members.

Here is LaRouche's keynote speech (subheads have been added).

Well, in the past period there have been some changes in the United States in politics, particularly since last Summer, a year ago, Summer. The Democratic Party had no platform—I made one. It was presented at a July conference in 2004, and it made quite a hit, and quite an impact. And as a result of that, I was brought more deeply into the functioning of the Democratic Party through the campaign of John Kerry, which came out of that convention. We did a good job in that Fall, but it was too late. We should have gotten at it earlier. And the cheating by the enemy was inevitable. And sometimes, when you know that you're going to be up against a fraud machine, you have to work in taking into account that you're up against fraud, and you have to overwhelm the fraud if you're going to win the election. And they didn't go out to overwhelm the fraud, and that was a mistake.

But then, the Democratic Party fell flat on its face, when it was reported they lost the election. And so, I intervened, and again, they were willing to listen to me. So, we made a plan for turning George Bush into a lame duck. This is not the kind of bird disease we're talking about these days, but it would do for the time being.

And he *is* a lame duck. We turned him into a lame duck. We knew what he was going to do, that he was going to try to rob the Social Security funds of the United States, or the people. We made that the key issue, and that kept him off-balance throughout the year. By May of the year, we had a real challenge to him organized in the U.S. Senate, which consisted of practically all of the Democratic Senators, and some Republicans, who refused to go along with what Bush was doing on key issues. So, therefore, we had, in the year 2005, we had a Democratic leadership in effect—a bipartisan leadership but with Democrats as a key to it—in the U.S. Senate. That was followed, by unfortunately, a very bad beginning for this year. And there were setbacks, there were major mistakes. But, history is history, and the process is going on.

Now, I want to get in two points here. First of all, to describe the general situation, and the relationship of what's happening in the United States, to what the fate of Europe and other parts of the world is going to be. And secondly, to indicate some of the problems, particularly on economic conceptions which stand in the way of competent thinking about economic policy, in the United States to some degree, but emphatically in Europe: that the failure to understand economics in the way that is needed now, is one of the biggest impediments in Europe. And I think I shall make clear to you, what these impediments are.

So, my view is this: The present system, the present world monetary-financial system, as it took shape especially during the latter part of the 1960s, and especially in the course of the 1970s, is now doomed. Now, in economics, you can never predict an exact day of an event. You can't overlook the fact that we have *human beings* inside economies. And therefore, statisticians are always wrong when it comes to economics. Any statistician, anyone who believes in simple methods that are taught in accounting courses and in economics courses in universities today, is bound to be incompetent in any forecast



EIRNS/Wolfgang Lilige

Lyndon LaRouche told the Berlin seminar: “What has to be done, can not be done on this planet without a leading role from the United States. We have to do that job. If we do the job, then we need forces in Europe, particularly, who will join with us, in making the job international. That’s the only chance we have.”

they make: because the human processes are not animal processes. You can not apply animal statistics to human behavior, because human beings have will, they have the ability to change.

But one thing they can not change: If you’re making a mistake, that mistake is going to hit you somewhere down the line, if you keep doing it. And therefore, you can not predict exactly what will happen, but you can foresee the direction in which mistakes will lead you. And you can make a fair estimate of the time frame in which these mistakes will lead to their consequences.

The problem is, statisticians in general, and much scientific thought in universities, is based on statistics, statistical methods, which are essentially based on a Cartesian conception, of objects being moved around in empty space. Those kinds of forecasts are absolutely incompetent, they never get the right result. And therefore, that’s the big problem in economics, that people believe in statistical reporting, and projections from statistical reporting, which can not work in the human race. Because free will—or lack of free will—on the

part of leading figures, or most influential figures or groups, can change the course of history, for better or for worse; it can change the timing of events.

Competent Forecasting Is Based on Dynamics

So therefore, what you have to do—it’s like fighting war. You don’t know on what days you’re going to win or lose the war. But you may have a strategy for dealing with a situation you’re facing. And that’s the best you can do in forecasting. I’m fairly good at this area of forecasting. But the proper method is dynamics, in economics as well: If you’re forecasting from financial statistics, or financial data, or correlations with financial data, you’re going to be wrong! Badly wrong. You have to forecast on the basis, the same way as strategy, and you have to forecast in terms of dynamic systems, as living processes are generally. And that’s where most economics is incompetent.

Competent economics is based not on financial data. The idea that economies are run by financial data is like playing Monopoly, the board game Monopoly. And economies don’t work that way. What happens to money, does not mean that the general welfare is improved if the amount of money is increased—as you see now. The curve, since the 1971-72 period, the curve has been a constant increase, a secular increase in the amount of money and financial aggregate in existence. But during the same period, especially over the late 1970s, radiating into the 1980s, there has been a decline in the actual per-capita physical product production!

If you look at the figures in the United States, county by county, from 1977 on, you see a consistent decline in the economy. For example, take part of the state of New York, the western part, toward Lake Erie; take the western part of Pennsylvania, which used to be the steel area; take Michigan, which used to be the great automobile center; take Ohio, another big automobile center; take Indiana, another center: It’s a disaster area! And you look at the areas that used to have physical productivity, have none. People are living on make-work, cheap labor as make-work. Going from productive employment, into what’s called “services,” cheap unskilled services, working as restaurant workers and things of that sort—any kind of job to keep them occupied, and at very low wages.

So that, what’s happened over this period is, the shift into what has been praised as the post-industrial, or services economy, has been an economic disaster, for the United States, as it has been for Europe. For example, Europe: Right now, Western Europe is bankrupt! The actual income, current income, in Western Europe, as in Germany, as in France, and so forth, is actually below sustainable, break-even level. And under Maastricht, it will never improve. It will get worse.

So, these are the kinds of factors we have to take into account.

The economy is collapsing, and the problems are, that people have tended to believe in financial statistics, and government reports based on financial and related statistics.



“The idea that economies are run by financial data is like playing Monopoly,” said LaRouche. “And economies don’t work that way.”

Which are in every case, fraudulent. Governments are trying to succeed in managing a population politically. Therefore, they want to project figures that help them control public opinion. And therefore, they manufacture their figures, by manipulation of financial statistics, as if an increase in the amount of money, or the increase in the amount of nominal wages, in terms of dollars or euro, these days, would say, “This is an improvement.” When, actually, if you look at the content, you look at the rate of inflation as measured in physical goods, you find there’s a constant deterioration. And in the United States, that’s the case.

Roosevelt’s Postwar Miracle

Now, the other problem, here, is that we had a great crash in Europe in the course of the 1920s and 1930s. It built up in various ways; it was a product of the Versailles Treaty arrangement, which was sort of like a pioneer of Maastricht. And so, it was declining. And in this period, from 1929 to 1933—until Roosevelt was inaugurated as President—under Hoover, there was a 50% physical collapse in the U.S. economy, as there was something comparable here in Germany, in the same period.

From that period on, Franklin Roosevelt, going back to the traditions of his ancestors—Isaac Roosevelt, for example, back from the time of Hamilton, and some other precedents—took a U.S. economy, which was shattered, in the depths of unemployment, with a 50% collapse of physical output, and he transformed this in a short period of time, into the most powerful economy the world had ever seen.

It was not the war, quite contrary to myth, that built up the power of the United States. The war was a big cost: We had 16 to 17 million people in military service, the largest military force ever fielded in the planet; we sustained that with tons of materiel per person, per soldier, around the world. This was an enormously costly venture. This was not a war-

profiteering venture. In war, you lose money on it. If you fight a war for more than two years, you’re crazy or you’re ruined, because it will drain you—in more ways than one, as you see in the case of Iraq. A silly, ruinous war, that went into asymmetric formation, and is now destroying that whole section of the world by its radiated effects.

Well, this was a miracle. We emerged from the war, as not only the leading nation, the most powerful economy the world had ever seen. But we also were able to save the world. Because, nobody’s currency was worth anything, except the U.S. dollar. And Roosevelt introduced a system which was based—it had nothing to do with Keynes. People in Europe will say it was a Keynesian system. The Bretton Woods system was *not* a Keynesian system. European economies are based on *monetary* systems, in which, in general, the government is a subordinate of a central bank. The central bank is largely a creature controlled by the private financial interests. They control, in most times, unless government is very powerful and has a lot of support, *they* control the government, because they tell the government what they can do and what they can’t do.

Now, the biggest problem that this represents, in times like *this*, in times of a great financial crisis, is the ability to create credit. If you try to create credit by private banking, you’re going to fail. That’s how fascism came easily to Europe: because the private banking system was orchestrated to fail on that.

In the United States, the advantage was, we have the American System, *not* the European system. The American System is based on *state credit*, not a monetary system. European systems are regulated by monetary systems, which means financier interests in the Venetian tradition, essentially more or less control governments—directly or indirectly. Private banking groups, as predators, often control governments, as you see in Germany today, and other parts of the world today. They’re going in, gobbling up things, gobbling up industries, destroying assets, hedge-fund raids on all kinds of assets in this country and other countries.

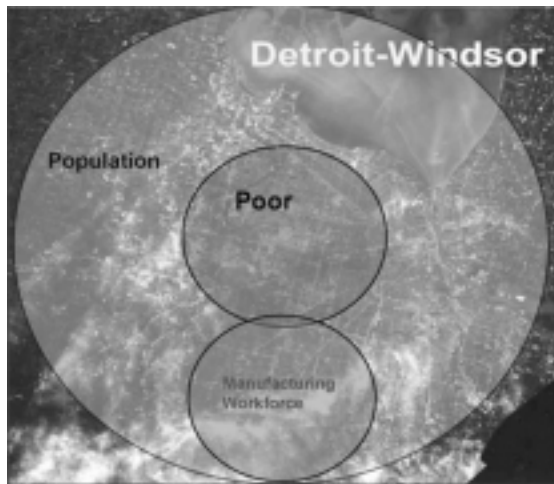
In the United States, we have a different system: We don’t have a monetary system, we have a *credit system*. Under our Constitution, the issue of money, and the control of money, is by the government, *not* the banks! We made a qualified exception to that in the formation of the Federal Reserve System. But in our system, it is the Federal government, under the Constitution, that controls the emission and regulation of money! So therefore, under our system, if the government creates state credit, with an act of Congress authorizing the government to form this credit, the Federal government, the Executive branch, through the Treasury, can issue this credit for investment.

Overcoming the Current World Depression

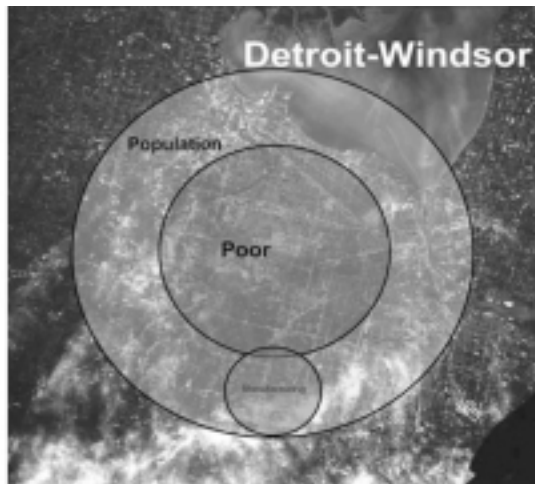
Now, the way it works, and the way it’s going to have to work in the coming period, to get out of this great world

Deindustrialization Ruins Midwest Cities

1970



2004



Deindustrialization has shrunk and drastically impoverished the major cities of the upper Midwest since 1970.

depression which we're in now—we're just waiting for the shoe to drop for places like Japan, on the overnight lending rate, for the day when the hedge funds start to collapse—but, what we're going to have to do is, we're going to have to create a great mass of long-term state credit, on long-term account, not annual account.

The leading edge of this investment of credit, now as under Roosevelt, will be in the state sector, the public sector, where the Federal government—I'll give you an example: I have one proposed piece of legislation, emergency legislation, which is kicking around among members of the Congress, members of the Senate. And that is, one large project, an integral project in itself, to take the question of the national public transportation and power systems, under one long-term credit arrangement. You're talking about essentially 30 years of credit, to rebuild—we don't have a rail system any more to speak of. It's been destroyed. We've got to put it back. We're going to have to go to a maglev-type system for trunk lines, on rails. Our airline system is collapsing. You know, since power stations generally are 30-year investments, about that order of magnitude, you generally have to finance them on 25 to 30 years credit. So, you have to have credit for 25 to 30 years, issued by the government, in this case, to build a power station.

We're going to have to use a lot of nuclear power, which we backed off from, back in the 1970s. We'll probably be using things in the fission area of high-temperature gas-cooled reactors, somewhat modelled on the pioneering work done here on the Jülich model, which will probably be on the lower order of 120-200 MW for ordinary use, because they're small stations and they can be quickly put into place. But, we're also going to have to make another change in our energy policy, which will mean we'll be using hydrogen-based fuels,

to replace our dependency upon imported petroleum products and so forth, in the future. We have to. We're going to hydrogen-based fuel automobiles. Japan is already doing that. There are plans in the United States to do the same thing. With an 800 MW reactor of this type, you can actually generate hydrogen-based fuels, locally. Which means that you have control of your supplies, within the territory.

So, you have a multiple-purpose reactor, which produces among its products, such things as fuels. We will convert automobiles largely to hybrids, which in one cycle, the chemical cycle, will depend upon hydrogen-based fuels. Aircraft, the same thing, they're hydrogen-based, because you might not want to use pure hydrogen, but you want some stabilizing element in it.

So, we have to do that. We have to change. The world is going to have to change—it's going to have to be done in Europe, too. The introduction of hydrogen-based fuels generated here is going to be crucial. It's a politically crucial problem here. It will be in other parts of Europe, as well.

So, this means that we can regenerate the economy, which is collapsing in the United States. The lower 80% of family-income brackets have experienced a disaster, since about 1976-77. And if you look, county by county, across the territory of the United States, you see the losses, the transformation from a productive economy, to a collapsing economy. And poverty. You see the collapse of health care, the collapse of medical facilities in general; the collapse of schools. Filth, decay, all over the place, whole parts of the country that were once rich, prosperous, in the sense of the normal standard of living, are collapsing.

So, we're going to have to have, as Roosevelt did, but on a larger scale, long-term investment largely in infrastructure investments, such as rail, power, improvement of our aircraft

system, and things of that sort. We're going to have to repair our river system. For example, as you know, the central United States is located in a water system which comes down from the Canadian border, including the Great Lakes, from between the Rockies and the Allegheny range: It comes down like a great funnel, to the exit at the Mississippi River. This river system was one of the axes of building up our economy. It is now broken down. Again, it's a period of 25-30 years—a lock, a dam, wears out. If you don't replace it, you don't replenish it, it no longer functions. If you have breakdown in key locks and dams along the way, then you have lost the ability to move bulk freight through water transport. We have to repair this. We have to repair the entire system. We have to do what George Bush refuses to do: to deal with that problem in Mississippi, which is underlined by the recent Katrina disaster there.

So, we can do that. We can, with our system, simply by following it, by using our Constitution, and our credit system, we can mobilize our forces, to bring our nation out of the gutter.

Eurasia Must Adopt the American System

Now, in Europe, you can't do it right now. Because, the political system is based on a *monetary* system, *not* a credit system. What happened at the end of the war, in the reconstruction of Europe, was, when the U.S. dollar was the only currency worthwhile, under Roosevelt's provision before he died, the creation of the Bretton Woods system enabled the United States to *facilitate* the building up of new currencies, or renewed currencies in Europe, and the creation of a credit system largely imitating what we'd done under Roosevelt in the United States, to build up in Germany, to build up in France, and build up elsewhere, in northern Italy.

Therefore, in the past, in the last crisis, the United States was able, in the postwar crisis, to help *save* Europe, by the credit supplied, on the model of the United States. We didn't give a lot of money (we gave some money); but that wasn't it: We gave credit-backing, stability to European and other currencies. And it was that stability, and the ability for example with the Kreditanstalt für Wiederaufbau [Reconstruction Finance Agency] here in Germany, to do the job, to do the rebuilding.

Today, it's going to be the same thing. The political systems in Europe, as in Germany, are not presently equipped, on their own, to do what many people here know needs to be done. The generation of large-scale credit, to take the 5 million or more people who are unemployed, and start to put them back into the ranks of employment. And in productive employment, not just employment. And that will change the system. That means large-scale capital formation, it means the creation of credit facilities, it means long-term investment with the state backing—the only way it can be done.

Now, if we *do* that, and the United States cooperates, say, with Europe on that, under those conditions, then we have a

further perspective. We have people who have the myth, that somehow Asian economies are now the economies of the future. That's a myth! There has been great improvement in China, but it's not secure. There's been improvement in India, but it's not secure. *These are not the wave of the future!* Not on their own.

Because, in India 70% of the population is desperately poor. Why are they desperately poor? Because the product of India can not buy enough to sustain improvement of the population, of the 70%. In China, you have a somewhat different, but comparable situation, which is complicated by the fact that China is not really producing national product, not much. What it's doing is, it's taking designs, of product of other countries, producing with cheap labor and some technology, on the basis of those designs; putting a product into the world market, which then is sold, and delivered to and polished, in other markets. What happens to China and India, in a somewhat differential way, if the U.S. and Europe go into a collapse—the primary markets for the China products? The primary sources of the credit for this business? What happens to India? You have a social crisis, immediately! As you can see in Asia.

So therefore, they're not independent. They are *not* the wave of the future, that's going to prosper if we collapse! If European civilization collapses, there is nothing for the rest of the world. Except Hell.

Therefore, we have to resume a role which is bequeathed to us, since before the Peloponnesian War: the role bequeathed to us, implicitly, by the writings of Plato. European civilization, which was reborn in that form, fully, with the Renaissance, the Italian Renaissance, the 15th Century—which is *modern* civilization, modern technology, modern science, which we in the United States represent, too. Therefore, it is our obligation, to take this legacy we have, as almost a trust for humanity, and to make the benefit of this legacy available to people in Asia.

That means, that we're going to have to go to a *Eurasian* orientation for Europe, in terms of economy. We must not have globalization. Globalization is death. It's a form of imperialism, under which no one has any sovereignty over anything; and groups of bankers, like the Lazard group in France, run the world—and eat the world, and eat the people in it. So therefore, it has to be sovereign nation-states.

But, our role, essentially, is to look at the Eurasian continent, as one big unit, the biggest unit on this planet; of the greatest amount of the world's population. At one end, you have Europe, and Germany at the pivot in Europe, because it's the most advanced, potentially the most advanced center for Eurasia, which then, reaches out, reaches eastward. It reaches through Belarus, through Russia, through Kazakstan, so forth, into Central Asia; reaches to China, goes down to India. One line, you can visit—most of this area is totally undeveloped. It needs development. Vast resources are hidden under the ground in this area, but in an undeveloped area.



EIRNS/Wolfgang Lillge

Lyndon and Helga LaRouche, and Frank Hahn of Germany's BüSo party, at the Berlin seminar. There were participants from throughout Eurasia, as well as the United States and Africa.

You don't have the population there to develop the territory, the vast resources.

Now, at the same time, *if* we do a job of saving China, saving India, from the curse of what happens to the United States and Europe, what happens then? Well! The average Chinese is not going to be content with using the level of raw materials that they use now! Nor the average Indian, is not going to be content with that: If they want a modern standard of living, their consumption of what we call raw materials is going to increase. With that, you can go into the areas like Asia, you can find large areas of deposits there, which are untapped and available, just as the Russians have their gas projects and so forth.

We're Going To Reorganize the Planet

But that's not going to suffice. Because, these are marginal resources. Take one case: Take fossil water. Have you thought about how much of the fresh water, used in various parts of the planet, is fossil water? That is, water left behind from the melting of the glaciers. For example, you've got some stuff that's been down there for 2 million years, under India—it's kind of salty, by now. But, you have Australia, depending upon fossil water. Most of the world, to one degree or another, depends upon fossil water. Fossil water means, it's not a renewable resource. You begin to have land subsidence, from drawing down fossil water.

Therefore, we're going to have to make water. Not chemically, but we're going to have to process water, to provide supplies. We can not depend upon the present system.

The same thing applies to a lot of other fossil material, in the Biosphere, such as minerals, and things of that sort. As we draw down, more and more, we go to marginal resources. These resources are going to become more expensive, physically, in terms of current standards of production, by labor.

What are we going to do about it? We're going to have to go to a *high-level, science-driver program*: We're going to have to do, what is implicitly in the work of [Vladimir I.] Vernadsky. We're going to have to consider—instead of

drawing down limited natural resources, we're going to reorganize the planet, to regenerate and produce the natural resources we require, first of all, so we supply the needs, the aspirations of a growing population, particularly the poor, who don't want to become poorer all the time. They want improvements; they want to look upward. In order to use marginal resources, more expensive resources, you've got to increase the productive powers of labor. Otherwise, the cost of raw materials will be too high. It will just defeat your purpose, in trying to improve their lives.

Therefore, you've got to increase the productivity per capita. To increase the productivity, means changing the standard of living, upgrading it, increasing productivity through technology. It means *science-driver programs*: It means the end of the Greens. Because you can't survive under Greens, you can't live under them. That's how the crisis hit Germany so hard. The Green factor, inside the coalition government of Schröder, *doomed* it! Because, the point had been reached that the country is ungovernable, under the Greens.

Now, you've got a coalition that may not work too well, because it's not the end result which the election was pointing toward. But you see this all over the world: The green, anti-technology movement, the drive towards service economy, is doomed. Or the nations are doomed, that don't make the change.

A New Educational Policy

We now have to go back to what? We have to go back to a new educational policy. Because, in the past period, since the middle of the 1960s in particular, we've changed educational policy, as it was changed in Germany, under the Brandt government. To overturn the tradition of the Classical education policy for secondary schools in Germany. Which took the *gut* out of the German population, its productivity, which came largely from the rebirth of Classical humanist education in the school systems in the postwar period.

Same thing in the United States. In France. All of these kinds of things that have become popular, this kind of deca-

dent culture, you might call it a “Brechtian” culture. which has taken over. These are not productive people; these are not people who think in terms of progress. This is not the labor force we need. But we can’t get new human beings! We have to improve the human beings that we have. Which means a new educational policy, a different policy in education in that direction.

Now, this is what we’re doing from the United States; it’s what I’m doing. It involves lots of problems, and most of you know something about politicians, and know that they’re not always the best vehicle for progress. But, let’s take one case, which Germans had some experience with in the postwar period: We had a fellow called Harry Hopkins, who was a key figure in the Roosevelt Administration. Hopkins was the fellow, who in one or two days, actually took 4-point-something *million* unemployed, and put them into employment—virtually overnight. Now, this thing by him, resulted in the capability of the United States, by 1940, 1941-42—this program was done, not by politicians as such. It was a Roosevelt program, under Hopkins, but who did it include? It included a young military officer, specialized in dealing with engineering, Lucius Clay, who became well-known here in Germany, particularly in this city. And these people—Eisenhower was part of it; Eisenhower and MacArthur were part of a whole group of military officers from the 1920s on, who began to build up, on an engineering basis, the design for what the United States did during the Second World War. It was based on these engineering officers, who looked at the question of economy and engineering, the interchangeability of the development of infrastructure and management in civilian economy, and the point of logistics in warfare: The two things are related.

We’re going to have to do that. We’re going to have to not necessarily have an armed camp, but we’re going to have to find teams of people, who actually, with the approval and backing of the politicians, will actually do the job of making things work—as we did in the United States under Roosevelt. This was not a happenstance program. This was a highly sophisticated engineering job. And that’s what you need here. And we’ll need it elsewhere.

And also, we have not gone anywhere near where we could go, in terms of scientific programs, on the frontiers that presently exist for us.

Money Does *Not* Make the World Go ‘Round!

But, look at the typical situation: The idea that money is a measure of economy, a measure of performance in economy, is a piece of idiocy. Money is only useful as a means of exchange. The first time that money was used in the method prescribed by the U.S. Constitution, was in the 17th Century in the Massachusetts Bay Colony, where prior to 1688-89, when the British monarchy cracked down on them, they invented a scrip which was used as an internal currency inside the Massachusetts Bay Colony. Now, the Massachusetts Bay

Colony, contrary to some myths in Europe, was actually much more advanced than in England. As a matter of fact, at the time of the American Revolution, the average standard of living and productivity of the typical American was twice that of the United Kingdom. England was a backward country. As a matter of fact, the Industrial Revolution was brought to England by Benjamin Franklin! So, this sort of thing.

So, it is not the money system, that generates growth. Money is not a measure of performance: Money is a means of exchange, it’s a means of circulation. Performance is provided, not by investment of money; performance is by investment of people and skills, in creating infrastructure, in creating productive employment, in technological improvement, in scientific progress. This is where wealth comes from.

But you have idiots, you have systems, who have these monetary theories, they tell you how money is showing you how the economy is working. And you look at us today, and you say, “How is money working? What is the average condition of life? What’s the level of employment? What’s the standard of living? What’s the health-care level?” All of these things—obviously, money is not a measure of performance. Money is a means of exchange, which is very useful and very necessary as a means of exchange, which enables you to let people function freely within an economy, and see how they perform, within an economy. That’s the element of freedom of the individual in the economy. But progress is made by scientific and technological progress, or the equivalent in artistic progress, Classical artistic progress which develops the human mind, and develops the ability of people to understand other people and work with them.

But we measure economy, we say, “What are the statistics showing us?” And you look at the economy, you say, “What does the economy tell us about the statisticians? The economy tells us these statisticians are incompetent, or wasting their time, just to please somebody with some figures.” It’s not solving anything.

Economy is measured in *physical* terms, but not simply physical terms. You can approximate the effect by looking at physical effects, which are important. But the important thing is, you’re always drawing down the richest resources. So, how do you maintain an economy, if you’re drawing down the richest resources? If you’re doing the same thing all the time, you couldn’t possibly improve: It’s only through scientific and technological progress, and its application to production, its application to the conditions of life, its application to public health—these are the ways, in which wealth has to be measured. It must be measured in the *physical* effects, and also in the rate of *improvement*, as measurable in physical effects.

Money must be measured by physical effects, not physical effects by money.

That’s the issue here. So therefore, what you have, is accounting systems and economic analysis systems, which do not correspond to reality. And right now, if you look at

the ratio of monetary aggregate, financial aggregate, against physical aggregate, over the past period, since the 1970s, the rate of financial aggregate per capita and per square kilometer, has been going up, like that. The rate of financial emission, has been going up like that. Now, the rate of monetary emission, recently, or monetized emission, has gone up more rapidly than the financial, as a recent phase of crisis is entered.

In the meantime, in the same period, there's been an accelerating collapse, in physical output per capita.

We have a doomed culture, a doomed civilization, based on what happened since the middle of the 1960s, in the shift from the productive economy of the first two decades of the postwar economy, to this kind of orientation toward services and a globalized economy, which is destroying us.

Transforming the Democratic Party

Now, therefore, what we're doing in the United States, we're dealing with the same thing: The Democratic Party which had been considered the party of Franklin Roosevelt, decayed. Both major parties decayed. About 80% of the population has, more and more, drifted away from the political parties. There used to be political parties which were mass political parties, in which a very significant amount of the general population participated in party organizations, especially in the Democratic Party after Roosevelt. Politics in the party were based on the people in the party; not on the big money, but on the people in the party. That changed, with the change in policies, under Nixon, especially.

Those changes in policy—the people became more and more estranged from their government, estranged from their political parties. The parties began to be controlled by a tinier and tinier minority, from the upper 20% of family-income brackets, leaving the majority outside.

We're going to have to change that. And we've begun the change: It happened in the summer of 2004, with the Convention in Boston, where *I had the only platform for the Democratic Party*. They didn't have a party! They didn't have a party platform. They got one, and we began to reorganize them. Gradually it's coming back. We find that we're way ahead of the party leadership, in going out and organizing the local party organizations. They don't have a sense of a mass-based party. You want to talk about democracy? Well, where's your mass-based party? If the people don't control the parties, where's your democracy? What's it mean? It doesn't mean anything. It's when the people are *participating*, actively, in the question of government, where they're arguing and fighting about what concepts mean—not slogans—but, "What does this mean?" They're trying to understand what it means.

And a real leader is not someone who tells people what they want to hear: A real leader tells them what *they need to know*, and gets out there, and does the job of convincing them that that's what we need to know.

So that's what we're doing. And it has been a change. It's

not perfect, it's a fight. Because I have some very notable enemies, internationally, including inside the United States, especially from the same gang that gave us Adolf Hitler in the last period—they're still around. They're bankers. They don't wear uniforms. They don't carry swastikas. But they have them in their head, and they do the same kind of thing that the Synarchist crowd did, that did things between 1922 and 1945 in Continental Europe. We've got them in the United States. Some of them helped put Hitler into power, here, from the United States. Firms like Harriman and so forth, who laundered the money to the Nazi Party at the end of 1932, so Hitler didn't go bankrupt, and was around to be appointed by the British as a Chancellor, here. So, this is the kind of situation.

So, we're gradually getting people to understand. And it's crisis-management, because they respond, they drift away in this direction, and they come back on a crisis; we intervene with them; they're convinced, "Oh! You're right, again!" And I produced recently this platform, or Prolegomena for a platform, in which I did the introduction, and passed it out to leading people in the Democratic Party. And they liked it. They said, "You've got it. That's it. So, finish it." So, I finished it. And it will be out, it's out on the website now, and it will be out in published form in the next week [see *EIR*, March 3].

So, that's the fight we have. We can't guarantee any results in the United States, except we're doing the job. But, I can say, that you have to have a clear understanding of looking at the United States historically, not in terms of moods and gossip, as you get in Europe today. The United States is not a bad nation. It's as good as any on the planet, and better than most. The problem is, because we were good, and because we were powerful, those who wanted to do something to the world, knew you couldn't destroy the United States from the outside, by outside force—but you could destroy it by corruption. And there's a lot of corruption, a lot was applied.

But some of us are fighting. And we're having some success.

But, at the same time, you have to look at this, finally, this way: that what has to be done—and I think I know pretty well what has to be done, and know what could be done, politically and otherwise—what has to be done, can not be done on this planet without a leading role from the United States. We have to do that job. If we do the job, then we need forces in Europe, particularly, who will join with us, in making the job international. That's the only chance we have. If we in the United States do not do our job, in the advanced state of the world crisis today, I don't think civilization will escape a Dark Age. If we do our job, and we have collaboration with people in Europe, I'm sure we can convince other parts of the world to join us. And we can win. We can bring back civilization.

But that's the hard reality, which I see. And, being an older fellow, and more frisky than my enemies would like to have me, I enjoy the fight.