

MARCH 21 WEBCAST:

## LaRouche Declares War on the British Empire

*Here is Lyndon LaRouche's webcast address to an audience in Northern Virginia on March 21. The event was moderated by his national spokesperson Debra Freeman. The complete audio and video are available at [www.larouchepac.com](http://www.larouchepac.com).*

This is going to be a highly structured presentation, because we're dealing with a breaking point in world history, and it can be a breakdown point or an upturn in the process. This is a deadly moment. We've come to a time—you know, lots of people will say, "Why don't you break it down in more simple language, so we can understand it?" I say, "Well, partner, why don't you just sit there and let other people make the decision, then?"

Because this requires some technical competence. We're dealing with a technical question of a present breakdown, and the alternative of a reorganization to survival of the entire world's—the entire planet's!—monetary-financial and physical-economic system! Now anybody who's qualified to stand up and say they know the details and the problems of the world financial economic system and related systems, has a right to speak up. Those who say, it's too much for them to understand, they want it broken down in simple language, should shut up! And listen: maybe they will learn something.

So, we're not going to steer this thing in a direction to appeal to silly populist rhetoric. This is a deadly serious

issue. If the United States does not solve the problem, or do its part in solving the problem, then we're going into a dark age. And within a short time, there'll be about 20% of the size of the world's population today still living. So this is a life-or-death question for entire nations and populations. The decision lies primarily with the initiative from the United States, from a U.S. government which is still confused on what to do, although there is more and more agreement about the severity of the issue. So this is serious business, and I shall be precise. And I shall be, when necessary, technical. And if you don't understand it, when we get into the question period, we'll get some of that straightened out.

### James Galbraith Speaks Out

Now, the first thing I want to do, in order to set the stage for the discussion, is to acknowledge an important development in terms of a statement by James K. Galbraith, who is the son of the famous [John Kenneth] Galbraith who was an advisor to Kennedy. And because these questions—while other people may have the same kind of formulation of questions that he presents in a recently published piece—nobody else has opened their mouths to say it publicly. And therefore, his questions and my comment on his propositions, are extremely relevant at this point.

Now, here's some of the things he says. I have ten



EIRNS/Stuart Lewis

*Responding to James Galbraith's recent commentary, "No Return to Normal," LaRouche endorsed, as absolutely accurate, Galbraith's observation that, "if deficiencies exist [in the Obama Administration's economic policies, to date], they probably result from their shared background and creed—in short, from the limitations of their ideas." LaRouche is shown here, addressing an audience in Herndon, Va., and a webcast audience around the world.*

particular comments of mine on his paper, and his paper, of course, is generally available, because it was published by various sources. He says: "Deficiencies of their program cannot, therefore, be blamed on incompetence," speaking of this crowd of White House [economists] and other people. "Rather, if deficiencies exist, they probably result from their shared background and creed—in short, from the limitations of their ideas."

This, I endorse. This is absolutely accurate. The people in there, who are running this operation and making the decisions, are *collectively incompetent*, because the assumptions they're making, which are based on their past experience and education, are not appropriate to deal with the situation, which has never existed to their knowledge beforehand! No one on this planet has experience, within their lifetime, and within their education, of a problem of the type which we have today. And therefore, they have no competence to present a proposed remedy. Every proposed remedy which has come officially from the White House or other sources, or

sidewalk conversation on the side, is *totally incompetent*. Every press report is totally incompetent. Every statement from governments, on the economic situation, is totally incompetent. And that's the problem we're going to deal with today. So, this is why we don't need sidewalk superintendents on this discussion.

Then, his second—I quote him—his whole statement is published. His second point is, "The deepest belief of the modern economist is that the economy is a self-stabilizing system."

Correct: There is no inherent stability, or stabilizing factor in the present world economy or the U.S. economy, at this time. We've gone through a situation, in which it is now revealed by events, that there is no competence based on experience, of this expertise—university education and so forth—no competence, to even discuss what the problem is. And that's why we're not getting good answers from officials.

My third comment, or his comment, which I comment on: "If recovery is not built into the genes of the system, then the forecast will be too optimistic, and the stimulus based on it will be too small."

Absolutely correct: There is no comprehension of this. What we're dealing with is a world financial breakdown crisis, which is now approaching the point of inflection, at which the flood of money for bailout is engendering a hyperinflation of the type that Germany experienced in 1923. We're in that kind of period, like the Spring of 1923, after an inflationary drive to bail out the German mark, that occurred from the end of World War I until that point, and that period began to take off in a hyperinflationary explosion. And from the Spring of that year, 1923, until October-November of the same year, the German economy blew apart in a hyperinflation.

We, in the United States, and in the world generally, have now reached a point roughly comparable to that. There is no provision in the present system, the present



Larry Summers (right), who heads up Obama's economic team, should be dumped, LaRouche said. And Tim Geithner (left), the Treasury Secretary, "should be allowed to function, at the intellectual level he has, and taken out from under the kind of pressure he's being subjected to now."

international monetary system, as organized, to prevent a general disintegration of the entire world economy. Which would mean a genocidal collapse throughout the world, which would end up within a generation or so, that where you have 6.5 billion people living on this planet today, *you would now go down to less than 2!* That's the magnitude of the crisis.

Fourth comment: "First, the CBO did not expect the present recession to be any worse than that of 1981-82, our deepest post-war recession. Second, the CBO expected a turnaround beginning late this year, with the economy returning to normal around 2015, even if Congress had taken no action at all."

Absolute idiocy—he's right! This is the situation. But wait till you see the ten things I excerpt, put them together.

### What the Computers Won't Tell Us

Fifth: "On depth, CBO's model is based on the post-war experience, and such models cannot predict outcomes more serious than anything already seen. If we are facing a downturn worse than 1982, our computers won't tell us; we will be surprised. And if the slump is destined to drag on, the computers won't tell us that either. Baked into the CBO model we find a 'natural rate of unemployment' of 4.8%; the model moves the economy back toward that value *no matter what*. In the real world, however, there is no reason to believe this

will happen" (emphasis added).

Galbraith's point, at this point, should be absolutely clear: Either of these failed White House economic advisors, is systemically and implicitly making a fatal error in judgment. Now you have Larry Summers, who I think probably should be dumped. And Tim Geithner should be allowed to function, at the intellectual level he has, and taken out from under the kind of pressure he's being subjected to now. I think he's probably a viable figure in the Administration for these purposes; but you have to get Summers out, because he's no good. And he's also incompetent in his dealings with people. Then

we have to build something with a minimum amount of shakeup for the maximum amount of benefit.

Sixth, again from Galbraith: "This procedure guarantees a result near the middle of the professional mindset. The method would be useful if the errors of economists were unsystematic. But they are not. Economists are a cautious group, and in any extreme situation the midpoint of professional opinion is bound to be wrong."

No sense of principle, no competence, take the sense of the crowd you're sitting in the middle of, try to find the mid-point, negotiate back and forth, and come up with a solution whether it works or not. And then [they] said, that's the best we could do.

Seventh excerpt from Galbraith: "[T]he initial package was affected by the new team's desire to get past this crisis and to return to the familiar problems of their past lives. For these protégés of Robert Rubin, veterans in several cases of Rubin's Hamilton Project, a key preconception has always been the budget deficit and what they call the 'entitlement problem.' This is D.C.-speak for rolling back Social Security and Medicare, opening new markets for fund managers and private insurers, behind a wave of budget babble about 'long-term deficits' and 'unfunded liabilities.'"

Obvious.

[The eighth one:] "The oddest thing about the Geithner program"—and I don't blame Geithner for this pro-

gram; it was stuffed on him—“is its failure to act as though the financial crisis is a true crisis—an integrated, long-term economic threat—rather than merely a couple of related but temporary problems, one in banking and the other in jobs.”

In other words, still, the thinking is a “fix it” mentality. Do what you learned to do, either in universities, which generally indicates you’re a complete fraud and a failure, or just what you’ve learned from the course of professional life.

Here you are: You’re with a situation, absolutely unprecedented. There has never been in the history, in the lives, of anybody alive today, anything like the present crisis. The last time such a crisis existed in European civilization, it occurred in the 14th Century, and was known as the “New Dark Age.” And if you’re not willing to think about how a new dark age is organized, as by the Lombard bankers of that period, then you don’t understand the present situation. What we have, the way we got into this threat of a new dark age, was by the same methods, used by the Venetians who controlled the process, and were operating through the Lombard banking institutions, in usurious loans. These usurious loans *then*, like the attempt to bail out now, outran any range of the ability to pay the debts so generated.

So then, when the King of England said he wasn’t going to pay on these loans he couldn’t afford to pay, a chain-reaction set in, and, starting with the House of Bardi, which was a bank from the tiny city of Lucca, in Italy; and when this bank went down, a chain-reaction was unleashed, in which banks and accounts in France, as well as in England and elsewhere, blew up. As a result of that, within the immediate generation, the population of Europe shrunk by *one-third*, and the number of parishes in Europe collapsed by *one-half*. And absolute insanity reigned throughout Europe, at that time. *We are in a situation like that, now.* That’s the threat.

And obviously, there, he’s right: We are in a situation—he keeps saying this, in these things I’m pointing to—this thing is beyond the comprehension or the willingness to comprehend, of the leading private and other institutions of relevance of this country. Nobody’s proposing anything—nobody wants to even *think* about proposing something, which goes outside those parameters.



National Archives

Galbraith notes that, “if we are in a true collapse of finance, our [economic] models will not serve. It is then appropriate,” he adds, “to reach back, past the post-war years, to the experience of the Great Depression.” Here, “The White Angel Bread Line,” photographed by Dorothea Lange, in San Francisco, 1933.

### A Fascist Revival in the U.S.A.

Then, the ninth one: “In short, if we are in a true collapse of finance, our models will not serve. It is then appropriate to reach back, past the post-war years, to the experience of the Great Depression. And this can only be done by qualitative and historical analysis. Our modern numerical models—and statistical models—“just don’t capture the key feature of that crisis—which is, precisely, the collapse of the financial system.”

Now, the tenth comment<sup>1</sup> is significant because it is

1. Galbraith’s 10th comment: “[Roosevelt’s] government hired about 60 per cent of the unemployed in public works and conservation projects that planted a billion trees, saved the whooping crane, modernized rural America, and built such diverse projects as the Cathedral of Learning in Pittsburgh, the Montana state capitol, much of the Chicago lake-front, New York’s Lincoln Tunnel and Triborough Bridge complex, the

a response to a fascist revival in the United States, typified by Amity Shlaes. Amity Shlaes is British-trained and associated with this crowd, the American Enterprise Institute. Now, these institutions, which are the so-called right-wing think tanks, that advise and control the policies of the U.S. government, to a large degree, and actually ran two Bush administrations—and actually three Bush administrations, counting the father’s, and not counting the father’s two vice presidential terms back in the 1980s.

The problem here is, that these people are fascists. Shlaes is a fascist. Her policy is fascist. Not only is she a liar, but she’s a fascist. She’s not simply a fascist—she was London-trained to be a fascist—but she’s tied to institutions in the United States which were fascist back in the 1920s and ’30s.

What happened is exactly this: You had a downturn in policy, starting in 1890, leading up to all the wars we’ve had ever since, on a world scale. What happened was, that in 1890, the Kaiser of Germany dumped his counselor, Bismarck. Now, this was under the influence of the Crown Prince of England, who actually organized what became World War I. Here was the sequence—and follow through the sequence to get a picture of what we’re dealing with, with her and with people like her, who are the right wing in this country that the President and his office have to contend with, in the Congress, like Nancy Pelosi. Nancy Pelosi is part of this fascist crowd that’s our problem.

Now, what happened? The British were determined to destroy the influence of the United States, after the Lincoln Administration, and after the 1876 Centennial celebration, to break the influence the United States had, both in defeating the British Empire in the Civil

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Tennessee Valley Authority and the aircraft carriers Enterprise and Yorktown. It also built or renovated 2,500 hospitals, 45,000 schools, 13,000 parks and playgrounds, 7,800 bridges, 700,000 miles of roads, and a thousand airfields. And it employed 50,000 teachers, rebuilt the country’s entire rural school system, and hired 3,000 writers, musicians, sculptors and painters, including Willem de Kooning and Jackson Pollock.

“In other words, Roosevelt employed Americans on a vast scale, bringing the unemployment rates down to levels that were tolerable, even before the war—from 25 percent in 1933 to below 10 percent in 1936, if you count those employed by the government as employed, which they surely were. In 1937, Roosevelt tried to balance the budget, the economy relapsed again, and in 1938 the New Deal was relaunched. This again brought unemployment down to about 10%, still before the war.”

War—because it was the British we were fighting in the Civil War: They organized it, they had their assets and so forth, and they’re still there today, some of them.

And then you had the 1876 Centennial celebration: This was the point that the railroad expansion and the other developments from the Lincoln Administration had begun to take hold, and the United States was emerging, not only as a power in the United States, but was being unified for the first time in all history, as becoming a nation within its own borders, and the borders being two oceans—the Atlantic and the Pacific, and the Canadian and Mexican borders. We were unified by the development of transcontinental railway systems, a phenomenon which had never existed before in the history of any part of the world. Around this infrastructure drive, launched actually by the Lincoln Administration, and mobilized for the case of the Civil War, the United States emerged as a great power which could not be defeated in its own territory—for the first time in our existence.

Then, 1876: You had an attendance of people from all over the world, representatives of leading forces in Germany, France, Russia, and so forth. And there was sort of a stock-taking of the effect of this great revolution, which had occurred in the United States during this period; especially the development of transcontinental railway systems.

### **The End of British Imperial Sea Power**

Now the development of the transcontinental railway system was a revolution in economy: From the earliest part of European civilization, until 1876, the world was dominated by sea power. Even in terms of economy. Because maritime power had a greater facility to conduct trade, than any form of inland transport within nations, or within continents.

And what the United States had done, by creating the United States as a continental nation, between the two oceans and the Canadian and Mexico borders, had, for the first time, shown what can be done, in transforming power from predatory maritime power, to the inland power of the sovereign state, in and of itself. And to do this by tying together, through transportation systems, rail systems, to trying to pull together *entire continents*, for their own internal development! This was a great revolution, in the economic history of mankind.

This was a threat to the British Empire. The British Empire was strictly an empire based on maritime power.

The British Empire had not been created as an empire of the king or something of that sort. It was the creation of a *company*, the British East India Company, which was an *empire as a company*, which the King of England had little power over, in that century. So you had a private company, a Venetian-style example of this kind of liberalism, which came out of Paolo Sarpi's influence. This kind of empire had taken over the world: It almost destroyed China! And it had almost destroyed the India that it occupied! It destroyed Africa, after 1898, in particular.

As we see in Darfur, today: There's no problem in Darfur, as such. There's a problem there, of two tribes which were between Sudan and Chad. And when Lord Kitchener conquered and defeated the French in North Africa on the Nile system, at that point, the British had power, and the British decided that the tribe, the Fur tribe, would be given this desolate territory, this little area of increasing desolation, rather than the Chad tribe. So, since that time, any time there's any degree of any instability in that area, this conflict between the tribes—with the one based in Chad, the other based in Sudan—continues. And that is the Darfur crisis, which is being played by certain interests internationally.

And our competent people, in the diplomatic service, who understand these areas and have worked this territory, will all tell you, there is no genocide being practiced by Bashir in Sudan. And only people who have no competence, and no competent knowledge of the situation, will think differently: So it's a case of the British Empire.

So, back to this kind of situation: It's the same period, 1890. Now, what had happened is, the British plan was based on the model of what was called the Seven Years War. That is, the power of Britain, relative to the other nations of Europe, had been gained by their orchestrating, they and the Dutch, had orchestrated a state of warfare among all other leading powers of Europe, including Russia, Prussia, France, and so forth. So therefore, a Seven Years War, which is a long war: It's rightfully comparable to what we went through in Iraq recently, because of the lies of Tony Blair—this long war depleted the continent of Europe, and the British stepped in, in February of 1763, and took over, with the Peace of Paris at that time. But *who* took over? It was the British East India Company! Which then became a power *over* England, over the United Kingdom, and also became a world empire.

This private company then, operated independently of the control of the King of England, of the government of England, and became the government of England by eating it up. They looted India; they conducted mass crimes against humanity in India. Beginning the 1790s, they had organized the international drug trade, which they had used to destroy China, in large degree, and other parts of the world. The drug problem today, in the world, as continued by George Soros, a British agent, is entirely created by the British monarchy and its predecessor, the British East India Company.

So, this is marching on.

### **The British Organize the Greatest of All Wars**

So now, we've won the Civil War—we've won it against the British Empire! We have not only won the war, we have created the greatest accomplishment in nation-building in the history of mankind. Where, in 1876, people are coming from all over the world, prominent people, to look at what the United States has done. They carry this back to Europe, and begin to do the kinds of things that we did in the United States. It was done in France with the development of the railway system in France on a similar basis. The international railway system, the Berlin-to-Baghdad Railway, the Russian Trans-Siberian Railway: These things were all projects of the type intended to integrate the development of the internal economies of Eurasia, according to this model.

The British, then, did the obvious, as they had done with the Napoleonic Wars: To use war on the continent of Eurasia as a way of destroying the ability to resist the British Empire.

So the British were now out to create the greatest of all wars! But there was one thing in the way: The war was to be based on starting a war between Germany and Russia. Now the problem was, that the crown Prince of England was the uncle of the German Kaiser and of the Russian Tsar. And so the problem was to get the Prince of Wales, who was not yet king, to organize a war between his nephews. The way it was supposed to be done, is they were supposed to start a Balkan war, in which the Austrian Kaiser would react, and involve Russia and Germany in this war. And thus, to create a new Seven-Years-War type, by which Europe would be destroyed, and all these American-style projects would be killed.

Because what Bismarck had done, Bismarck had



*The British Empire waged a two-phase attack on China, the first being the Opium Wars of the 1830s and '40s; the second was through its satrap, the Japanese Imperial power. Beginning 1894-95, Japan was permanently involved in breaking up China, until 1945—organized by the British. Shown, Japanese artillery in the streets of Shanghai, 1937.*

taken the American model, the U.S. model, and with direct discussion with the leaders of the circles around the then-deceased Abraham Lincoln, had made a gigantic reform in Germany, which was considered a great threat to the British, because a continental power was developing, and the British Empire was going to lose power. So they wanted these fellows to kill each other.

Now Bismarck was smart. He was probably one of the greatest statesmen of that century. What he did, as Chancellor, is, he made a secret agreement, as Chancellor, behind the back of his Kaiser, Wilhelm II, with the Tsar of Russia, to agree that if the dumb, stupid, aging Austrian Kaiser, the Habsburg Kaiser, were to start a war in the Balkans, that Germany would not intervene to support the Austrian Kaiser. On that basis, the Tsar of Russia agreed with Bismarck that Russia would not deploy forces to intervene in a Balkan War.

So the British wanted the Balkan war, because that was *precisely* the method by which they were going to cause the breakup of Europe's development. By a war! They wanted, essentially, a war between Russia and Germany, with France involved as a major factor on the continent. So what did they do? The Crown Prince of England, the Prince of Wales, pressured his nephews *to fire Bismarck*, in 1890.

What happened that followed? Well, the British

went ahead: They organized the assassination of the President of France, Sadi Carnot. They organized the Dreyfus Case. And the Prince of Wales personally negotiated with the Japanese Emperor, for the Japanese Emperor to ally himself as another big empire, with the British, to start a war against China.

So now you have the second phase of the attack on China: The first attack on China was, largely, the Opium War. Now a new attack came, to really break up China, permanently. And! As a result of that, from 1894-1895 on, *Japan was permanently involved in breaking up China, until 1945—organized by the British.* Now that Bismarck is out, the British start the Russo-Japanese War, and other wars. Then the Balkan wars come.

### **From the Klan to the Nazis**

But in the middle, something else happens: The assassination of the President of the United States organized from Europe, i.e., by British forces—McKinley—brings in a nephew of the Confederacy, Teddy Roosevelt, who's a stinking traitor. And after a spate, they bring in Woodrow Wilson, whose family was behind the Ku Klux Klan! And this same Wilson, from the White House, *in the White House*, organized a revival of the Klan, on a larger scale than it had ever existed before!

So what you had is now a shift from a patriotic President, McKinley, to a British agent, or a pair of British agents, typified by Teddy Roosevelt and Woodrow Wilson; and also, Coolidge and Hoover later on! So therefore, you had a shift in U.S. policy.

As a result of this process, you had the emergence of a pro-fascist movement in post-World War I Europe. This fascist movement was built up inside the United States *under Coolidge, Hoover* and so forth. You had an American Liberty League which was organized as a fascist organization. Remember, these Presidents and their circles had supported Mussolini and they supported Hitler. As a matter of fact, Hitler became a *dictator*, not just a Chancellor, but a dictator in Germany, *days* before Franklin Roosevelt was inaugurated, actually installed as President.

So, from the time that Roosevelt was President, the financial establishment, the Wall Street establishment in the United States, together with the British, had installed Mussolini in Italy—they created Mussolini; they also installed fascism in Germany, which was organized from London.

So, now we were faced with another kind of Seven Years War, a greater war. And in this United States, this movement, which Amity Shlaes echoes today—she’s an heir of this movement; these right-wing attacks on Obama are based on these people. What are they? These people are the people who were the *fascists*, the *Nazis*, the pro-Nazis in the United States and elsewhere, back during the 1930s. And they’re still the pro-Nazis, today! And that’s the kind of problem we face.

I don’t know to what degree James Galbraith knows the details of this. But I know it, and a lot of other associates with me know it, because we’ve done our homework on this thing. We have the documents; we have the proof. The American Enterprise Institute is an echo of the Nazi-supporting organization, back in the 1930s. And you’re getting a bunch of people who are a revival of Nazism, fascism, or whatever you call it, today, and that’s our big problem. That’s the problem that Obama faces! That’s what the fight is!

Remember, it was George Bush, the last President, the recent one, whose grandfather Prescott Bush had actually moved the money on orders from his office in New York, to put Hitler into power in Germany! The German Nazi Party was bankrupt, and the Nazi Party was *bailed out* by Prescott Bush, the grandfather of the just-departed President. And the *character* of the Bush family, the grandfather Prescott, George I, and George II, were all fascists. And what they represent in *both* the Democratic Party and Republican Party, to which they have ties, is the same thing.

So when we’re talking about this tenth point I picked out: that Roosevelt was under attack by a fascist, pro-Nazi movement inside the United States, called the



*Contrary to today’s fascists, such as Amity Shlaes, who are on a rampage to destroy the legacy of FDR, James Galbraith (above), whose famous father, John Kenneth Galbraith, served in a top economic post under FDR, would know that, “there was never any failure on the part of the Roosevelt Administration during the 1930s.”*

American Liberty League. And there were various organizations of which the American Enterprise Institute is one!

What happened was, with Pearl Harbor, Nazism was no longer so popular in the United States. And people who had formed these fascist organizations now were looking for a new cover. So, what they did, is, they walked out of the offices they had occupied under one name, and walked into the new offices, with the same people, or combinations of the same people, in new offices and new organizations! And what we have as the right-wing think tanks and some of the major press, which has been taken over in this country by the British interests, are all simply revivals of the same thing, as the pro-Mus-

solini, pro-Fascist, Nazi organizations, back in the 1930s, back before Pearl Harbor.

And that’s the point that we’re dealing with: that Roosevelt, as Galbraith can say competently, because of his knowledge of his father’s work, there was never—contrary to the lies of Amity Shlaes and her types—there was never any failure on the part of the Roosevelt Administration during the 1930s. There was tremendous pressure on the Roosevelt Administration, coming from fascist elements, including judges of the Supreme Court, to break up the operations of the Roosevelt Administration. And so, for a period of about two years after his reelection, Roosevelt was stuck with this thing about this “Nine Old Men” question; and stuck with that. And therefore, he was set back in his recovery program! But the recovery program was going on, because the work that was being done by the WPA and similar kinds of institutions was making valuable work, which resulted in, at the point of our entry into the war effort, the fact that we had become the greatest industrial machine on this planet.

We were able to win World War II, not because our troops were well-trained—they weren’t. They were people like me, who were grabbed up in the draft; and I found myself with something I never thought I would

be doing: training troops for World War II! So, we had developed a machine, where our technological superiority, our logistical capability, meant that, even though our troops were not as well-trained, as say, the Germans were—the German troops were much better trained, much better qualified for combat. But we outnumbered them, not only in personnel, we outnumbered them in logistics! Where they had hundreds of pounds, we would go it in tons! We could load the beaches in any part of the world, with the vast production coming from people who had largely been mobilized into industry during the Roosevelt period of the 1930s.

And therefore, what happened was, as a result of this, we entered into a period, in which the United States was going to be destroyed once Roosevelt was dead: Because the United States had destroyed the British Empire's potential for empire, with the Lincoln victory and its sequels, by 1876. *Roosevelt, with his leadership*, had created a United States which could not be defeated at the time he died. Until Truman took over, and began to take it apart, under orders from the British.

And that's the lesson we're learning today: Is that the United States is the *target of the British Empire* and what it represents today. *That is the enemy!* And anyone who thinks differently, goes into the category with Amity Shleezeball [laughter], as being a revival of the same thing as the pro-Nazi sentiment within the U.S. population, back in the 1930s. And that *really* is what James Galbraith is referring to.

### **Why Are Almost All Economists Incompetent?**

Now, at this point, I think that speaks for itself, but the key point, summing up these ten points that I referred to from his presentation, is that, what he says on economics—and he says it repeatedly as you will note from this—the problem is intellectual, among the professionals in the United States. They've been in university training, which made them incompetent, in the way he indicates: They go by models, by statistical models, and other kinds of things.

For example: I've been forecasting significantly, in terms of the forecasts I've made, since the 1950s. In '56, I forecast what happened in '57, just because I did a thorough analysis as an executive for a consulting firm; and I knew the facts, I knew we were headed for this thing that had happened. Since that time, I've made a number of longer-range forecasts, all of which came true, exactly as I projected them. I've never failed. And,

at the same time, every one of these so-called “experts” and university experts, and firms that conduct forecasting, the Wall Street advisors, have all made forecasts—or haven't made them—have been incompetent! Now, why?

And that's the thing, the real subject we get into now. Why are all the economists, apparently, why do they all tend toward utter incompetence in the way that James Galbraith indicates in this report? And I think there are others who would say the same thing, but he has more guts, perhaps, and has put it forward, where others have hesitated to say what they know. The problem is, they all predicate their forecasting and economic policy, on a limited sense of “agreed premises,” and “agreed methods.” The worst of it is statistical forecasting: Say, “Statistics show us...” “Our statistical model shows us...” This sort of thing. It is all intrinsically incompetent. And before I'll finish this presentation, you'll know why. But that's our problem.

And they all believe in the god of the kind of policy of the Truman legacy: They all believe, the people who say, “Well, Roosevelt made some mistakes”; or “Roosevelt was wrong.” Or you get, like Amity Shleezeball, they lie about it. But they interpret it wrongly.

And on top of that, you see, from the advice that they give, if you look at the history of the rise of the U.S. economy, up until the death of Franklin Roosevelt, and you measure this by the relevant criteria; then you take the post-Roosevelt period, under Truman, under Eisenhower, after the killing of Kennedy, there is an accelerating rate of decline in the *physical output* of the economy, per capita and per square kilometer—physical output measured—up till the '68 breaking point. In 1968, the amount of new construction in basic economic infrastructure fell below the level of attrition in the old investment in infrastructure.

From that point on, when the 68ers, which were already an economic disaster—the very *existence* of the 68ers was an economic disaster, they're still running the United States today; the people who were throwing bombs in the Summer and Fall of 1968—they're running the economy today, people who think like that. It's their ideology that dominates the economy on everything. And it was a change: We went down. We have been destroying the U.S. economy, step by step, since that time. We've been destroying the world economy. We've exported our industry to people in poorer countries, who don't have the skills that we had. We shut

down those industries! We shut down that agriculture! And exported the production, agriculture and industrial production, to other parts of the world! Where they didn't have the skill, and preconditions of infrastructure, for sustaining that kind of investment for their population as a whole. So therefore, we *shut down* Europe's economy! We *shut down* the U.S. economy! We looted other countries, to nothing.

And the few countries we built up on this basis of globalization are now a disaster. Take the case of China: China just had a disaster, as a result of the great bonanza it had through shutting down the U.S. and European industries in particular, and transferring the work to cheap labor in China! Now, suddenly, the market for Chinese purchase of what *they* are producing, has met a sudden collapse, and an accelerating rate of collapse in the China economy! And you will see that in every part of the developing sector which has been the beneficiary of runaway jobs, all shutting down the employment in Europe and North America.

So, in fact, we have been declining. And yet, some people are richer, and some people may not be actually richer, but they get drunk more often—and they feel good. So that's been our trend.

### **The Greenspan Bubble**

So, what we have, we are a dying economy, we no longer have the actual net physical wealth that we used to produce, we have less. But some people have a lot more money!

Why do they have more money? Well, let's think: We had another depression in October of 1987 (by the way, I forecast that one, too). And people said it wouldn't happen, but it did. But at that point, the U.S. economy was about ready to go into a depression: Along came Alan Greenspan, and Alan Greenspan has no morals whatsoever, so therefore, he was able to think of things that decent people would never think of. So he took something that people had gone to prison for, and he made it national policy for Federal Reserve System. It became known in the form of financial derivatives.

So now, what happened is, we built up a grand financial bubble, based on self-multiplying—it's like a fungus: You put a fungus in your bathroom, it grows! The more you fight it, the more it grows, more fungus, a new kind of fungus comes in!

So, what we did, is we built up a tremendous amount of debt. Now, this debt was not debt incurred by pro-

duction, or by investment in actual production. This was a debt which grew all by itself. Because you invest, and you set a certain amount, and you say, "Okay, this is our yield. So now, we've got this debt which is going to have this following annual yield. Now, let's say, we'll give this debt a life-expectancy of 10 years, 20 years. Now, we will assess the debt, not on the basis of the money that was put up, or was promised"—you didn't put up, but promised; and they'll take the promise of that amount of payment and they will multiply that by factor, and they will come up with saying, this has a "capital value, which should be traded on the market at this multiple price; at a price this multiple or a certain number of years."

So what we've had is: The more this debt grows, the more it grows! So, we have actually a hyperinflationary bubble in financial derivatives and related kinds of nonsense, which had been growing up—and we call this "prosperity" over recent years, since Greenspan's "miracle." This is Greenspan's prosperity. We've built up to the point that the amount of debt outstanding, far exceeded anything that the human race could pay in its entire lifetime.

So then, we have a crash! But when did crisis occur? When did the problem occur? The problem occurred in this case, when they let Alan Greenspan become the chairman of the Federal Reserve System. That's when it happened. You're saying the crisis is happening now: It happened then! That's when you contracted syphilis, buddy! Now, you're feeling the symptoms!

So that's the nature of the problem: What we have today is, the people who think, or are supposed to think, in markets, in firms, and so forth, are *totally incompetent* relative to the standard of industrial management, say, back 20, 30 years ago. They're utterly incompetent. All they do, is they come into a company, do nothing of any value, bankrupt the place, and walk out with a golden parachute. They have no competence whatsoever. But what you had is a parasitical class, the so-called modern management class, typified by these firms that have been going under, like Goldman Sachs—or Goldman Sucks, if you prefer. And this kind of thing has been going on.

So, we've had a destruction of the U.S. economy, and European economies, by all of these kinds of major changes, or successive changes, which occurred over these recent years. The actual productivity of society has been declining, in real terms, in physical terms—

human terms, per capita and per square kilometer terms, over this period. We've had shifts, but the shifts have always been a downshift on a planetary scale. You move jobs to China, you pay less—that's why they move there; you shut down the investment in industry, and productivity in the United States and Europe.

The result is a net shrinking of the physical output of the world economy. But in the meantime, you're calling this a profitable venture; you're capitalizing this financially; you're building up a much larger volume of claimed financial assets, while you're destroying the base. And when the world economy has been going into a *negative* profit ratio, in terms of physical profit over these years, the result is obvious: You reach a point at which the *rate of increase* of fictitious value, as against attributable real value, is such that you're about to go under. And that's what happened.

### The July 2007 Proposal

Now, in this period, go back to 2007: On July 25, 2007, I gave, in the Washington area, a webcast, at which I indicated and reported that we were on the verge of a process of breakdown of the economy, which would accelerate. At that time, I indicated, pro forma, and in some detail, also, what the measures are which had to be taken, to deal with this crisis. Had those measures been taken, into say, September or October of 2007, we would not have a crisis in the United States, today.

For example: My proposal then was, all right, take the real estate sector: The real estate sector is totally insane, the prices are insane. What we do, is we protect the entire household. We want to keep the people in their homes. So therefore, we put the whole system, the mortgage system into receivership, for protection in bankruptcy. Nobody leaves their home. In the case of difficulty, where the pressure's on, we protect them, by putting them under bankruptcy protection; so that anybody who's living in a home, can not be thrown out of the home because of this mortgage crisis. They stay there.

The other thing, is to maintain the stability of the community economy. You don't want people being thrown out, going elsewhere—you'd get a chain-reaction collapse.

Secondly, there are banks which are actually bankrupt. Now a bank has two aspects: One is its financial stability, and the other is its function. Now you go back to Alexander Hamilton at the end of the Revolutionary War, when the colonies had financed the war effort for

our independence. All of the banks of these colonies which had done their patriotic duty, were now essentially bankrupt. And the idea of a Federal Constitution, as opposed simply to the Declaration of Independence, was needed at the end of the war.

So, Hamilton came up with a solution, and the solution was national banking. We would do what we can, to *save these banks* by giving them government support. We would organize government support through national banking. And it was this agreement on national banking which enabled the adoption of the U.S. Federal Constitution.

So this is a principle, which I used, which is the *foundation* of the U.S. Constitution—that agreement, on how we deal with this system, where banks who have acted under government control, that is, the government of the struggle for Independence, were now protected for development, to keep a banking system alive in the United States, at that time. And the Constitution was organized around that pivotal issue. So national banking is our natural tendency.

So, what do we do in this case? We say, we put the *banks* under protection! So now, we put the banks, as well as the householders, mortgage-held householders, we put them into bankruptcy protection, to reorganize the system. And then we start a credit system, to get some growth going, real growth in the economy, which means we have to negotiate a new international system, a credit system to replace the monetary system which was hopeless. Those were my proposals.

Had we done that by the Autumn of 2007, *we would have no crisis in the United States today.*

But what did we get? We got "Bailout Barney," Bailout Barney Frank, under a Doddering Senator, from Connecticut. And what they did, is they now bailed out every piece of worthless paper in the world, for their friends—including golden parachutes. What they have *dumped*, as U.S. obligations alone, on the basis of this crisis, is sufficient *to sink the entire world economy*, into a bankruptcy of the type experienced by Europe in the 14th Century, but this time, on a global scale.

### A Criminal Government

So what we've had is effectively, in effect, *a criminal government* of the United States, under George Bush, and that *criminal* policy of government has not been corrected since Obama was inaugurated. And that's the problem.

The problem is, that these economists and others



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*Forget the idea of money: “You can not, from a monetary system, determine how an economy should grow.” As a result of monetarist policies, like those of the late Milton Friedman (above), deindustrialization has destroyed American agriculture and industry. Left: The Highly Enriched Uranium Materials Facility’s design is an example of advanced technologies in nuclear construction.*

have no sense, of *how a competent financial system works*. They were capable of operating, when the previously existing system, which they knew the rules of, existed. As long as that system worked, and did not collapse, they thought they knew what to do, day to day, month to month, year to year. But when the system collapsed, they had no idea of what to do about it. And that’s where we stand today.

That’s what you see with Geithner, as his problem. I don’t think he’s incompetent, any more than most people are in that field. And I think he could be a very workable Secretary, under the right conditions, if he was given a free hand to follow his own conscience and good advice. But right now, the United States, under the present administration policy, is *headed toward a point of outbreak of a hyperinflationary explosion, which would destroy most nations, and most of the world, and the United States included*.

So that’s where the issue of Galbraith’s appraisal comes into play. These guys, who are trying to run the system, have no idea what they’re doing. They have no conception of what the problem is, and no conception of what the solution is. And if we don’t change that, we’re not going to have a nation!

Now, what he puts his finger on, he says: These fellows—and repeatedly, in the points I picked out for

comment—he says consistently, and correctly, and he’s the first one to say it, from that whole crowd—which I why pick on him, because I know he’s a good guy, essentially; that, what he’s saying is: You guys, using your various systems, have no idea of what you’ve been doing, and no idea where you’re going. Because you’re now faced with a situation *for which you have no experience, and no knowledge*. And you have no way, on your own, of actually coming up and seeing what the problem is, you’re actually dealing with. You’re all sticking to some predetermined, estimated system, and trying to impose that on reality. It’s like trying to conduct a successful marriage with a dummy in a department store window. No matter how sincere you are, it doesn’t function! And that’s the problem.

### **A Deeper Problem: Money and Profit**

Now, this comes into a much deeper problem of the same nature. Which is what I now turn to, in a succession of essentially three essential issues which have to be addressed.

What we have to look at, is: Forget the idea of money as such. Money is necessary. It’s necessary, because exchanges occur between people, and you have no way, in these exchanges, of directly determining what the value is of something. So therefore, you set up a system which

is workable, which uses estimated prices as a measure of value. And you do it in such a way and under such management, that the economy actually grows. But you can not, from a monetary system, determine how an economy should grow.

So we get into this other kind of problem: what is it, what is the physical principle which determines—what determines a successful form of economy? What's the physical principle involved? And the economists, like the ones that we deal with normally, have no idea what that is.

As a matter of fact, things have become much worse, because, as we became *de*-industrialized, and we broke apart the two sectors, leading sectors of production, manufacturing and agriculture—we have destroyed American agriculture, we've destroyed American industry—in a sense, as a growing operation the way it used to be successfully. And therefore, the people who are managing large corporations, such as, say, General Motors (or were managing it, or something, before, not just stealing from it), were totally incompetent!

Take my generation, for example—my generation was competent. The next generation was not. My generation was production-oriented, agriculturally, industry, infrastructure. My generation was shaped, largely, by the refreshment of the Roosevelt Administration experience: Recovery, agricultural revolution, industrial revolution, technological revolution. We had managers who actually managed, in the sense of increasing the productive power, per capita and per square kilometer, of firms and farms. That was their drive.

From 1968, particularly, from that point on, our productivity was destroyed, and no longer did management have *any commitment* to maintaining an increase in actual physical productivity in agriculture, industry, or in the actual physical average standard of living. So we've been faking our way on credit since this process.

The question is, what's the remedy? We no longer have the people from my generation as managing these firms. The next generation is not too good, and the generation coming now is absolutely incompetent. How do we rebuild, what the American System represented? What're the principles?

Well, we can say, "industry and agriculture." Well, what about this question of profit? It's necessary, if you're going to have a growing industry, that you're able to produce enough value from that agriculture, that industry, so forth, so that you have something left over

for development and expansion of the economy, in the period afterward. In other words, where does *real profit* come in? Not the money profit; we've seen what money profit is. But the real profit, that is, the physical profit, where you get more out, in terms of production, than what *you put in*. You get an increase in the income of labor, an increase in the productivity of labor. How do you do that?

Well, you have two things to consider, primarily: You have the overhead expense, but just turn to two things: Look at two factors in agriculture and industry. Look at current operating costs, as what it takes to run the machine that you've got, and how much you have to invest, in the capital funding of the existence of that machine. You apply that not only to industry, privately held industry, for example, and corporations; but you have another, bigger investment. The biggest investment, in any successful economy, is a physical investment, in basic economic infrastructure, which, by and large, is entirely in the public sector, not the private sector. It's in the state, and it's in the nation.

### **We Need Nuclear Power**

This involves, for example, nuclear plants: You can't build a nuclear plant based on a neighborhood. A nuclear plant is, one way or the other—if you're going to have enough of them to do the job, and we do need a lot of them—we need fourth-generation types such as the pebble-bed reactor types. Because with the pebble-bed reactor types, in 1,000 MW, or something like that, we can generate synthetic fuels, we can purify water—we can also develop fuels from that, by producing synthetic hydrogen, or hydrogen-related types of fuels. We can then use these fuels—we don't need to import oil from abroad any more; you're taking a cheap product and you're transporting it around the world, at a very heavy price of transportation, monopolization—that's crazy.

Why not produce hydrogen-based fuels in every community? Or every large community? What does it take? Well, you've got a 1,000 MW reactor, of a pebble-bed type, and you can generate a lot of byproducts from that, just apart from the electrical power, industrial power, industrial forms of heat, similar kinds of heat. You can produce synthetic fuels, gaseous fuels. They're better for airplanes and air transport than these kinds of fuels.

You also can take the waste heat from the reactor; you take the various levels of heat coming out, you

measure everything in energy-flux density, the concentration per unit of area, or unit of weight of the power, what the role of the temperature. And you go from the highest temperature, which, from a standpoint of physics, of the Periodic Table, is a place where you really do the things like transmutation of materials; all the way down through various chemical processes, down to using the waste heat as a way of providing the heat for a community, heat power. You could even provide a survey through a whole area of say, a community; and the very lowest grade of heat, you get enough heat out of that to heat a house, or cook a meal.

So therefore, by using a central heat system through nuclear power, you can go all the way down to the requirements of the lowest level of life, and simplify life for people. Which means, when you simplify life, you make the cost of production cheaper; you increase the productive power of labor. You're able to produce with high-temperature reactions things you could never produce with low temperatures. This idea of using solar, wind—what? from the mouth of a politician? It's nonsense, right?

So, we could do this thing.

So the question is, what's the process by which we take the total population which will tend to increase, and how do we increase the productivity of that population at the same time as raising the effective standard of living, in terms of what it means to live, at the same time? That means that you have to have a *transformation in the physical principle of economy*. And the first thing, is you go to a higher temperature reaction, like nuclear power.

We started out burning brush—or burning down the neighbor's house, or something like that. We went up to using charcoal, which is a better fuel than wood. We went from there to other sources of power, up the scale, to natural gas, and so forth. Then we get to the point, we seemed to reach a level. Then we come in with nuclear



*V.I. Vernadsky developed the concepts of the Biosphere, of living processes; and the Noösphere, of the processes generated by the human mind, which no animal can replicate.*

power: We come in through orders of magnitude greater density of power, higher temperatures. We can do things we could never do before. Then we come in with the prospect of thermonuclear fusion, which is a 1,000 times or more the efficiency and power represented for the same quantity of calories that you get from even nuclear fission.

So, by going up the scale of technology, and science and technology to higher levels of productivity, as long as you keep this factor of the development of the intellectual powers of the labor force moving upward, the labor force will produce innovations, which will increase the productive power of labor, if you invest in them. So therefore, society's policy should be to do that.

### **The Difference Between Man and Beast**

The other side of the policy is, the difference between man and beast, the idea of the difference of the Noösphere from the Biosphere. That is: What's the difference between the human species and an animal species, per square kilometer, for example? No animal can invent an idea, a concept. Only human beings can invent concepts corresponding to the equivalent of physical principles. So therefore, the real source of increase in power, or increase in income, in wealth, real wealth, is the increase in the productive powers of labor, through the equivalent of scientific progress and investment in scientific progress.

Now, the other side is, we're living on a planet which has a very interesting phenomenon, and this is the tough one which I have to present to you, even though it may seem technically challenging: There's a fellow called my dear friend from Russia, V.I. Vernadsky, the man who developed the concept, among other things, of Biosphere and Noösphere, of living processes as against non-living processes, of the processes effected by the human mind, which no animal can replicate. Now, in the animal kingdom—you don't measure animal kingdoms in terms of species as such; you measure the



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*Mankind's creativity, as expressed in physical science and Classical artistic culture, is conscious, said LaRouche. And while some animals can imitate people, they can't generate creativity. Shown, the Australian koala, a member of the marsupial group, which was crowded out by superior mammals.*

animal kingdom's productivity and potential productivity in terms of groups of living species, and how they interact. This group has then a certain potential for its population, as a whole.

Generally, what happens is, in the animal systems as such, systems tend to equilibrate; that is, they reach a certain level, and they level off, the countervailing effects. With man, this is not the case. Just compare human beings with baboons, or with higher apes. What's their population? They're individuals, they look like a typical politician. Why can't they do the same kind of thing?

But only a human being, only the human mind, is capable of generating an increase in its population above a fixed level of the type you get for any animal species in a specific habitat: only man can do that. This is done by the human mind, because the human mind, unlike any animal mind, is capable of making the equivalent of fundamental discoveries in physical principle, or the equivalent kinds of discoveries. The discoveries are typified by physical science on the one hand, and by Classical artistic composition, on the other. Both are significant: One, physical science applies to things that man operates on. Classical culture pertains to those kinds of activities which operate on the development of the human mind, and the forms of cooperation among human minds.

So, these two things which people do, and no animal can do. Some animals can imitate people, but they can't generate what they imitate. They can imitate it, but they

can't generate it. Only the human species is creative in that sense.

Now, living processes are also creative, but there's no consciousness involved. For example, you had once, in Australia, for example, you had all these funny species, pouch-bearers. And then, when mammals came in, the poor marsupials were crowded out, because they were inferior in their performance in their habitats. But this advancement from marsupials to mammals, was an fact of evolutionary development among living species, going upscale. And since Australia was cut off from the parts of the planet where this development was going on of mammals, they were stuck with marsupials. And then when the rabbits came in, which were not marsupials, then Australia had a problem with all the rabbits, which ran loose with no natural opponent.

So, you have a potential development of living species on the planet. There is positive evolution in living species. But this is *not deliberate*. This is the development process which is built into the anti-entropic tendencies characteristic of living processes.

## Physics

Now, so therefore, you have three layers in the planet and in the Solar System you have to deal with, in physics. One: are those products which are characteristically not products of living processes. Non-living material. Then you have another character, which has two components; it has, first of all, living processes, and by-products of living processes. That is, these things may be technically dead, not living, but the forms they take chemically, in terms of the Periodic Table and similar criteria, exist only as byproducts of living activity. Thirdly, you have another thing, which exceeds all potential for either the abiotic domain or for the Biosphere, which is called the Noösphere: Mankind.

So, what happens is—get the picture: You have the planet Earth. The planet Earth has a mass which is about the same amount, or in the same range, at least in ratios, that it was when the planet was created, as a product of spinning-off of material from the Sun, into an orbital pathway, probably by induced fusion, with polarized fusion. That is, the Sun, the hot little Sun is spinning around fast, up there, all by its lonesome. And it develops a plane, a planar mass, which surrounds the Sun from which this is spun out, this mass. The radiation from the Sun, hitting this mass reaches the higher equivalent of temperature than in the Sun itself; so this mass goes under a transformation.

Now, you can see it, in terms of the Periodic Table, that is, what are the elements you find in the Sun? And what are elements you find in the material in the planetary system which was produced by the Sun? So the Periodic Table of the planetary system is higher in its development than that of the Sun itself. So there's a development process.

Now, the result is, we're on a planet—Earth—after all these processes that'll add up to that point. And the mass of the planet Earth is relatively about the same it was when it first became a planet. But now, you have three categories of composition of this mass, at least on the surface part of the mass, of this planet. One is the mass of the planet as a whole. Now, it's divided into three components. One component is the abiotic component, presumably the most primitive type of component. The second type is the Biosphere: those elements which were either living processes, or existed only because they are *products* of living processes. A third—you have a third one, which is the part of the planet's weight which is attributed only to human activity—human beings and human activity.

Now, among the three, the rate of increase of the Biosphere is increasing relative to the total weight of the planet; and the rate of increase of the human area, the Noösphere, is increasing more rapidly than the Biosphere. Those are the conditions for successful life of mankind on this planet. The Biosphere must be increasing, but the Noösphere, the sector which pertains to human activity and human products, must grow more rapidly than the Biosphere.

How does this occur? Well, you have a principle: It's called the law of zero growth. Of entropy. And there is no "law of entropy." Entropy is not a characteristic of the universe. It certainly is not a characteristic of the Solar System. You start with the Sun—a *lonely* Sun, spinning crazily, looking for a mate, hmm? Out there in space, all by its lonesome, in a fringe area of our galaxy, in the Milky Way. And it gets hotter and hotter, and it begins to spin off material, and it begins to lose its rate of rotation as it spins off material, it sheds some of its own material to try to slow down. In this area where it sheds materials, suddenly, this thing is going into creating new, higher orders in the Periodic Table—as we call it, retrospectively. This material is spun out, it's spun out into pathways, which correspond to the pathways seen by Kepler, in defining the principle of universal gravitation.

In this process, evolution is occurring. Abiotic evo-

lution in the process. Then forms of life emerge. They probably emerge in most parts of the Solar System. Species emerge and develop; they go to higher levels, as the Biosphere. Then, mankind's intervention transforms the whole process, so that we have material which comes from the Sun, largely, which has now gone through this process into planetary orbits. We've landed on Mars and the Earth, in particular, which are very susceptible of being places for life to have existed at one time or another. We have an emergence of a Biosphere on the planet, and probably, we still have a remnant Biosphere on Mars, but a Biosphere on the planet. The Biosphere undergoes evolution; into this process of evolution of Biosphere, mankind suddenly appears, somehow or other. We're not quite sure how that happened, but mankind is there. Mankind now takes over, and mankind has a characteristic which is *not* characteristic of the others.

### **Mankind's Conscious Evolution**

All three phases are subject to evolution, anti-entropic evolution. Organization in the system is subject to anti-entropic evolution. It's a characteristic lawfulness of the universe, contrary to the Olympian Zeus and his orders. But then, mankind introduces *conscious evolution*. Mankind, as a species, changes its characteristics, as a living creature, through self-development, intellectually.

What's wrong then with the economy? The economists all assume, most of them assume today: Statistical economics presumes an absolutely *abiotic* economy! There is no mathematics, there is no principle taught by these economists, which requires the existence of living principles! And when you look at some of the accountants, you realize they are not really alive!

The second layer, you have processes which are alive, which are willful in some ways, but they have no independent will. They have only the ability to adapt to a form of behavior which has willful form. But they can not *innovate* from within themselves, an absolutely new kind of behavior. Only the human species can do that. And the human species is now driving the evolution of the planet! We are not *subjects* of the planet: The planets are subjects of us! Because the greatest rate of change in the planet is occurring through the human mind, not through so-called natural processes otherwise.

*Now!* How does a human being function? You know

where the apes are, these days, and some people think we're apes. Some people are credibly seem to be apes. Some are politicians; we don't put them into zoos, we put them into Congress.

But the difference is that the human being is able to *willfully* transform *human behavior*, including mass human behavior, in such a way that *the power of mankind to exist and to increase his population is inherent in the nature of mankind*. What this takes the form of, is the development of the conscious emergence of willful forms of development, what we call scientific revolutions or the equivalent, artistic behavior, Classical artistic behavior—the same thing. We create, the human mind creates in society something that makes a human being implicitly *immortal*. Yes, the body dies. But the effect of ideas, which are creative ideas of mankind, is immortal.

What do you do in science? In competent science instruction, *you relive* the act of experiencing a discovery. You don't take little kiddos and stick 'em into university and say, "Learn this, learn this, learn this!" What you do, is, you put them in a special hot-box, and you say, "Discover this! We won't tell you how you do it. We'll give you the parameters, of your job. And you figure out and fork out the answer." All you do, is you put these questions in a certain sequence which makes sense, and therefore you assume that the young kiddos can make these discoveries, one after the other.

So in our case, we, through willful increase in the equivalent of scientific knowledge and Classical artistic knowledge, because that pertains to the way people organize with respect to people—people-to-people relations—are creative in terms of artistic development, Classical artistic development. So, now the human species *willfully*—by going to higher orders of magnitude, in both in physical action on the planet, and in terms of the way we organize relations among human beings, as in Classical artistic composition—mankind is increasing its power in the universe.

That's how we're able to sustain 6.5 billion people on this planet today. We don't have a billion baboons. We don't have even 100 million higher apes, but mankind looks like a monkey, and sometimes behaves like one. But mankind has changed the nature of Man himself through creativity, and is changing Earth, and actually changing the universe implicitly. Not as something on Earth, not as a product or a secretion of the Earth, but as a power—which we demonstrate by space activity—

a power which is capable of transforming the solar system and going beyond. And perhaps that's part of our mission for being human.

So what Galbraith is saying, in a sense, he's saying we are not—we're limiting ourselves to certain bounded assumptions which are not appropriate for our problem. And what is the key? The teaching of the so-called principle of entropy is the killer. Every part of the universe says the universe is not entropic. The universe is self-created; all processes in the universe express continuing creativity. Mankind is a case of *conscious* creativity—willful conscious creativity.

### **The Principle of Creativity**

And we say that mankind should not be creative. We have the green policy—carbon, carbon, carbon. We have that kind of policy, which is the denial of creativity. When you raise this question, they say "No, no, the law of entropy! The law of entropy!" There is no law of entropy. What you see is where creativity has demonstrated, in U.S. history, and European history, and elsewhere, that Man's creative powers are the way in which Man solves his problems, by which Man advances; by which the condition of the planet advances, and will continue to advance.

And that's what an economy should be. The first principle of an economy is the principle of creativity—of individual, intellectual creativity. Both on the one hand, creativity in dealing with things which are inferior to us, in terms of species, and secondly, with respect to creativity in relationships among human beings, and within the organization of human process itself. And that's what's been missing.

There is no provision for creativity per se, in the economic policies of the United States today. We have a green policy, which is going backwards, getting back to the ape as quickly as possible; and that's what the problem is, and that's what I deal with in my work. And that's what's lacking in our economic policy.

We never really developed a good understanding of the implications of creativity per se, of human creativity. We developed a good approximation. We liked to promote young people, formerly, in becoming achievers in science and related kinds of knowledge. We would be able to recognize, by certain standards we developed, what was progress and what was not. We called this improvement from one layer to the other of progress; we called it creativity. Now, that was not false,

but it was not accurate either, because it did not go to the question of principle of creativity itself. But nonetheless, we had the approximation.

So now what are we going to do? We say, "Where are we going?" Well, how do we say where we're going? The planet is going negative; we're dying as a planet. The people who are running the planet don't know what creativity is anymore. How do we expect to organize a recovery, at least a prevention of the collapse of the system the way it's going now? We have to have a consciousness about creativity.

Now, the issue of nuclear power is the test case. The only way that mankind is going to be able to continue to live successfully on this planet, is by going through the stages of fission, the development of fission technologies and thermonuclear fusion. That's the standard; it's not the only thing, but it's the standard. Also, a deeper insight into what was defined as the biosphere by Vernadsky. To think in those directions, instead of taking the happenstance of good ideas, and arranging them in a certain sequence, we've got to have more insight into what the connection is among these successive stages that we recognize individually as being advances. We have to order society so that we have, for example, investment of any significance today, as we become more dense in our intensities, more capital intensive. We have to make investments which are in the order of a hundred years.

For example, a mass transportation system and great water systems, are 100-year investments. Other investments, like a nuclear power plant, is at least a 50-year investment. You can't go much better than that these days; maybe we can later. But all these things involve investments which are measured on the scale of either a generation, or a multiple number of generations, or at least, a half generation. An investment in a plant or an industry is a half-generation investment in terms of its basic cycle.

So therefore, we have to look into how do we look forward? We don't say, how do we react to what happened yesterday; how do we react to what we must achieve 50 years from now? How do we react to the obligation to reach that 50-year point ahead? And do it in such a way that we know we're going to progress. And that's where the problem lies. We don't have a conception of what it is to be human; really. We know what human is, as we meet people on the street, or in life generally. We can tell the difference between a monkey and

a man. We still can do that; that hasn't been taken away from us yet. But we don't have a conception, and we're not taught those conceptions in universities today, which, even in former times, tended to guide us as to what progress was. And to recognize what the lack of progress represents.

Now we think the lack of progress is a virtue. Going backwards is a virtue; going back from the steam engine, back to a solar collector or something, which costs more to build than you get out of it, in point of fact.

So, therefore, we have lost that. What we lack is economists and statesmen who are able to do more systematically than we've done before, what the greatest statesmen did in the past, as the work of the United States, which led to this great revolution in the middle of the last century—or the previous century—I'm getting getting a little bit old now. I've gone through another century since I was born.

### **Thinking Centuries Ahead**

So that's our situation. We don't have a sense of even the ordering of this kind of progress, the imagination that we used to have as an inspiration, which became known as the American method. We've gone backward, but that's not even good enough. We need a much more systematic conception.

For example, we have to think about how we develop the infrastructure of the planet. That's a 100-year to a 500-year investment. We have to think ahead, centuries, because we're going to transform this planet physically, its characteristics of its surface, physically. We're talking about investments which are four to five generations or more in advance. We cannot step on our own feet all the way, so we have to have a policy which we know will stand up scientifically for these kinds of advanced periods. We don't have it.

And that really is the point of Galbraith's point. We have to look beyond the reality of our immediate experience, and our past experience. We have to say, the present lessons and experience are not reliable for us; we have to look further into the future, and that's what's lacking. We have to define from the level of the Federal government. Because the United States as a nation is going to have to commit itself to certain long-term changes in policy.

How are we going to get rid of the garbage? We've got a lot of garbage of various kinds. How are we going



WHO/P. Viroit

*Looking at an aerial map of Africa, “What you see is the most atrocious lack of development imaginable. Where’s the railroad? Where’s the highway? Where’s the city? Where are all the things we know that are required for a European standard of living? The thing’s horrible!” Shown, a TB patient, carried by her sons, in Ethiopia.*

to build the kind of systems that we know will stand up 100 years from now, or 200 years from now, as sound investments in building the future? And we have to have economists who think in terms of these kinds of conceptions, who think as the example of the work of Vernadsky typifies. We can look to the future, we can have a sense of what is a sound direction to go in now, as to the effect it will have on the future. And we have to go with the idea that this has to be coupled with an increase in the productive powers of labor, so that in respect to human needs, we are able to increase the rate at which we advance in capacity to meet human needs.

This is typified for us by the case of Africa. I looked recently at a study on Africa, which was done from the level of helicopter flights. And they took the entire continent of Africa and gridded it. And you had a shot of each grid, as you flipped these big charts, grid after grid. And what do you see? What you see is the most atrocious lack of development imaginable. When you see it in this form, you want to vomit. Where’s the railroad? Where’s the highway? Where’s the city? Where are all the things we know that are required for a European standard of living? The thing’s *horrible!* Just a few areas are developed as local areas for some parts of the population.

Africa has been looted! It’s ruined! The British

Empire has committed one of the greatest crimes of its existence, in its damnation of Africa. We’ve got to get the British out of Africa, otherwise the Africans can’t live there. The British are the disease. Get the British out, and the disease may be cured.

But, that’s our problem. We don’t think in these terms. We don’t think in the terms of the future, and that’s, that’s my business. But because I can do that, in my own way, and have done it in my own way, and I’ve been successful in forecasting on this basis of this, and knowing what the effects are of not doing it, I know it can be done. And what the problem is, as Galbraith has put it forward: The problem is that there’s another part which we neglected. The part we haven’t touched; the part we’ve over-

looked by our existing assumptions. And what this President needs, is an economic policy with a vision of the future.

What does that mean, in a sense? Most of our investment today, in the future of the United States, will be capital investments in basic economic infrastructure. We have to take, for example, the water system of the central United States; that is, the area which has the Mississippi running down through the middle, and you have the Rocky Mountains on the one side, and the Alleghenies on the other. It’s the major system of the United States. Coming out of the Great Lakes and downward, this movement of water. Now, managing this movement of water, and also making sure that we have water tables which are up to standard. That is, refilling these water tables and maintaining them, is crucial. So, there is no question that we should be investing in a long-term commitment for what we have been neglecting in terms of this system—the river system, the water system, the aquifers—between the Alleghenies and the Rockies. We should be doing that.

All these cars driving around where they are, it’s insane; it’s insane. The economy has gone backward as a result of all this mode of travel on highways as a way of living. We need mass transportation; we need a system of mass transportation which is efficient, and



White House/Pete Souza

*“My concern, said LaRouche, “is to guide the present Administration away from these swamps which it is being pushed into, and take this view that the Obama Administration can now use the fact of the crisis, to put through the kinds of policies, long-term policies which can only be put through in this way.” Here, President Obama in Ft. Myers, Fla., Feb. 10, 2009.*

clean. We can have it. Okay, what’s a safe investment for the next 50 years, the next 100 years? We need new power systems, a safe investment for the next 100 years. A series of these investments, to change the character of things. We need to rebuild and reorganize our cities. We need to stop the big, giant corporations which are failing us now, like General Motors. We need to promote smaller corporations, which may be corporate in form, but we distribute these more readily, so that every part of the country has a number of industries in each area, which are its characteristic industries, and people don’t have to commute two hours a day each way, to get to and from work, or other conventional travel. We can make those kinds of decisions. We *know* we need power; we know we need high-density power. We know we have a water shortage; we’re running out of fossil water. We know the aquifers are being collapsed. And it’s from the industries that you generate, by dealing with these problems of infrastructure, that you create the new industries that you need.

In other words, you don’t start creating industries. What you do is, you take the major infrastructure which you need in order to develop the industries, and you use the development of that infrastructure with the intent of promoting the possibility of the effects you are trying to create. And that’s the way we have to go. And we have

to go that way, based on the fact that we’re raising the level of technology, we’re raising the scientific level of technology, and the application of technology, constantly. And if we’re doing that, that means that we know in advance that we’re going to be increasing the amount of product we produce, relative to the product we consume. You know that you’re building in a physical profit into the operation of the U.S. economy, and you can do the same thing on a world scale.

### **Stop the Bailout!**

And the Administration should be able now, with people who think, as implicitly Galbraith indicates, a policy which is based on the assumption of growth of technological progress, scientific and technological progress. We can do that. And if the Administration cuts all the crap out, takes all the crap out of its budget; puts these things through bankruptcy reorganization: Don’t try to bail them out! Stop the bailout! We can do that, what our job is. And what my concern is, is to guide the present Administration away from these swamps which it is being pushed into, and take this view that the Obama Administration, can now use the fact of the crisis, to put through the kinds of policies, long-term policies which can only be put through in this way, through a sense of crisis.

The American people, by and large, have no love for Wall Street. They have almost no love, or negative love, for what’s in the Congress right now. The hatred of operations on the Federal level is beyond belief, and it’s increasing at an accelerating rate. Ordinary people out there are ready to kill, because nothing is working. Everything that’s valuable to them, is being taken away from them; they’re being robbed, and they can’t trust anybody. And if the President of the United States can demonstrate that he can be trusted, and trusted in terms of taking forms of actions which are going to change the direction in which we’re going now, he will have full support.

I think that’s what Galbraith is saying, in one sense or another, and I give him credit for being the first in his position to say it. And on that basis, I think we can win; I think we can beat this thing. It’s our last chance, and I’m determined you’re going to take it.

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## Dialogue with LaRouche

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**Freeman:** Thank you, Lyn. Well, we will now proceed to our question and answer period. . . .

### The Priority in Afghanistan

The first question is on Afghanistan, and it comes from Washington, D.C., from an individual who is one of several who is tasked with putting together policy for Afghanistan. He says, “Mr. LaRouche, as I’m sure you know, on Friday, a number of people joined Ambassador Holbrooke in a trip to Afghanistan, where we are beginning to flesh out the details of what the Obama Administration’s policy will be. It is certainly a policy which is much different than the policy of the previous Administration, and also different perhaps than what we first conceptualized, immediately after the election. There is talk, ultimately, of moving literally hundreds of diplomats and other professionals into the region to help expedite this policy overall. In the meantime, the situation in Pakistan grows more grave and more unstable. You have addressed this on many previous occasions, but we were wondering if you would be willing to give us an overview, in terms of direction, of what you think are the priorities to be addressed.”

**LaRouche:** Well, first of all, you have to realize we’re in a war situation. The war is against the British Empire, and the British Empire’s war against us. What is being done now, and it has been done recently with these bailouts: If you look at what happened recently, with this thing, the most angering part of the bailout among the American people, was when they found out that the money that the Federal government had given for bailout in the U.S. system, as in AIG, was being used for massive benefits for foreigners. So, what has been happening is, the United States is being subjected a pressure to destroy the United States, as a nation, through hyperinflation, and through bailouts of this type.

We’re engaged in a war against the British Empire! Now, I think that probably President Obama would be sympathetic to my saying that, emotionally at least, but the point is, this policy of ignoring that issue. We’re under attack, by a force which is determined to destroy our nation, a force which is called the British Empire. What they’re doing is, they’re sowing the seeds of a hyperinflation like that which Germany went through in the 1920s, inside the United States, by these bailout

operations. And the British think it’s very clever, and they’re bringing people in Europe on line to join in raping the United States. Now, every policy we deal with, has got to deal with the premise that we’re under attack, like warfare, by the British Empire.

Case in point: Afghanistan. Drugs! Drugs grown by a farmer in Afghanistan, opium, may be a \$500 or \$600 crop per year. What’s that crop worth on the European market? How many millions of dollars is that crop worth on the European market? The idea that we have a problem in Afghanistan in which U.S. military and other forces ought to be engaged, is *insane!* We are not in there to shoot farmers, even opium-growing farmers. That is a stupid idea. The idea that we have to have a military force in there to “manage” that thing sociologically, is *insane!* We can’t even manage an American city, let alone a nation like Afghanistan. So, don’t put in advisors to manage that nonsense.

What you have to do is, you have to talk to Russia, to China, to India, and other concerned countries, and use our concerted force to get rid of every dope peddler moving drugs across borders. We have to toughen up all the drug laws. Any substances which are in this category, have to be banned, absolutely! If we have to jam the prison camps for the time being until we get that thing cleaned up, we should do it. Because if we don’t do that, we’re not going to have a civilization; that’s your choice. Forget the ideology.

Now, who is running the drug war? Who is conducting the warfare against the United States on drugs, and other countries? George Soros! Who, among other things, controls Nancy Pelosi in the House of Representatives? You’re serious about the drug problem; you’re serious about the Afghanistan problem? Get Nancy Pelosi out of the chair! Push her off the table!

So therefore, I am against the idea that we have to have a virtual occupation policy in Afghanistan. I don’t want Americans wasting their lives in Afghanistan. The idea that you’re going to manage the thing, make things better—. What you have to do is one thing—just the same thing that our Attorney General is doing in respect to Mexico, in cooperation with President Calderón in Mexico. We have to shut that border down! Not against the Mexican people, not against commerce. But we have to get rid of that weapons and drug traffic, two ways, across the border. We can do it—*do it!* And do it by getting nations to cooperate with each other for common benefit, and do it by punishing the British every time they turn around.



USAF/TSgt. Laura K. Smith

*The way to win in Afghanistan is not to send in more U.S. troops; the way to win is to shut down the drug traffic. "Drug-trafficking is the heart of the British Empire!" Here, members of the Afghan Border Police in Herat sort illegal drugs seized in December 2008.*

George Soros has committed what we consider crimes. Why is he still running loose? What about Lord Malloch-Brown? He's no good either. What about Gordon Brown, the present Prime Minister? He's no good either. The former Prime Minister, Tony Blair, was more evil, and even worse. He was the liar who got us into the war in Iraq. Get rid of these guys! Get them out! Don't cater to them; don't treat them as respectable—they're not respectable.

And create a condition under which countries by themselves—for example, the farmer who gets into the drug circuit, becomes a part of a drug empire, and he's not going to get more money than he would by growing a crop. He's going to be absorbed in the drug process; he's going to be oppressed and looted. He's going to go into virtual slavery, slavery to the drug lords, who are developing armies with which to deal with taking over the control of governments, and entire government areas, nation-states.

We have to have a policy which is progressive, and we have to have a policy of recognizing that the British

Empire in its present form, under the Fabian Society of government, is the enemy of the United States. And we have to break that. That must be our policy.

The other side of our policy, which is what I'm promoting, is that we have to have an agreement with Russia, first of all—and discussion with Russia on this is crucial—because Russia is the most likely nation to move with us, under the right conditions, to bring China, and India, and some other countries together, in a Eurasian bloc in alliance with the United States, to deal with various problems, including the nations' financial reform and recovery.

So, in other words, you have to go back to the 1648 Peace of Westphalia. And instead of limiting the Peace of Westphalia concept to giving some benefits to our neighbors, and not killing our neighbors, we have to go beyond that. We have to take the idea of affirmative changes in policy as being a Westphalian principle. We have to be working to do something good for the development of other nations, and induce nations to cooperate in doing good for each other. This is not a diminution of sovereignty; it is an affirmation of sovereignty: that a nation has a right to be free, to do good for itself and others. And that should be the policy of the United States. We are

best suited, among all nations, to do that, by virtue of our history.

You see, you have to remind people, especially as these questions come in, of one principle here. The people who colonized what became the United States, as in the course of the 17th Century, as in the case of Massachusetts, for example. (I have some ancestors who were involved in that, with their arrival in Massachusetts, so I've got a vested interest in this matter.) That we came here, in these colonizations, not as refugees from Europe; we came under the inspiration of a policy which was spread within Europe under the influence radiated from Cardinal Nicholas of Cusa in the middle of the 15th Century.

Now Cusa, during the wars which developed during and following the fall of Constantinople, realized that a reaction had occurred in Europe, a trend for the worse. And on this basis, he proposed a policy—which was one of the last policies he proposed before he died—that the people of Europe who were dedicated, should go across the oceans, to engage Europeans who were

concerned with places across the oceans, and thus to build up a foil there, to act on Europe to stop the kind of destruction typified later on, by the expulsion of the Jews from Spain, that sort of thing.

Cusa died in that century, but his friends didn't. And Christopher Columbus, who was a seaman of Genoese progeny, operating in the Portuguese service, united service, met in Lisbon with a friend of Cusa's, a clergyman, and had contact with writings by Cusa pertaining to this project. So, in approximately 1480, Christopher Columbus, who was in extensive contact, literary exchange, with Cusa's friends in Italy, was able in 1492 to finally get the funding to conduct this voyage across the Atlantic, an ocean he knew, in order to start this kind of process of developing relations with the people on the other side of the ocean, to balance off the degeneration which was occurring in Europe.

That was his intention, and over the course of the following century, going into the beginning of the 17th Century, there are whole legions of people, or shiploads of people, as with the *Mayflower*, and as from Spain and other cases, who travelled across the Atlantic to create settlements in North America and in Central America, whose intention was, whose purpose was, to build up new cultures, new civilizations, at a safe distance from the corruption which had taken over Europe, and thus, to take the best of European culture across the ocean, to build up the allies for the liberation of Europe from the evils of oligarchy, the feudal and similar kinds of oligarchy.

That is our intention; it was our intention then. That is our character. Most Americans came from European origins, until recently. Most came here originally, to found colonies, which would then take the best of European culture, cleansed of its oligarchical associations, to build up in the Americas a force which could then act on Europe to liberate Europe from itself; to liberate it from the idea of aristocracies, and oligarchies, and titles, and to reduce all citizens to the rank of citizen. That was the intention. Our intention was to take the *best* of European culture, freed of the dirty stuff, and to bring the best of European culture into other parts of the world. That was Roosevelt's policy.

That policy goes to the soul of the United States. We, because of our history, are the best example, the best natural example, of that policy. That's the policy of Franklin Roosevelt—not Truman. And the policy is, we must seize what we are; we are Americans in that sense,

not in a chauvinist sense, but in that sense. Our purpose is to present the world with the idea of a sovereign nation-state, which is without oligarchy, and which is committed to the greatest principles of civilization of mankind in general, and to promote them. And to promote the freedom of nations to exercise that kind of privilege.

In dealing with this Afghanistan question, and other questions, *we have to take an affirmative moral position*, that we are not in these areas to manage these areas, to condition them, to treat them like children. Our job is to inspire people and to give them the freedom to be able to be inspired.

And the first thing we have to be able to do, is to get rid of the British Empire and George Soros. Get them out of our politics, and shut down everything they represent! The British Empire is our enemy! And anybody who is competent to be President or an official of the United States, ought to recognize that. We're not out to make war on them; we're out to liberate them, by getting rid of people like Tony Blair, and similar Fabian types, who are about the most evil thing that slimes around the Earth today.

And therefore, our job is not to go in and conquer areas one at a time; our job is to organize nations together, for collaborative efforts which deal with these evils that oppress us. And this drug traffic is an evil we should shut down. And if the British Empire doesn't like it, we'll shut them down, too. We have to *start* from that. Don't start from this thing—"we're going to negotiate, we going do this," or whatever. It's namby-pamby stuff; cut it out! Get tough; but be righteous. Don't oppress; but destroy what needs to be destroyed for the sake of humanity.

*And I don't like this idea of going into Afghanistan.* It's a wrong policy. It's a compromise with something else, and I don't think we have to make those kinds of compromises. I don't think we need to. I think we ought to destroy the British Empire, and then the people will listen to us, and we can get everything done.

## A Special Celebration

**Freeman:** Before I go to the next question. . . . This weekend, a long-time leader of the LaRouche movement in the United States, Susan Schlanger, who is also the wife of Mr. LaRouche's West Coast spokesman Harley, is celebrating her birthday, and she is doing so under very difficult conditions. She has been ill, she's

been gravely ill, and she has been not only involved in a courageous fight against that illness, but she has not stopped organizing for a single day in the midst of it. And I wanted to take the opportunity to extend birthday greetings to her. And to tell her that I insist, as do many others, that she stick around, because we need her. So, I ask you to join me in wishing Susan a Happy Birthday [applause].

## How To Help Sudan

The next question is on the current situation with Sudan, and this comes from inside the Obama Administration: “Mr. LaRouche, as I think you know, we’ve been under enormous pressure to take a public position on the recent ICC indictment of President Bashir. And that pressure doesn’t come from just outside the United States. While so far, the President has not felt the need to respond to the warrant itself, he does feel the need to respond the indisputable suffering in the area. The issuance of the warrant provoked a response by the Sudanese that included the expulsion of a number of organizations that were providing humanitarian relief, in an area that desperately needs it. While the Sudanese government has denied that the policy towards Darfur is one of genocide, and has repeatedly insisted that it is working to resolve this internal problem, the fact is that the expulsions have done little to help their credibility in this area. As I think you know, the Secretary of State has urged President Bashir to allow these organizations back in, but so far has received no response. You seem to enjoy very good relations with Sudan, and with other nations in Africa. Could you please comment on why it is you believe that the Sudanese government has been so resistant to allowing and accepting this humanitarian relief?”

**LaRouche:** Well, that’s a tricky question, you know, because it’s not really true. See, the problem is, the case of Susan Rice. Susan Rice has blocked any attempt to secure competent information at the State Department or anybody else. Now, there are people in the State Department area, or former members and so forth, who could handle this problem, who know the truth about Darfur. But what Mrs. [Clinton] and so forth have been given in general, is not the truth. And the issue of the so-called humanitarian organizations has a twist on it which is absolutely opposite to what she thinks it is.

Go back to 1898. I think it’s important I say this, since, because of Susan Rice, no one, I think, in the

Obama government knows anything competent about Sudan, including the Secretary of State—does not know the truth. And the fact that a lie is believed, is the problem. And there are people who are senior specialists, in State Department and related affairs, who are intimately acquainted with the truth of the matter, but Susan Rice has prevented that information from getting into the proper channels in the State Department and elsewhere. So, the problem we’re dealing with here is, the Secretary of State has been subjected to a lie, and therefore, tends to believe that there’s a problem with the humanitarian organizations.

Okay, let’s go through what she should have known, if she’d been able to have access to competent, trustworthy resources.

The history of Darfur goes back to the period in which Kitchener had subjugated Sudan. In that period, you had a conflict between the British and French colonial programs. Chad was on the French side; Sudan was on the English side. When Kitchener conquered Sudan, France gave up some of its claims. Now, in a border area which is called Darfur today, there were two principal tribes. One largely on the Chadian side of the fence, the other, the largely Fur, or Darfur side of the fence. Under an agreement with the French, the British had the area, which was disputed territory between these two tribes, cut, so that the larger area was located in Sudan.

Since that time, under continued British occupation, *since 1898*, the entire area has been controlled by British intelligence operations, and occasionally French contrary operations. The tribes are ragged tribes; it’s an area in which the population is poor, and also the water levels have been dropping. Therefore, the starvation, the conditions of life, have been deteriorating. There have also been various interventions by foreign agencies into Sudan, to prevent the Sudan government from dealing with this problem, from exerting its authority in the territory.

The humanitarian groups, so-called, are typical of this. Many of the humanitarian groups are actually intelligence operations, operating to stir things up there. Now, some of them may be doing some good—some, but many are not. And the only way to deal with the problem is to have the Sudan government, with support, straighten the mess out. Those which are legitimate, which are not foreign intelligence operations, fine; let the Sudan government decide what it wants to do with

that. I'm sure it'll enjoy their cooperation. But what about the organizations which pretend to be humanitarian, but which are in there stirring up the typical kind of mess, and causing the bloodshed, inciting it, or otherwise?

So therefore, the policy of the United States is a weak-kneed one. Susan Rice ought to be told to stick to her business, and not interfere with the functions of the Secretary of State in making a judgment in these areas.

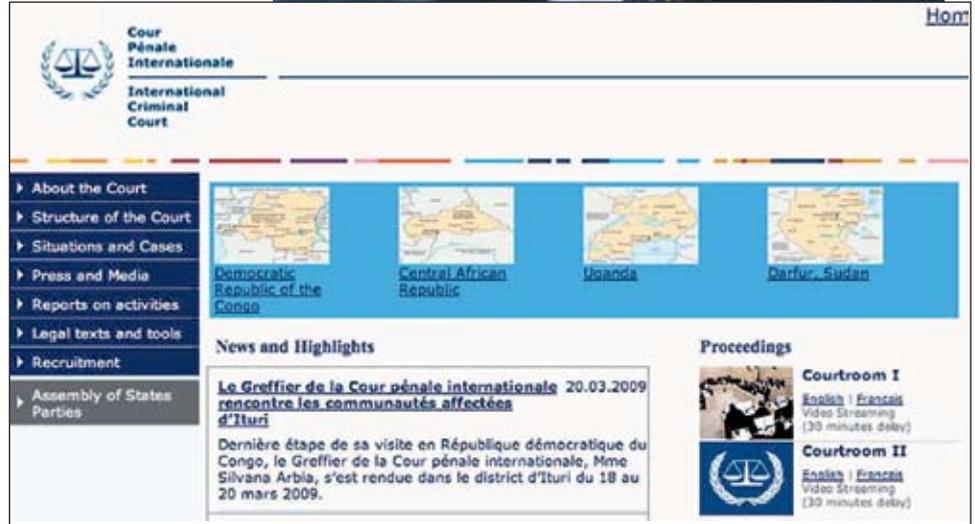
I think that the idea of Susan Rice having an independent voice in this thing is an abomination! She should stick to her job of representation to the United Nations Organization, and not try to make policy, which is a State Department area. And the Secretary of State should have access to people who know the area, who are expert, who will tell her the truth, and gladly. Or would assist her to find out for herself.

We have no problem with Bashir, as the United States—no problem there. We have a problem of Africa, as I mentioned. I have seen a recent and large specialized report on Africa, on helicopter studies of every part of Africa. I will tell you, from the results of that, that the British operations in Africa are genocidal.

Now, what's the ICC? The ICC is the creation of the largest drug-pusher in the world, the most extensive: George Soros. He created it. He created it with the British parliamentary office of Lord Malloch Brown, who's his crony. George Soros created the drug operation in Mexico, and so forth and so on.

So, the problem here is, let's wake up to reality. First of all, we should shut down the warrant. We should close down the ICC—it is not a legitimate function, it is a British intelligence operation. And *if* you try to do anything repressive against Sudan, you'll cause a chain-reaction throughout the region, and the United States government will not survive that chain-reaction.

*The so-called International Criminal Court (ICC), a British intelligence operation created by George Soros (right), focusses exclusively on Africa, on the home page of its website. All its prosecutions are aimed at destabilizing Africa.*



There's *tremendous pressure* and bullying on this issue, and it comes from sources like the British government and George Soros. I think, again, if we recognize that the present British government is the enemy of the United States, and without making war on it—actually physical shooting war on it—let's hope that we get rid of the Fabians, and [the Sudanese] will settle themselves on some decent arrangement. And there are people in the United Kingdom who do want a decent arrangement. They don't want any more of this Blair kind of Fabianism. And that's the problem.

So, one should not take these things and try to negotiate with them on the basis of misinformation, like this information about the problem of the so-called humanitarian organizations, many of which are actually *fomenting* the problem. If the United States government instead, went to Bashir and said, "Okay, what do you want? We're a new Administration, we're not the Bush Administration, that racist bunch of swine. Talk to us; what can we do to solve the problem?"

You don't need these kinds of resolutions from the

outside, you don't need to throw stink bombs in other people's backyards. We're there, we're friendly. And I can tell you that I know Bashir, and this case against him is fraudulent. I know what's happened; I've been into this area since 1994. I know the history of the area. I know many of the personalities of the area. I've been in in-depth operations and investigations in that area. At one point, I was actually dealing with the so-called tribes in the South, at the designation of Bashir. And they asked me, as a friendly agency, to deal with these people and try to find out what they want, and try to assist in bringing about peaceful negotiation between them. I know the area very well, as the Secretary of State does not. And everyone who does know it, inside the U.S. diplomatic community, really knows it, knows what I know. And the Obama government was lied to, largely with the complicity of Susan Rice.

### **Basic Flaws in the Financial System**

**Freeman:** The next group of questions comes from a multi-disciplinary group which you are familiar with, that operates out of principally Stanford and Princeton, and also Berkeley, who are working in an advisory capacity with the current Administration, in shaping economic and financial policy. They say: "Mr. LaRouche, we have several questions for you today that have arisen from our ongoing deliberations. As you know, we've broken down into different task forces, and some of the questions that we present to you today may reflect that.

"We'd also like it to be noted that we agree that it would be far more productive, and undoubtedly far more efficient, to conduct this discussion with all of us seated around a common table. It's our current understanding that there are certain political obstacles to that happening, but that steps are being taken to resolve them. So, we are hopeful that they will soon be resolved; but in the interim, we do have questions that we'd like you to address."

The first question says: "As public dissatisfaction with the bailout grows, it's also increasingly clear that there is no amount of money that will satisfy this monster. So, bankruptcy reorganization is increasingly seen as the only workable alternative. It would seem to many of us to be a no-brainer, but there is still a problem involved, and that is, it would seem that bankruptcy reorganization, while it will alleviate a certain immediate problem, will not solve the problem of the views and agreements that underlie the current structure of the banking system...."

**LaRouche:** Well, as I think some of you know, on the 25th of July of 2007, I not only reported the imminence of a general breakdown crisis internationally, of the present system, but indicated a number of measures to be taken, during that period, and then I followed it up with supplementary statements on the same subject in the following weeks.

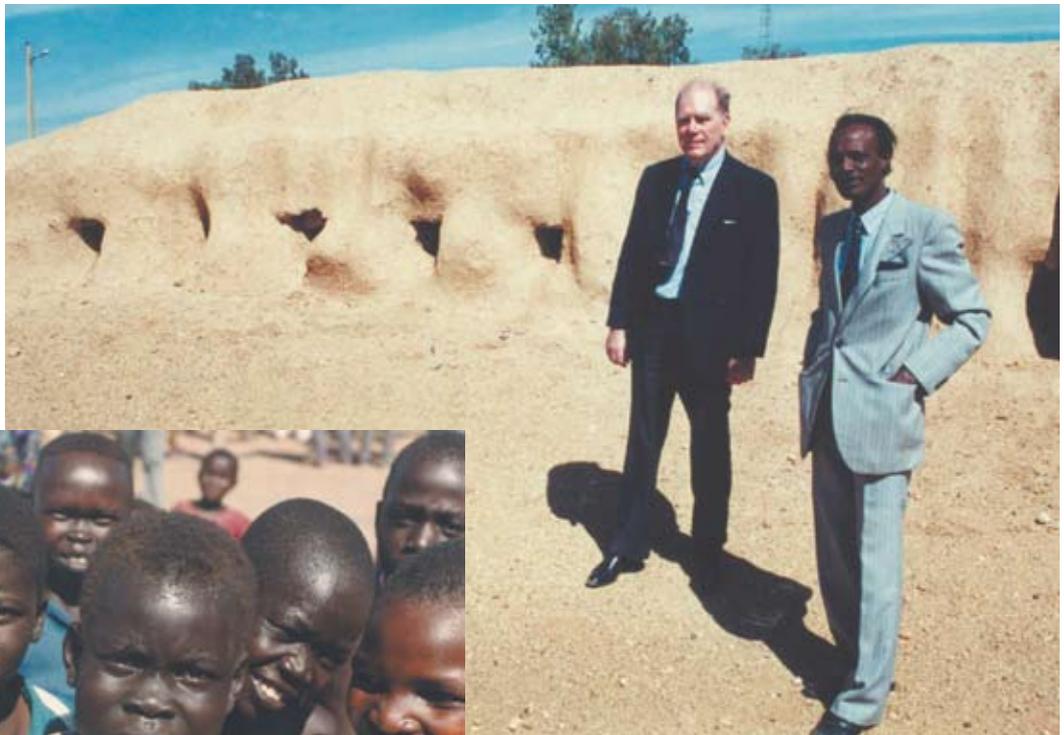
Now, the first thing I proposed, was the enactment of a piece of legislation called the Homeowners and Bank Protection Act of 2007. I also indicated a few weeks later, the 4% interest rate for regular banking loans, and a lower rate on government projects—1.5% to 2%. And also, to ensure that banks which were in trouble, but which were chartered banks—not the speculative banks like the Wall Street banks, but the chartered banks, the ones that had deposits in them, and do all this local thing on the Federal level, and state level—that these banks be protected. That these banks be put under bankruptcy protection, in order to continue their essential function in the community. And we would work with them to try to work their way out of the bankrupt condition. The same thing for the homeowner. So the idea was, we're going to keep people in their homes, we're not going to let them be thrown out. We're going to find arrangements to keep them in their homes until we can resolve this bankruptcy problem. And secondly, we're going to protect the chartered banks of the state and Federal banks of the United States. And then, we have to go from a Federal level, to a much more general operation, in terms of reorganizing the United States and the world financial situation, because of the crisis.

*If those policies, which I enunciated then, through then and through the beginning of September, had been adopted, the United States would be out of the woods today. We would still have a problem, but the problem would be manageable, and it would be under control. The failure to take those actions is the problem.*

What we do is, go back to the fact that we made some mistakes with Bush running loose. And simply say, "Okay, do it now." The Obama Administration should do it. They should say, they tried other things, they weren't working, and they're not going to work; therefore, the following has to be done.

Now, on the question of this vast bailout operation—it should be cancelled. It's a terrible mistake; it was induced, by undue pressure. A lot of people made mistakes—they supported it. They supported this; we opposed it. And you should make a list of people who voted for it, under great pressure. They should never

*LaRouche, in December 1994, tours the lines of Sudan's 1898 resistance to Britain's Lord Kitchener. He is accompanied by Abdel el-Rahman Abdulahi Mohamed el-Khalifa, a Sudanese official.*



*LaRouche has been active in Sudan since 1994, including dealing with people in the South during the civil war, to promote peace negotiations with the government in Khartoum. Here, youngsters in Juba, a Southern city, during a visit by a Schiller Institute delegation in October 1994.*

EIRNS

have supported that bill—the bailout—it should have gone through bankruptcy.

Now, the only thing you can do today is put this thing through bankruptcy, because bankruptcy means *bankruptcy protection*. The Federal government takes the relevant institutions into bankruptcy protection, which means nothing bad happens to these institutions. They're not shut down; they're not looted; they're not touched.

What we have to do is, we take all this crap inside, by this merger of the banking system, we take all this crap and we put it in a room, and we shut the door and keep it shut. We take the things in this bank or banking system which are equivalent to what we had under normal protection beforehand: Glass-Steagall. We use the Glass-Steagall standard, and we reorganize the banks which qualify as chartered banks.

That way, we do two things. First of all, we take the crap that was put in there, among what had been chartered banks, and we freeze it. We take the part of the

bank which corresponds to the operations of chartered bank operations, and we process them as Roosevelt did, with a bank holiday, and we process them to function, get back on the road right away. Instead of a bailout, we provide Federal credit to these banks, as chartered banks, or banks of a chartered form, which conform to a Glass-Steagall standard, and are able to continue to resume functioning, under Federal protection. Thus we try to take the viable part of the U.S. economy, get it functioning again. Just a normal way. You've got a structure; you've got communities; you've got banks in the community.

Now, they're worse off than they were before. With all the measures they've taken, they've made the thing a mess. Everything that was done by the Federal government, instead of doing what I indicated, has been a terrible mistake. Admit it! "We made a terrible mistake." Fine. Okay, we're now going to do the right thing.

Go back and do it: Enact the Homeowners and Bank Protection Act, in this form.

Now, the portions of the banks which are viable, by chartered bank standards, Glass-Steagall standards—we protect them. The other part? Ha, ha, ha!

You have to. You have to get rough. Do you realize how much was *stolen* from the American people by this swindle? How much is being stolen still every day, from the American people? Foreigners are coming in and looting our institutions, on this specious case, and someone is saying, this is an agreement. What about agreements? Didn't we agree to things that have been cancelled? No, we'll go back to moral standards. If something was wrong, it was wrong. And you say so. You say, this was a mistake! We're now going to reverse it. This was wrong! We're going to reverse it. That's the power of government, that's what governments are supposed to do.

Because I know that, as of the end of July of 2007, what I had immediately as a policy, would have prevented *any* of this from happening. And it was only corruption in the government, merely typified by Senator Dodd, or Barney Frankenstein—what these guys did, and what others did, what Goldman Sachs did . . . Goldman Sucks! These firms, what these fascist organizations are doing to the United States, admittedly fascist organizations.

No, we use the power of government, the sovereignty of government.

Now, this is a tricky area, because, remember, from 1936 to 1938, Franklin Roosevelt was under real pressure, to shut down the revival of the U.S. economy. And there were two rough years during that period, in which Roosevelt kept the program going, but the expansion wasn't going. And it was the fascist organizations, the predecessors of Amity Shlaes, who did the job. When Roosevelt had the chance, he resumed the reconstruction program.

We're going to have a problem. It's going to take courage to fight that problem, because the whole horde of all these monsters, who have looted our banks, who have looted our citizens, looted our country, and are betraying our country, who are actually conducting a form of warfare against the United States, especially with the British Empire: That's the enemy.

But if—as Roosevelt demonstrated, at the time of Pearl Harbor—we have a very angry U.S. population; below the level of the U.S. Congress, the anger is enormous. It's building. It's assuming lynch mob characteristics in some cases, because of what's been done to the American people. If you mobilize the American people,

under a condition like warfare, as for war, to defend the United States against this rapacity, the American people will respond.

*But* you must respect another principle of warfare: When you're in command, you've got to stay in command. Don't flinch! Don't say, "Oh, we did that for you, but we have to take it back because some people didn't like it." No! If you're right, you don't change. And you know the American people have an *intention* as to what they want, and they've expressed it, very strongly recently. You have to respond to that, and say, "We're going to do that." And sit back and trust the American people. If you're President, that's all you've got. If they can't trust *you*, then you can't trust them.

Don't betray them.

Now, Obama has not made a mistake of actually betraying the American people. He's made mistakes, but he's not made that moral mistake, yet. But he can't afford too many more of these mistakes. He's got to act soon. And he's got to use—as Franklin Roosevelt did, when he has the thing in his hand, as when Pearl Harbor happened, Roosevelt let loose, and did everything he had to do. And we won! We won—we got the fascists on the run, the U.S. fascists on the run. And we did so because the President acted promptly, and with firmness, in doing what had to be done. And the American people supported it. And the fascists went and hid for a while, in secret chambers, and then emerged later with Truman.

So, the point is, that's what has to be done. There are measures which can be taken. Take them! And make them a fighting issue. The defense of the nation against an enemy: The American people will be able to understand that. And after the treatment they got from the Bush Administration, and from the enemies of Obama now, they've got every right, and they've got every power to do this.

It takes the guts to do it, and also intelligence, of course.

### **Basis for a Four-Power Alliance**

**Freeman:** . . . The next question: "Mr. LaRouche, one of the issues that we are looking at, is that no matter how you do your calculations, the problem is that the total amount of current outstanding debt, is greater than any real existing economic value. And this is the case both for banks, but also, in some cases, for nations. There is not any obvious way to resolve this, unless we step outside of the current framework. In your view, is

there a way that this can be addressed, at least initially, by treaty agreements between individual nations, on the road toward a much larger restructuring of the global system?"

**LaRouche:** You know, treaties come after the war has been won, not before. And that's the way you have to look at this.

Now, see, we in the United States are not really alone. We have some very important potential allies, who are not consolidated now, because we had an administration that did not lend itself to collecting allies, before.

For example, Russia. Russia, China—China in particular—are nations which are large nations, in different respects. China—1.4 billion people. Russia has not that large a population, although it's significant; but the territory, and the characteristics of the territory, in terms of mineral resources, are really, truly important. India will join in an effort which is shared by Russia and China. Such an agreement among those nations, with the United States, would mean the automatic joining of Japan, of Malaysia, of Korea, and so forth.

So, we have in our hands, a potential alliance with a very large part of the states by population, and the growing sympathy for such an enterprise among the people of Europe, among the nations of Africa, and among the forces in South and Central America.

We potentially have an alliance for peace, which is comparable to the U.S. alliance for war during World War II.

We don't *need* to go further than that. We simply have to decide how we're going to proceed in our discussions with Russia, and Russia channels, and China channels, India channels—which I'm involved in, for example. And certain forces in Europe, which flip-flop, but nonetheless are accessible. And as you see the rally for the defense of Sudan, among African and Arab nations, that's not an isolated situation. That can be *our* ally, among others.

So, what we have to do is, we have to decide on what a U.S. policy is, knowing in advance that it's the only policy that any decent person would want to support, and knowing that we can win that support. It means you have to talk to Russia, in terms that actually convince relevant people in Russia to understand that we're dead serious about this.

And the first thing that you have to understand, in this kind of thing: Don't propose to somebody that they join you in a war, when you're not sure whether you

want to fight that war or not! Therefore, you have to determine what is the vital interest of the United States, and you have to proceed, as I do, to go back to the origins of the United States, in those elements of the European colonization, such as the Mayflower Compact, and the founding of the Massachusetts Bay Colony, prior to 1688, 1689. You have to do exactly that, and say: "This is us! What are we? We're not people who ran away from Europe. We're people who came *here*, in order to save Europe from itself! To create a force in the United States, or in America, which would take the best of European civilization, save it, nurture it, but get rid of the other stuff, which the Europeans by themselves could not do."

We have to know that that's who we *are*. That's the meaning of our existence as a nation on this planet. Otherwise, why should we exist? What's our purpose in existing? Our purpose in existing, is to take the best of European civilization, nurture it here, and do the same thing with respect to other countries, and their cultures, and be the nation, the only true republic, really, on this planet, by our Constitution, and use that authority, and act with firmness and resolution. Because if you're not willing to actually fight the war yourself, and take the responsibility for the war, nobody's going to come to the party.

So, don't hesitate and say, "What's going to work? What's going to work?" Say what *should* work, and what is necessary to accomplish. And stick to that.

I can tell you, if I were President of the United States, I could win this war. My job is to convince President Obama to do as I would do. I would win this war.

## A Mountain of Speculative Paper

**Freeman:** Next question: "Mr. LaRouche, the sums of money currently involve in the bailout policy, not only are obviously not helping, but seem to be feeding what we think is the most critical problem that we face, and that has to be resolved. An overall survey of the state of the U.S. economy, and most specifically, of U.S. infrastructure, indicates that at least over the last 25 years, which is the period that we were investigating, the United States has suffered a net loss of both basic economic infrastructure, and also of productive capacity. Any measurable growth that we could find, has been largely in what would, at best, be considered soft infrastructure, but, to be honest, is largely located in the sheer growth of speculative values.

"Under these conditions, to get to the point, it would



Library of Congress/World Telegram

*“We take the part of the bank which corresponds to the operations of chartered bank operations, and we process them as Roosevelt did, with a bank holiday, and we process them to function, get back on the road right away.” Here, in 1933, a policeman tells depositors that their bank is closed.*

seem that one of the things that has to be addressed, is not simply that the bailout cannot work, but that, in fact, the bailout serves, at least in technical terms, and especially from the standpoint of your Triple Curve function, serves to drive the nation deeper into bankruptcy, and is making the task of building our way out of it, all the more difficult.

“Do you agree with this? And do you have anything more you’d like to say about it?”

**LaRouche:** Well, first of all, we have to understand that British interests are conducting a war against the United States. And you look at what’s happening: The British are determining our policy, through this Wall Street crowd. You see it again.

What they’re doing, is they’re causing us to engage in hyperinflation. We have reached the point now, that we’re all ready to go into a hyperinflationary explosion, of the type experienced by Germany in the Summer of 1923. And the British are doing it directly to us, as an act of warfare against us!

*We have to crush them!* And the way to crush them is to take the obvious steps: Sink their boat. And you

sink their boat by using the weapon of bankruptcy, under U.S. law, and the U.S. Constitution, and use the principle of the general welfare, the Preamble of the Constitution, which is the fundamental law of the Constitution. It’s not a Preamble, it’s not something of that sort. It is a statement of the purpose of the existence of the United States. And the other aspects of the Constitution pertain to the implementation of that. But that’s the fundamental principle. And therefore you use that principle, and you enforce it.

The world really is looking for leadership. The Chinese are looking for leadership now. The Indians less so, but they also would like a little bit. Russia is looking for a leadership role, by the United States. Africa is looking for a leadership role from the United States—they want to get rid of the British.

The drug problem frightens people. You have whole governments that are terrified of George Soros’s drug armies.

We have the weapons, and we have the cause, and we have the Constitution. *We can win this!* We have to have a government that has the guts to win. But you have politicians that want a no-risk war!

### Consumer Credit

**Freeman:** . . . One of the task forces asks: “Mr. LaRouche, one of the points that Professor Galbraith has made, is that, when considering what did and did not work during FDR’s Presidency, there has to be a differentiation between the question of state credit, and consumer credit. In the area of state credit, we assume that what we’re discussing is state credit properly directed toward projects that are vital to the nation’s economy, like infrastructure-rebuilding, but really anything that is involved in fostering real economic growth. The fact is that work is done, people are re-employed, things are built, people are paid, people will spend money, and the economy grows.

“But this, at least from the standpoint of what we’re discussing, is not the same as consumer credit. Professor Galbraith’s point is that it is true that consumer credit was not restored until well after the war. But what he argues is that this fact, while true, is irrelevant, because long before consumer credit was restored, the economy itself was on the road to recovery. People may not have had credit, but they had money.

“Today, there seems to be little differentiation between the two. Even worse, the prevailing view seems to be that the only way to foster economic growth, is to rapidly restore the availability of consumer credit, rather than the other way around.

“It seems to us that the failure to make this differentiation, represents a fatal disorientation, in the way that policy is judged. Are we looking at this the right way?”

**LaRouche:** First of all, I think Galbraith is accurate, but I think you have to put something else on this, because you have to think about the objections you run into, if you adopt a policy consistent with that. The policy is correct, but the objections you’ll get by announcing the policy, require you to say a little bit more. You have to get rough. You say the right thing, but you have to enforce it.

Now, the intent of our nation is not a matter of distributing will power to a lot of individual people. The intent of the nation is something where we harbor our resources, in such a way that we don’t dissipate them chaotically. That’s the basic thing of a recovery. And the idea of consumer credit—let the individual decide where to invest—that’s wrong! That’s stupid!

The way it has worked in recovery, in every recovery, is the government recognized that certain undertakings were available, and necessary. The government therefore said, “The government is providing credit and funds for these purposes. Now, whoever is going to serve that, and apply to be one of the persons who does that job, show up!” So, now you have credit given, but not to somebody who comes in—“Can I have some of this? Can I have some of this candy? That candy, this kind of candy?” No, that’s not the way you do it.

What you do is you determine, on the level of the Federal government, what is the national purpose. To that end, you consult with the state political organizations, and you have plenty of people who are willing to tell you what you should do, as government. So you have on your table, all these options. You have to decide

*what the national interest is.* What is the interest of the Federal government, as the representative of the people, the nation as a whole? Of the future of the nation?

You vote on your policy. You select your policy-makers. You make a decision, as to what the policy will be. You say, “Well, if you want credit, come in on one of these things and qualify for it.” And that’s the way it’s done. Don’t sit out there and say, “Well, we got some money we can lend. You know we want to help private industry.” Bunk! Forget it! Get away from that!

Money has no intrinsic value. The idea that money has intrinsic value is as old as the cult of Delphi, which used to engage in this kind of swindle. It’s the way Europe was run by Venetian swindlers, by the Roman Empire, by the Byzantine Empire, and similar kinds of people. By the British Empire. Organize around chaos.

You see, the secret of empire is to play one person against the other, especially religion or culture. What is the order, in the suggestion to Lord Shelburne, in organizing the British Empire? You use the precedent of Julian the Apostate: Take and divide every religion against every religion. Divide every culture against every culture. Create a pantheon of religions and cultures, and orchestrate their conflicts with each other, the way they run the Israeli-Arab conflict in the Middle East, under Sykes-Picot.

The Israelis don’t start the wars; the Arabs don’t start the wars. The British organize the wars, like a boxing event, or a football match. They organize it!

So, the point is, you operate on the basis of a national interest and a national selection of the policies of the nation, or the group of nations, which agree on a common policy. You then mobilize the credit you have, which is always scarce—you don’t exclude things, you just don’t fund them. And you put out bids, and you say, “Who among us, or who, if we have to go to foreign sources, is willing to contribute, and dedicate themselves competently to implementation of this goal?” And that’s the way you do it. That’s the way Roosevelt did it.

We used the war case for mobilizing industry, and we had intended in the postwar period, not to shelve it and downsize the U.S. economy. Our intention was to go overseas, provide more credit to the benefit of countries which were colonized, to free themselves. To assist Europe in recovery, and that sort of thing. That was our national mission. That’s what we intended to do.

Truman cut it back. Truman recolonized the world,



*The Service Employees International Union demonstrates on March 19 against corporate greed, including AIG's use of bailout funds to pay executive bonuses.*

for the sake of the British and the Dutch. He had the wrong policy—he was a stinker. And he was a pro-fascist, in a certain sense, like a lot of other people.

So, no, you take a national mission, which gets a national result, and you have to take responsibility as government for getting that result. And you will do adjustments all the way through to make sure it works. And you call people in, and say, “This is your opportunity.” We gave contracts to people, war contracts, for military goods and other goods, to firms. And they had to perform on the contract. And we gave them credit to do the job. Through the banking system, or directly loans by government. And that’s the way you have to do it now.

We have a shortage of resources. You have to go to the operations which will give you the greatest benefit, with the least effort. You set up a table of decisions to go with this thing. And you go with it, and you fund it. And you create the credit, by government, by state credit—not by money, by state credit—to make these projects

work. And you look for the results. You mobilize, you educate, you have propaganda machines, you have teams going out to make sure these projects are going to work. You fix up projects that aren’t working that should work. The way we did in World War II, and other conditions—that’s the way to do it. Go back to the history of how the United States organized, before World War II, and before that. Look at the history of the United States under Lincoln, and what followed after Lincoln. You get the idea how it works.

### How To Employ the Middle Class

**Freeman:** ...Continuing along this line, the task force asks: “In order to foster state credit, our system requires congressional approval. And in that sense, it had created a situation right now, in which the President is a virtual hostage to the Congress, for this reason: Both the Congress, but also the American people, demand a quick fix. And long-term infrastruc-

tural development will not necessarily provide that.

“FDR did not have the problem of a massive middle class, whose standard of living was created and maintained, almost entirely by consumer credit. We, however, do have that problem, and frankly, that segment of the population is not inclined to go to work building bridges. So, in order to be able to persuade the Congress and the American people to support policies of long-term growth, we’re told that we must also figure out how to maintain the living standard of this very large segment of the population. And the fact is, that we’re not unconcerned about it, but we’re also dealing with totally uncharted territory. Would you please comment?”

**LaRouche:** Of course, you know that all progress, and all non-losses in warfare, mean going into uncharted territory! This is the point that Galbraith made, that the tendency is, of weaklings and incompetents, that they are afraid to go outside the system that exists, to find solutions. They’re stubborn. They’ll stay at the

railroad station, after the system has closed down. They'll stubbornly hold out to get the train back again. And they'll starve to death with cobwebs hanging on their corpses, as they dry out, waiting for that train to come.

This is not really the way we ought to look at things.

No, I think the fear of this thing is wrong. You have out there, first of all: The majority of the U.S. population, the absolute majority, is suffering. And I think that the percent of the population that is not suffering, is rapidly shrinking. I think that you're paying too much attention to the experts, so-called.

Because, you look—the Congress is an institution assembled for the purpose of cowardice. But if you look at the temperament of the people, as you saw in Connecticut, recently: The people are ready to lynch! And as this hyperinflation begins now, and it's already coming, like the train delivering from UPS, that train is coming. The American people are going to become increasingly angry, and are going to demand action. It is the *failure* to do exactly this—I think that a lot of advisors and lobbyists are busy running around and saying, "Oh, oh, oh, oh, you can't do that! People will, the middle class will be angry."

Well, the middle class is not a middle class any more. It is now sliding into the ranks of the downtrodden. And it's reacting like that.

Who do you think was doing that rioting, that pitchfork rioting, up there in Connecticut, over this issue? They were ready to kill. This was the middle class! This is not industrial workers, this is the middle class. Industrial workers are demoralized, they've lost almost everything, those guys. The middle class is now in revolt, because they are not so dumb that they don't know they're being screwed. And therefore, they don't want the status quo. They want a new status. And they will accept one.

If they think, "But we don't want to give up this, we like this kind of job, we like to live here."

"But, you can't do that anymore, it's gone."

"Okay, what do we do?"

### What's Wrong with 'Alternative Energy'?

**Freeman:** Now we're going to move on to a couple of questions on energy policy. Here we're going to have some controversy. This question says: "Mr. LaRouche, you have taken a very strong position against the devel-

opment of alternate energy sources, and you've argued instead that nuclear power is our only alternative. There are many varying views among us on this. But for the sake of this discussion, it may be the case that wind or solar power is not capable of providing sufficient energy to power industry, or even to power a major metropolitan area. But in the interest of achieving energy independence in the short term, why are you so opposed to encouraging, through tax credits and other things, the use of alternate sources of energy generation for households and communities?

**LaRouche:** I oppose it because it's utterly incompetent.

There's no possible justification for it. The so-called science involved is complete lies. And I have people telling me things that, except on the grounds of being exonerated on grounds of stupidity, we'd have to call them liars.

There is no such thing as an "energy policy." An energy policy is a form of masturbation, not a policy. The driving power of an economy is *energy flux-density*. The power to do work is not measured in quantities of calories. The same amount of heat, at low energy flux-density, is not equivalent to a higher order of energy flux-density.

This is a matter of physics. Now, you have people who don't understand physics. You have people running around with degrees in physics, but they're degrees in physics policy, "physics social policy," how atoms should kiss each other, or whatever.

So, this thing is utterly incompetent. There is no such thing as an alternate energy policy. What this is, is a genocide policy!

Where does it come from? It comes from the head of the World Wildlife Fund. And it's a policy that was created by Prince Philip, and his Nazi friend, Prince Bernhard, who's died subsequently, which is the World Wildlife Fund. The purpose is to reduce the world's population to less than 2 billion, as fast as possible. And that's exactly what this policy will do.

We can develop, now, a larger, much larger number, and rate, of production of nuclear power plants than have been envisaged before. We have certain obstacles. But if we change our policy on plutonium, as a means of charging up reactors, of two types: both the uranium and the thorium—if we do that, especially in areas where thorium is abundantly present, as in Australia, or India, or so forth, you can very rapidly develop an in-

creased amount of high-density power. And relatively lower-density organization of small thorium reactors, as on the southern coast of India, is essential.

Because the major problem we have on this planet today, of a relevant type, is lack of water. We are drawing down fossil water resources. This is becoming a threat to life, in many parts of the planet. We can no longer do that. We have to engage in large-order distillation, desalination, by power. This requires an intensity of power to be efficient, on the nuclear reaction level.

See, what you're talking about here, is a problem in physical chemistry. You're not counting marbles! This is physical chemistry, and what you can accomplish, the actual nature of what you can accomplish, depends upon the energy flux-density level. This is nuclear physics, but it's nuclear physics based on power of this type, density of power.

So, before talking about energy policy, get at least a decent course in nuclear physics, or physical chemistry. Understand the physical chemistry involved. Understand at what levels of energy flux-density you can do certain kinds of operations, and how you get there. Why is it better to illuminate a flower, or any kind of green plant, with sunlight, than to waste the sunlight on the useless thing of using it for heating power?

The cost of the method of using solar power, uses more power in the end, than you get out of it! Isn't that stupid? You want to lose? But people who are pushing this are the World Wildlife Fund—of that fascist bastard Prince Philip. Who was a friend of Bernhard, who died, who was actually an official member of the Waffen SS. He signed his letter of resignation, "Heil Hitler."

It was the "Heil Hitler" movement that started this movement. The fascists, the Nazis of the 1920s, were a green organization, a pro-environmentalist organization. The biggest fascists in the world were behind this. It was a nativity issue: Eliminate people. This is a fascist program! So, tell your friend, don't be a fascist—go for nuclear power!

## What FDR Really Did

**Freeman:** This next question addresses pretty much the same issue, but it raises some other points as well: "Mr. LaRouche, you repeatedly talk about a science-driven, high-tech approach to economic recovery and economic reconstruction. Now, we looked very closely at the FDR model, and it appears that the first phase of

FDR's recovery program was not necessarily science-driven. However, it did take people who had suffered long-term unemployment, and it put them to work at what were admittedly labor-intensive, but nevertheless productive jobs, and the result of that was a significant increase in the nation's infrastructure, and in both the economic and cultural standard of living of the general population.

"Without that increase, we may not have been capable of the subsequent buildup that allowed us to win the Second World War. Now, that buildup was science-driven, and it was FDR's clear intention to take that great war-machine, and to use it in the postwar period, not only to rebuild war-torn nations, but also to address the enforced backwardness of nations that had been victimized by colonial policy.

"Now, for current purposes, take a look, for instance, at the continent of Africa. Africa is a total catastrophe in terms of all the most basic infrastructure, but also in terms of the immediate capability of the population. Electrifying an entire continent will take a great deal of time. In the interim period, especially since, with really very few exceptions, which we're willing to note, we're dealing with largely agricultural economies, it would seem that the utilization of alternate sources of energy production, especially in the sub-Saharan region, would provide a viable interim alternative, to, for instance, the construction of nuclear plants, in the middle of the wilderness.

"Can you help us to understand, why you see a problem here? It seems to be something that FDR, admittedly in a different way, was also forced to address."

**LaRouche:** Well, actually there's some misstatement here of what FDR did, because you have to look at things in a longer term.

You have two tendencies in the United States, from the assassination of McKinley. McKinley was a patriot; Theodore Roosevelt was a traitor, and things like that. And Coolidge was no damned good, and Hoover was no damned good. So, you have to look at things a little bit differently, than just trying to pick at something, and interpreting it in isolation.

Because an economy is—well, the term is dynamics. And the way you're phrasing the argument, as some of the other arguments here, you're talking in Cartesian terms, Cartesian-reductionist terms. And no process operates, actually, in Cartesian terms. Any representation using Cartesian models—in other words, assuming

little things floating around in empty space, that sort of thing—is nonsense.

Processes in history are not simple mechanical interactions. They're long-term processes, like universal physical principles, which shape the course of events; and the product is not determined by the local interaction, it's determined by the process which shapes the process of events. It's called dynamics.

Dynamics was known in civilization in the ancient pre-Aristotle period. It was the basis of what was called *Sphaerics*, which was the science of the Egyptians. It became the science of the Pythagoreans and Plato, and so forth. These are dynamics.

In other words, there is a universal principle, which you appeal to, and you act in detail according to the governance of that principle. It's the Einstein conception of the universe, of a universe which is finite, but has no external bounds, because it's self-bounded. Therefore, the principle of action and development, controls the behavior of the part. And you're acting on the part, to ensure that the action corresponds to that intention.

So, you have to look at a longer-term process.

Now, in this case. The United States has been contested territory since its inception—before its inception. In 1763, there was a fundamental division, within the political processes of what became the United States. Between on the one hand, the pigs of the East India Company, like Judge Lowell, up in Massachusetts, and also, earlier, Aaron Burr, in the same period. Aaron Burr was a traitor: Aaron Burr, the Vice President of the United States at one point, was an agent of the British East India Company! He was a traitor to the United States. Andrew Jackson was a traitor to the United States, who worked for Burr. And so forth and so on.

So, in this process, you had a patriotic tendency, which had a certain principle of action, and you had a contrary interest of another type—the pro-British side. Andy Jackson was a traitor. He worked to destroy the United States, under Burr. Ask about what happened to some of the Indians because of Andy Jackson, down in Georgia and so forth, the Cherokee. What happened to the nation? It was broken up. How? And for what purpose?

So, in this case, we knew, despite the fact that Wilson had been President, who was a traitor and a fascist; despite the fact that Theodore Roosevelt was a traitor, was a President, and became President by virtue of a killing by a foreign agent of President McKinley—despite

these things, through the military and other institutions in the United States, we maintained a capability, an intellectual capability, and skills, which correspond to the true interests of the United States.

For example: There was a negotiation in the early 1920s, a naval power negotiation, which involved the British, the Japanese, the United States, and others. And the purpose of the British in that case, and of the Japanese, was to reduce the naval power of the United States, to a dimension where it would be weaker than the British Navy.

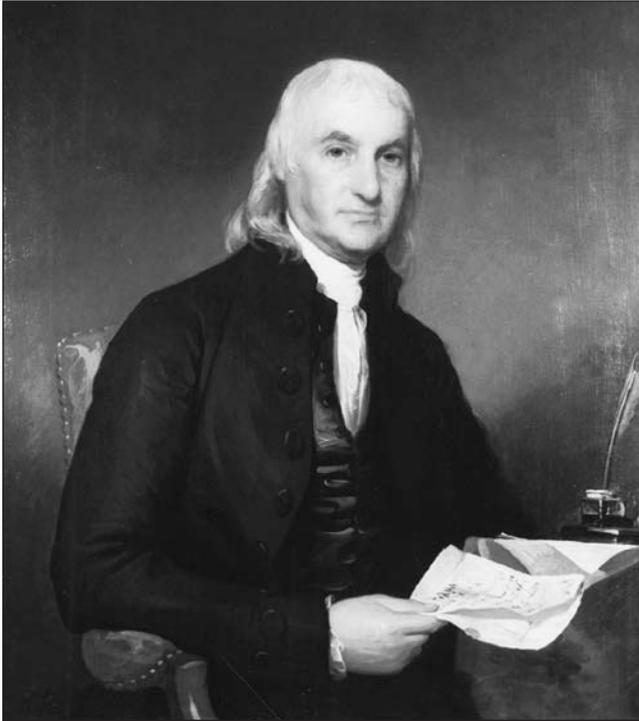
Now, you had the case of Billy Mitchell in the 1920s. Billy Mitchell developed the idea of using floating bases—which we later called aircraft carriers—made out of all kinds of ships, floating bases to carry airplanes, as an aircraft carrier, for the specific purpose of defending the United States against a Japan attack on Pearl Harbor, which is the assigned mission which the British had given to the Japanese in the war plan of the British and the Japanese against the United States.

Now, out of this same kind of operation, which Billy Mitchell represented, the United States, in the early 1920s (when I just got myself born), that in this period, you had patriots in the United States, in the tradition of the older MacArthur, and others, back to, much earlier, the tradition of the Society of the Cincinnati. And this group worked on war plans, including War Plan Red, for defending the United States against Britain and Japan—1920s. Billy Mitchell went to prison; he was actually convicted, court-martialed for what he did.

So, when Roosevelt became President, the person who had been associated with this operation to defend the United States against the British Empire and its accomplices, Harry Hopkins—the recovery program, launched by Roosevelt, was modelled and built around the core of the Hopkins operation. The agricultural thing was the Wallace family. So, what Roosevelt did, in improvising a recovery, was not to take a little bit of this, a little bit of that. It was an integrated policy. We had lost skills, we had lost everything. We had mass unemployment. We had certain objectives. The objectives were to get the population back to work, to get an income, and it was largely the government, in order to build them up for the real job, which was the industrial program, and the agricultural program.

And it worked.

But this was a military operation against the British Empire—including Japan. War plans, of the United



Franklin D. Roosevelt Library

*This portrait of Isaac Roosevelt, by Gilbert Stuart, hangs in the library of the Roosevelt home at Hyde Park, New York. Isaac was active in the circles of Alexander Hamilton, the father of the American System of political economy.*

States, were the basis for Roosevelt's program, from the day he entered office.

And Roosevelt represented a family tradition, which is the way the United States really functioned.

We had networks of families, from the founding of this country, even before it was a nation, who have a family tradition which they stuck to, a patriotic family tradition, who were often associated directly or indirectly with the functions of the Federal government. And this is a family tradition. This is a dynamic aspect of the American character. Different than anything that exists in Europe. So you can't make these abstractions.

And it's out of this, that the program was done. It was not done because of this measure or that measure. You're a commander in warfare—or, take the case of Lazare Carnot, in France. Lazare Carnot was a trained military engineer, and at the point that various armies from other parts of Europe were occupying France, and had superior force, Lazare Carnot, who was a genius, organized the defense of France, and defeated, under his leadership, with an improvised army, defeated the combined forces of the occupying forces of Europe, in France.

This is the tradition. The tradition of nation building, of nation defending. And this comes from networks of people who are devoted to defending their country, and defending their purpose. And they work from generation to generation, with a tradition of service, to save this nation.

And that's what Roosevelt represented. Roosevelt went back to Isaac Roosevelt, the founder of the Bank of New York, who was an associate of the team of Alexander Hamilton. And when Franklin Roosevelt was graduating from Harvard, he wrote a paper on the subject of his ancestor Isaac Roosevelt, and the Hamiltonian methods. *Franklin Roosevelt did not improvise a policy, out of nothing.* He operated on the basis of a family tradition, of families who are patriotic, and with a patriotic commitment to service of the nation. And that's the way he operated on this, by these kinds of traditions. And that's what he did.

We have the same thing today. Don't talk about details. Don't talk about this kind of project or that kind of project. You have to have a mission, a mission of national development. Our nation has been destroyed. The world has been destroyed *by the British Empire! Our job is to destroy the British Empire!* That's our mission. Destroy the British Empire, not by warfare—unless they attack us—but destroy the British Empire by creating and fostering a system by which the British will dissolve the British Empire itself.

Just as I said with the first question that came up today, on the question of Afghanistan: *Don't think you can go in with a U.S. policy and a military policy* and accomplish the mission! The mission is what? The mission is to defeat the British Empire! The drug problem, which is characteristic of the region, is a product of the British Empire! Drugs coming across the border from Mexico into the United States, is a British operation. George Soros is a British agent and the enemy of humanity. Our purpose is to destroy the enemy of the United States! Which is the enemy of humanity, which is the British system. Our job is not to fight wars here and here. Our job is to defeat the enemy by whatever means are best used to that end. And war is the last choice on the list.

We *don't* go to war in Afghanistan—we've had enough wars, in Southwest Asia. *Don't get involved!* Don't get involved in land wars in Asia! Don't do it! It doesn't work. Destroy them—by intelligence! By using your brain, not your mouth. Destroy them—by what? By organizing an alliance with Russia, China, and

India—now, that’s going to take some work—and other countries. Organize that alliance, and we’ve got the capabilities, the intelligence capabilities and the other capabilities to destroy the interstate drug-trafficking. You destroy the interstate drug-trafficking, *you destroy the heart of the British Empire!* Which lives largely on drug trafficking.

*So get smart! Don’t get technical: Get smart.*

And look deep into our people, and look into what we have inside our population. You find, if you go from person to person, you can find people who have a family tradition, some among those who have been long-term settlers in this country, families. Others are often even more patriotic, who are more recent immigrants, who have become more impassioned citizens because they are recent immigrants. Look for those people! Be together with those people! They’re the core of your army, who are functioning in all kinds of ways, not just armed, but in all kinds of ways, to build alliances for good. And do good! That’s the secret of the thing. And make allies.

We don’t need these kinds of operations, we don’t need to concede.

It’s easy for me: I’m an older man, I have more generations’ experience than most of you do, therefore I’m more confident about what we can do.

## **Pensions Lost on the Stock Market**

**Freeman:** ...Lyn, this is a question from Capitol Hill: “Mr. LaRouche, you have often dismissed worries about the state of the stock market as totally irrelevant. But, the fact is, that even people who do not have a single dime invested on Wall Street still do look to the market as an indicator of the nation’s financial and economic health, and in many ways, with or without personal investment portfolios, it is simply the case that Wall Street does determine a great deal about people’s standard of living. So, how can you expect us to dismiss the state of the stock market, when so many jobs, pensions, and other like things are dependent upon it?”

**LaRouche:** Well, as you’ve found out, the stock market is a very unreliable place in which to put pensions! That was a mistake. We need a Federal pension system, for the citizens of the United States. We need a mandatory pension system. Most people in the United States, increasingly, *have* no pension! Especially the younger ones. And those who had a pension have lost most of it. And it’s because it was privatized—or cast-rated, I guess is the other term for that. So therefore, we need a Federal pension system, which was supposed to

be the intention of the Social Security System, was to provide a pension system. We need a secure system for our people. Particularly when they get to the age where they become helpless against these kinds of problems, where they can’t go out and get a job and solve their problem.

Take the case of health care, which is related to this. Now, a great swindle has gone on in health care, in the United States and other parts of the world: Because the purpose is to reduce the population! And instead of going to a general hospital, or similar kind of facility, where you walk into the front door and you go through that place, and they may keep you overnight a couple of times, and they concentrate on solving your problem—now you go to one specialist, boom! You go to another one, boom! Go to another one, boom! And all of this is done over a period of several weeks, where in a general hospital, you’d be through the operation in a day or two, unless you had something serious, to be kept there.

So, we have destroyed the efficient form of medical health care, which we devised on the basis of the general hospital program, run through the U.S. military. The military general hospital became a model, an experimental model, for the kind of general hospital which we wanted after the war. And they pretty much shut the system down. They shut down the Veterans Hospital system, for example, and this was the best kind of treatment. You’d walk into an office, you get your preliminary examination and tests and so forth; it’s all done in “one-stop shopping,” shall we say.

And you have a pension system, which provides that if you get to older years, or you get infirm or have some injury and you’re incapacitated, you have a system that’s there that ensures that your dignity and your life is protected. And that should be the responsibility of the Federal government. And there should be contributions to this process, as the Federal funding of this process, which is what the intention was of the Social Security System, which they’ve been looting.

So anyway, that’s the way I think this has to be done. *We don’t need* Wall Street! Wall Street is a venereal disease in the soul of the nation. And I don’t think anybody really needs it. Most people have been screwed by Wall Street, recently. I don’t think they want to go there again. It wasn’t a pleasant experience.

## **What Comes Next?**

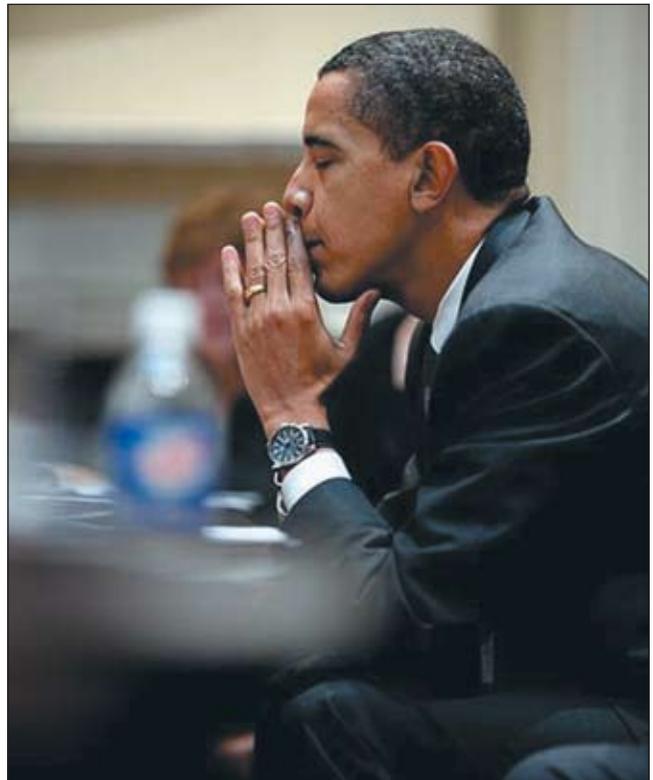
**Freeman:** And now, the last question: “Lyn, our legislature is among the many legislatures across the

nation who have taken up the Homeowners and Bank Protection Act. Although conditions now are worse than they were the last time we took this up, we are far more optimistic this time around, principally, because we believe we have a White House that's actually capable of listening. As we've discussed with you in the past, we state officials are much closer to our constituents than our colleagues are in Washington. And we often are the ones that are the first to sound the call to arms. Look at what Andy Cuomo is doing in New York State. It is what no member of Congress has been prepared to do, even though they were in a position to do it months ago.

"But basically, my question to you is this: What is next? You clearly know what you have to do, and you intend to do it. But what can we do, and what can our constituents do, to help?"

**LaRouche:** Very simply: This problem goes right to President Barack Obama. What does he need, to do his job? Hmm? Because, it's only from the President of the United States, not because he embodies some magical power, but because of the institution: We, as a people, to act in the national interest, must rally about a complex of institutions, of which the President of the United States is the apex. Every part of our system of government has as its apex, the Presidency of the United States. Now, the Presidency is not necessarily the person who occupies the office (we're still fumigating the offices from Bush). But the point is, if you want to do something, you really have to either have a President, or try to improvise the effect of a President.

But if you want to do something like we have to do now, you need to have the President take the lead. And he has to be supported! You can't say, "Hey, Mr. President, you go out, while we're ducking here in the fox-hole, you go out and fight the war." No, that's not his job. His job is to represent the people of the United States, as the Chief Executive Officer. If *he* says, "We're going to do this," and he mobilizes behind it, and gets the forces behind him, *it can work*. That's his function. That's what you're supposed to elect him for. And once in a while you actually get a President. (You get something, usually, like somebody's garbage has been dumped in your backyard.) But when you get a real President, or one who's determined to be a real President, that's it. So, it's up to President Obama, to do that. If he does it, if he decides he's going to push it, he's committed to it, and he gets his people into a room and he beats them up—.



White House/Pete Souza

*President Obama at a meeting on the budget, Jan. 29, 2009. "If you want to do something like we have to do now," LaRouche concluded, "you need to have the President take the lead. And he has to be supported!"*

See, another problem he has, he still has an unresolved administration. It's obvious to anyone looking at it. This is not yet really a coherent team. There are dissonant noises here and there. Or if they're not dissonant noises, they're simply not quite in step together, yet.

So, we don't have a clear direction into the President, from around him. He's not sure. I'm not sure he's well informed on all occasions, things like that. I'm concerned about that sort of thing.

But, nonetheless: My view is, you want to do this job, you have to get the President of the United States to be the vehicle that makes it work. I don't care about the problem in the Congress. If the President of the United States, minus Mrs. Pelosi, makes a decision to move, he's got enough clout to take the rebels in the Congress and make a mess of anybody in the Congress who tries to suppress what he's talking about. He may get legitimate resistance. But if he calls the clarion call, and says, "This is an enemy of what we're trying to do for this nation! Get this woman outta here! Put her on her broom and tell her to fly away!"