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## LaRouche in Munich

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# Today's Crisis Is the Opportunity To Bring the World Back to Sanity

Here is Lyndon LaRouche's address to the BüSo/Fusion Energy Forum seminar, "Transrapid: Technology for the 21st Century," in Munich, Germany on Feb. 13, 2008.

Well, as we say in the United States, greetings, ladies and gentlemen. I am glad to be here, but I have a mission in the United States also to perform, as you might imagine.

I shall, at the end of this, present something about four minutes in length, which was prepared by a group associated with me in the United States, which will indicate some nature of the problem, in comparison of the present problem in the United States with what happened in Germany in 1923. The situation is not hopeless, but we're looking not at a depression, we're not looking at a mortgage crisis: We're looking at a dark age, the first one in *all modern European history*. What the problem is, is that over a period especially since 1971-72, when the fixed-exchange-rate system was shut down, the world has been building up a bomb, a giant bomb over a period of about two generations.

Now in the beginning, over the period 1971 through 1981, the United States did two things: It destroyed the international monetary system then existing; and then, in the second half, what it did was to destroy everything on which the success of the U.S. economy had depended up to that time. The United States was transformed from a great, agro-industrial power, a leading power of the world in economy, into the junkheap which it has become today.

The junkheap began to collapse in October of 1987, with a great recession which happened then, which was exactly of the nature and magnitude of the 1929 collapse. At that point, a certifiable madman, named Alan Greenspan, became the mastermind of destroying the U.S. dollar. About 1991, after the collapse of the Soviet Union, Germany was destroyed.

Remember: Look back to 1989, an event which I forecast on the right premises; but the right answer, which I had prescribed earlier was not given. What many of us, of my generation and slightly older, had done over the course of the 1980s, since 1982-83: We had prepared a great alternative solution for what was then called the "Cold War." Many leading figures of the United States, Italy, France, and Germany, in particular, collaborated with me and my circles in



EIRNS/Olaf Sünneke

*"What we have entered into," LaRouche told the Munich conference, is that "the entire world system is now going into a crisis with the characteristics which Germany experienced in 1922-1923." And, the power of the nation-state is "the only weapon of defense that any nation has now, against a general collapse, like that which Germany experienced in 1923 in October-November."*

this effort. Since that was over 20 years ago, a generation ago, many of my collaborators are now dead, and the firms, such as [the German aerospace firm] MBB, are also out of existence.

What we had planned for was, with a breakup or with cooperation of the Soviet Union in its breakup, that we would take the areas like East Germany, then at that time, areas in Eastern Europe, and what we would do—for example, we had



The Versailles conditions imposed on Germany at the end of World War I, led to the explosion of hyperinflation in 1922-23, and the collapse of German industry. Today, with the final stage of collapse of General Motors, the United States has almost ceased to be an industrialized nation. Below: a GM transmission plant in Baltimore, Md., 2007; left: a 1923 German cartoon, illustrating the destruction of the Ruhr region, and its effect on the population.



General Motors/Tyler Mallory

Saxony, let's take what was possible there: You had a great electronic industry in the D.D.R. (East Germany); the entire Soviet system at that time, depended upon that electronics industry. Those workers and the people in the city represented one of the most important electronics capabilities in all Europe. It was a precious asset of Germany. But systematically, as you saw after the fall of the Wall, where in similar situations, the integration of Germany, the involvement of cooperation with the nations of Eastern Europe, which had been part of the Comecon, and cooperation with the Soviet Union or what its parts had broken up into, would have meant great projects of development, in which the expenditures on munitions and arms would have been converted into a great industrial potential which would reach across Asia.

### LaRouche's 1988 Forecast

In 1983, I had forecast that if the Soviet Union rejected this, the result would be, that within about five years, the Soviet Union would collapse. And on Oct. 12, 1988, I indicated that I expected the immediate collapse of the Comecon system, beginning in Poland, in the near-term future. It happened as I forecast, exactly. But what we had forecast as to what had to be done at that point, was not done; exactly the opposite. Instead of a reunited Germany being used as a pivot

for the development of Eurasia, *exactly the opposite was done.*

What was done under the treaty organization, imposed by Maggie Thatcher of London, and her puppy, the President of France—I just should say, that I had a meeting in London in 1976 with the Foreign Office people, in which I had indicated these things, and they said, “Well, it’s not going to work, because we own Mitterrand.” He was not yet the President of France, but what she said in that office, at that time, worked out exactly that way: Mitterrand *was* a dog of London. He was nothing but a puppy dog controlled by them. And thus, when the Wall fell, what we had was the process leading into the treaty agreement imposed on Germany, which [Chancellor Helmut] Kohl signed, with great regret, and described later as “the darkest moment of his life.”

And so, on the 12th of October of 1988, I said that Berlin will soon become again the capital of Germany. But when the Maastricht Treaty was made, Berlin was supposed to be destroyed in the same way that it was made again the capital of Germany: Berlin was to be destroyed, economically. *It has* been destroyed economically. Whole parts of Eastern Europe

have been destroyed economically. The entire former Com-econ region has been destroyed economically! The conditions of life and economy in Eastern Europe, in Poland and elsewhere, are far worse today economically than they were under Soviet domination!

Under the new U.S. President, George H.W. Bush, the father of the present unfortunate creature—the current President, his son, may be mentally defective, but the father was not too bright, and still isn't too bright! But under this process, a dynamic was set forth in the world, especially after the Maastricht Treaty, where certain parts of the world have seemed to increase their productivity by cheap wages. But what has happened, is the world from which this production was shipped and transferred, has collapsed. With the present final stage of collapse of General Motors, the United States has almost ceased to be an industrialized or agricultural nation. All of Europe has been ruined. The productive potential of Europe is *less* in physical terms than it was at the time that the Wall fell. Measured per capita and per square kilometer in terms of the physical essentials of life and infrastructure. Do as I've done, the same thing for the United States: *There has been no prosperity in Europe or the United States since that time! Everything is worse!*

But there's a lot more money!

### **The State Must Intervene**

What we have entered into now, when the existing financial system has reached the point at which the rate of inflation, financial inflation, caused by the collapse of physical economy, has created a breaking point which occurred this past July, in which the *entire world system* is now going into a crisis with the characteristics which Germany experienced in 1922-1923. At the same time, as now, that this new proposal for the European Union has come forward, Europe politically—that is, Central and Western Europe—no longer is a determining factor, at this moment, in its own welfare or existence. Because the only weapon of defense that the United States or any other nation has now, against a general collapse, like that which Germany experienced in 1923 in October-November, is the power of the state. The power of a sovereign nation-state—and unfortunately, Germany was not sovereign in 1923—the Versailles conditions imposed on Germany in 1923, have a direct echo in what Helga just described as going on right now.

In a crisis of this nature, the nation's government must declare its financial system to be bankrupt. It must then put the entire economy under state protection—that is, not state control, not state ownership, but state protection. The law of bankruptcy must apply. The function of putting a nation's economy into systemic bankruptcy reorganization is elementary. There are certain things which can not be allowed to be closed down, because it would be genocidal, or mass murderous, or something of that nature: Pensions must be paid, med-

ical care must be provided, and so forth, as if no crisis had occurred. The state must intervene to provide protection of all of these things of life, which are essential to maintain the nation and its functioning.

The state must also prepare action to restore the banking system, and other essential systems to their normal, healthy function for the economy. The government must create long-term credit, and must supply that credit in an orderly way through private banking and other institutions, to ensure that credit is available through these banks, or from the government directly, for all essential things to be maintained, and progressive investments to be made. The point is to set up a dam, to hold the water, so to speak, so nothing becomes worse, and to begin immediately with measures to regrow the economy.

The essential measures of growth are essentially large-scale infrastructure. Now, these can not be private investment. There can be private investment, but it is not a significant part of the program, because it must be largely public credit. And it can be only credit created on the promissory note of the state itself, which means state credit, provided directly by the state in some cases, or provided through the regular banks, the chartered banks of the nation—even though, as now in the United States, *every leading private bank is bankrupt!* There is no major bank in the United States today which is not already bankrupt! And a similar situation exists in Europe. When the bankruptcy is fully seen, you will see this; when the books are opened, you will find out the banks today *are already all bankrupt.*

At that moment, or before that moment of realization occurs, the state *must* intervene, as a sovereign, to tell the banks to keep moving, to keep open, to keep working. The state must then create credit on its own account, its own debt, and that credit must be supplied, and steered, through the private banks and other means, to ensure that even the normal business continues. The state must then, at the same time, immediately act to increase production in the economy, to increase infrastructure especially.

### **Raising Productivity Throughout the World**

Just to explain the infrastructure problem: We have parts of the world, such as most of Africa and other parts of the world, where you have vast masses of poor people. Now, in the case of Africa, for example, you have a great number of African families, farmer families. They are good farmers, many, but on a poor level. So if we wish to improve Africa, what do we do? We provide infrastructure, because Africa's farmers lose most of their product to diseases or to waste in various forms. If you provide infrastructure for the African farmer, who's still producing, he will not increase his inherent productivity in terms of skill, but he will increase his product, his net product, of his effort. And the next generation will begin to become more productive.





USAID

*If you provide infrastructure for the African farmer, LaRouche proposed, he will not increase his inherent productivity in terms of skill, but he will increase his net product. And the next generation will begin to become more productive. Shown, an onion farmer in Tanzania.*

We have a similar situation in Germany and so forth, and in most of the world: We have far less productive potential, in terms of skills, in the population of Germany today than we had in the 1980s. Leading people with the top skills in Germany died out! And have not been replaced; or they're retired, worn out. Whole new generations which were needed to maintain the levels of skills that existed in the 1980s, have not been provided: They've not educated them, not employed them, not trained them! We have the same state throughout Europe—or worse. We have a similar situation in the United States. You have similar situations throughout the Americas. Seventy percent of the population of India are desperately poor and have had no net improvement in their condition of life. Most of the people of China are still almost as undeveloped as they were, when the program of reform started at the end of the 1970s. Most of the reported increase of the world's wealth is just pure inflation, monetary inflation. The cost of production has increased by the fact that the ratio of the totally unskilled and uselessly employed people is rising, so that the productivity of those who are still doing something productive is reduced.

What I've been working on, on this problem now, is to have the United States get a new President—we'll get one at any case—and have the United States, in the process of getting a new, and hopefully improved President, enter into a four-power agreement, as an emergency agreement, with

Russia, with China, and with India. And to extend that agreement to include other nations which wish to be part of it. To put the international monetary system through reorganization as a form of fixed-exchange-rate system; to freeze, approximately, the current value of currencies; to set up an international two-tier credit system, in which the interest on long-term loans of an approved category will be between 1% and 2%. And the others will have to wait, shall we say. It will be available, but it will be fairly high priced.

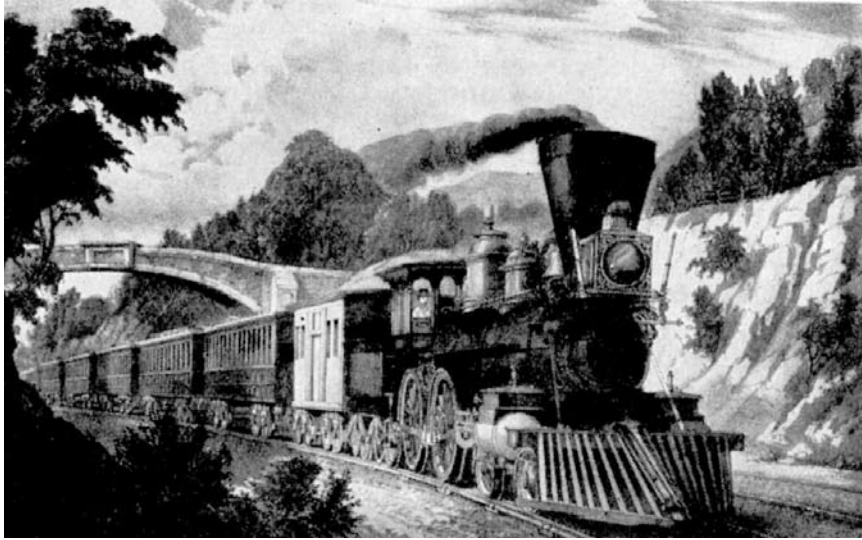
Because we have to start a program of growth, and this growth will be in terms, largely, of long-term infrastructure, or investments which are based on their role in building long-term infrastructure.

And now, since the time is getting short, I shall conclude with presenting two relevant points on this. First of all, it will be largely international infrastructure of the type that Helga just described earlier: large-scale projects.

### **The Role of Railroads in Economic Development**

Now, let's go back to one thing on this. The development of the railroad, which was a revolution in terms of the nature of nations, began with the German-American Friedrich List. And then it spread, and with the victory of the United States over the British agents, in defeating the British agents called the Confederacy, the United States completed a project in a sense, which had been planned under the direction, largely, of John Quincy Adams when Adams had been the Secretary of State: To integrate the United States, in its entire territory from Pacific to Atlantic, and from the Canadian border to the Mexican border, integrated as a nation, this was done chiefly by two measures: not *only* the industrialization of the United States, eliminating slavery, but importing a lot of Europeans—Germans, Polish, Russians, and others—at the same time, that we developed a transcontinental railway system. The United States emerged from the Civil War, by the 1876 period actually, as one of the most powerful nations on the planet, a rapidly developing, internationally industrial and agricultural power.

This was extended back into Europe, especially during the service of Bismarck in Germany. Bismarck adopted the American System in collaboration with representatives of Lincoln's circles, and even including some elements of so-



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*The emergence of United States after the Civil War, as one of the most powerful industrial and agricultural nations on the planet, was, to a significant degree, the result of the development of the Transcontinental Railroad, as depicted here, in the 1860s.*

## The U.S. Presidential Election

They're also trying to orchestrate the current Presidential election in the United States, in which I'm involved on the inside in a very special number of ways: If what you think, perhaps, is that there are Democratic and Republican candidates—well, that's not the truth of the matter, that's not the whole truth. You have John McCain, who probably is going to be the Republican Presidential nominee, if he lives that long. He's a sick man, and might not be able to carry through, even to the point of the inauguration. So, you have also a candidate from Chicago, who probably will not last, because a scandal has been orchestrated from London to eliminate him: Barack Obama. You have another candidate, Hillary Clinton, who is much hated in London, and hated by their friends in the United States.

cial reforms which had not yet been introduced in the United States. As a result of this, Bismarck, from 1877 on, undertook a great reform in German policy, which is the great industrial reform and the social reform. The leading edge of this was the development of long-range railroads, including, in the case of Russia, at the same time, of the Trans-Siberian Railroad. And industries and technology developing everywhere in Russia that that railroad system reached.

The British Empire was not pleased. Because the British Empire had been based on its use of *maritime* power to control the destiny of the world. And the British have organized *three great wars* in Europe, over that issue. The first war started in 1894-95 with the launching by Japan of war against China, which went on till 1945, and which included the Great War among the nations of Europe. The British organized a second war, by putting Hitler into power, along with Mussolini. Hitler and Mussolini were both entirely British creations. A second Great War. As soon as the second Great War was over, a new war was started by Churchill and Harry Truman, the President of the United States.

All of these wars were intended to maintain the power of the British Empire. And the British Empire is not the monarchy in London. The British Empire is an aggregation of financial interests, which are now organizing what we referred to today, earlier here, as the Maastricht policy, which we're now seeing. At long last, the British Empire, as I just identified it, is on the verge of destroying *all of Continental Europe*, by creating this Maastricht monster, which Helga described being pushed into existence now.

They also have a man who is intended to be the leading Presidential candidate, and the next President of the United States—Michael Bloomberg. He's presently the Mayor of New York City, and has \$11 billion of his own to invest in this campaign. He is also tied to international circles, the same circles that put Pinochet into power in Chile. Pinochet was created out of mud from London. He was also, on the U.S. side, created by George Shultz and by a banker of Lazard Frères, Felix Rohatyn.

Felix Rohatyn and Shultz were pro-Nazis. That is, that the program they put in with Pinochet was, they used Nazi veterans, who were the SS types, from Spain, took them down into South America, and employed them to structure and advise the Pinochet government, and during the first half of the 1970s, ran a Nazi-style elimination operation in the Southern Cone of the Americas. And Felix Rohatyn was one of the key bankers in the operation in Chile.

This crew from London has picked Bloomberg to become the Mussolini of the United States. That is, the policy which Bloomberg has for the United States, which is backed by Shultz and backed by Rohatyn, is the same policy which was used in Italy in 1922 to bring Mussolini to power: That is, to have an infrastructure program to reorganize the economy, which would be subsidized by the state, but controlled by private financiers of the London type. And that is the policy which is intended for the candidacy to seize the power of the United States. And that's what I'm fighting.

I'm not fighting it alone. I'm fighting with people in the political parties, and with the interest of other institutions which are concerned about the future of the United States and the world.



*The London-centered financier oligarchy has already determined the outcome of the U.S. elections: They intend to place a fascist, Michael Bloomberg, in the White House. Bloomberg, like former Chilean dictator Augusto Pinochet, is a creature of George Shultz and Felix Rohatyn. Clockwise, from top: Bloomberg, Rohatyn, Pinochet, Shultz.*



US Army



EIRNS/Dan Sturman



The relevance of the fight is very simple, as far as Europe and Asia are concerned: If the United States, during the course of this year, even before the election, is able to get the political system under control, under a President, or a future President—because that's the way our system works; it's a Presidential system, not a parliamentary system—once it is clear that a certain person is going to become the President of the United States, or likely to become the President of the United States, in the coming election, that candidate becomes a power in shaping the policy, including the foreign policy, of the United States. This is a peculiarity, in part, of the American System, that is, the United States system: That we used to be a powerful nation. We have people, of which I'm a part, who are part of what is essentially the larger patrons of the government of the United States—people within, and veterans of, the military system and other systems of the United States; or private individuals such as myself, who have been an important part of the functioning of certain institutions of the United States in the past. It is against our inclination to make coups d'état: Because you may make a coup to get the government you want, but you may regret what you got.

However, when the time comes, that it is clear that the interest and will of the American people is decided, in the process of a lawful election, people who like to protect our government, will act to make sure that the will of the people is protected. So at that point, therefore, that being the case, when an acceptable person is apparently going to be able to win the election—and when the incumbent President is about to be carried out, to the great relief of the American people—then the institutions of the United States and their friends will rally to protect the will of the American people against any funny business.

This similar situation used to be true of France and Germany and other countries. People with a sense of justice, as Helga described, want the Basic Law, Article 20, to act that way. It's what any respectable citizenry does in defense of its own government, its own system of life. And my function, of course, is to use my skills—and some of them are special—to assist this process.

And I just indicate, we have here, which I'll just play, it's about four and a half minutes long—it's only a portion and a draft of what will be published—it may be available tomorrow or the next week, which will be about an hour long. What it does, simply—I'll just describe very briefly, while it's preparing to be shown: What this represents is a study which was made by associates of mine, mainly the study, but the principle they deployed is mine. What this represents is a very concise but scientific treatment of the way in which the 1923 crisis in Germany occurred. My purpose in having this done by these associates of mine, was to inform people in the United States, but also in Europe, and notably in Germany, of exactly what must be learned as a lesson for today, from the crisis of 1923: So that people, as in Germany, by understanding what happened in 1923, or at least the essentials of it, can see the similarities of the problem we face in the world at large, as well as in Germany, today. And use thus, the pain of the past as a guide to avoid a repetition of that same pain, on a larger scale, in the present.