

## Mass Strike Is Opportunity To Create New Monetary System

*Here is Lyndon LaRouche's strategic briefing to a private luncheon attended by members of the Washington diplomatic corps, Aug. 19.*

Today, I have to present, I think, on this occasion, a qualified forecast of some things which are certain, and some things which have yet to be decided. What is certain, as of now, unless there's a very radical change from anything in sight between now and the middle of October, is, we are in a period of a general breakdown of the entire world financial system. That is not an exaggeration. That's not maybe: The breakdown of the entire international financial system is now in progress.

The thing that will trigger the breakdown, is the collapse of the U.S. dollar. The whole system is ready to go: Where is the detonator on the explosive charge? The detonator on the explosive charge is inside the United States, and involves the effect of a collapse of the value of the dollar on the international market. And by collapse, I mean *collapse*. We have 48 states in the United States, which are formally in bankruptcy; we have a debt outstanding against the U.S. Treasury and Federal Reserve System, in the order of magnitude of \$24-25 trillion: A collapse of the debt of that magnitude, in the U.S. dollar, *would blow every economy in the world, immediately*, into bankruptcy. Which means, we're on the verge of a crisis, which is going to hit between now, and the 15th or 25th of October, which is following the end of the U.S. fiscal year, which is the

end of September.

So, when the end of the fiscal year comes, then, the secrets of the U.S. government are forced out. And when the secrets of the U.S. government are forced into the public, as they must be at the end of the fiscal year, then, by that time, if not sooner, the whole U.S. system will blow out. It could blow out tomorrow. The condition for an explosion of that type is already present.

And it's not going to happen just to the United States: If it happens *in* the United States, every part of the world will go into a general bankruptcy of the system. Because the debt of the United States is so large, that a collapse of the value of the debt, as in the case of China—if the U.S. dollar collapses in value, then what is the value of the debt of China denominated in dollars? It's a crisis for China. It will be also a crisis for Russia, and for every other nation. It will cause a general blowout of the European economies, including the British economy.

So therefore, that looming prospect, for which there are certain alternatives, that looming prospect *is* the reality of the present time—already. It's not something that *will* happen. It's something that has already happened. Because the existing situation defines it as such.

The question is, what is going to happen in the remaining days ahead, between now and the middle of October? What is going to happen, that is going to determine what the result is?



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*A collapse of the U.S. dollar will trigger a breakdown of the entire world financial system by mid-October, LaRouche told an international gathering in Washington. Unless, he added, the ongoing mass strike in the U.S. forces through the necessary changes in policy. Shown: LaRouche at a meeting at the Chinese Embassy in July.*

## The Mass Strike Process

Now, also in the United States, in the past week or so, we have a development which is unique to the United States at this time. There is a state of a breakdown of the system; technically, it's called a "mass strike." What you have is a break, by the citizenry generally—and this is not by class, or anything, it's the citizenry generally, from all kinds of classifications. The citizens now hate their President, and they hate most of the members of the Congress. Today, as of this moment, there is not a single member of the Congress, who would be likely to be re-elected, in the next election. That may change, but as of now, the American people hate their representatives in Congress.

The leading issue has been the health-care issue, the breakdown of the health-care system. But that's not the only issue. You have a situation, where the typical patriotic American views his government, his President, and the typical member of Congress, with hatred. You see this in these rallies, where members of Congress go out in town hall meetings, or other kinds of meetings. Whenever there's an open such meeting, the members of society turn on the representative of Congress, for whom they formerly voted, with hatred! Cold-blooded hatred—not rage, cold-blooded hatred. They don't want to hear anything from them, they don't trust them—

they've lied to them.

You have a situation, where the population of the country, in the main, the core of the population, no longer has any faith in its Federal government! And no faith in the Congress, no faith in the Presidential system; though there are some people in the Presidential system who will be treated with respect. But the system, the Obama government, *is hated* by the majority of the population, and it manifests that in every appearance at a town hall meeting or something similar. The turnout of citizens for town hall meetings exceeds anything on record, in recent times. The population of the United States, in the main, has turned against the institutions of government in a phenomenon which is known historically as a mass strike.

And if you look at this matter we see out there, you see it.

So now, the question is: What's going to happen? You have a collision between a population, which no longer trusts its President, no longer trusts its Congress, the Senate or the House of Representatives. Most members of the House of Representatives and Senate, believe they're not going to be re-elected in the next election, which is next year.

## What Is the Remedy?

This is the present situation. And it's worse: This whole system, this whole financial-economic system, as it presently exists on the financial side, can no longer exist. There's one remedy for all nations, or any nation: The remedy is, bankruptcy reorganization of the world system.

Now, in U.S. history, we have a standard, which was put into law under Franklin Roosevelt. It's called the Glass-Steagall principle. I proposed, when I announced the coming of this breakdown crisis, which I announced in 2007, I proposed immediate action on a piece of legislation which I called a "Homeowners and Bank Protection Act": to put the entire system into bankruptcy reorganization. Which would mean you would take all the worthless paper, which has no reason to exist, and



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*We now have the opportunity to defeat the imperial system that has ruled the world since the Peloponnesian War, LaRouche said, and replace it with a system of sovereign nation-states. We will then build great public works, like the Three Gorges Dam in China (shown here, under construction, in 2006), which will expand the economy and spur development of the human mind.*

we just put it to one side; it's frozen. And we take those assets, bank assets, and so forth, which do have value, and we keep them. We defend them, through bankruptcy reorganization. We would not allow people to be evicted from their homes because of this condition. We would freeze all mortgages, so there could be no foreclosures, no evictions. There could be a technical foreclosure, but no action could be taken on that, until the government got into a position to handle this.

We would then reorganize our finances, to *eliminate* all this waste paper, which now amounts to—approaching approximately \$25 trillion right now, of U.S. obligations of this type, and much other paper which is worthless.

Just cancel the bad paper, and then take another step, which is typical of the United States, and is crucial, because only U.S. law provides one. Under U.S. law, if we declare the banking system, the financial system, in bankruptcy, it goes through a form of bankruptcy, which is not the form you find in Western Europe, for example. Under this condition, you decide what is going to be paid, and not paid, by certain kinds of rules.

When you do that, you then close down the monetary

system of the world, because if the United States goes out of the monetary system, the world goes out of the monetary system, and then introduces instead of a financial-monetary system, what is called a "credit system."

A credit system is inherent in the U.S. Constitution. The United States' independence was based on a credit system, not a monetary system. What's wrong, today, is the monetary system; the financial affairs of the monetary system are the problem. The world could get out of this mess, by simply putting the monetary system into foreclosure, as bankrupt, and proceeding with a credit system. That credit system means that the credit of the state, of the sovereign state, is the only source of currency.

And its national currency: It's created and controlled by the state, as state debt, not as monetary debt to some monetary system outside. Under those conditions, with the ability to create state credit, by the joint actions of nations who agree on terms of state credit agreements, we could immediately start a recovery of the economy.

So, those are the two principal situations we face: Bankruptcy, which can be solved, by governments if they're willing, particularly the U.S. government—the U.S. government is essential. The fact that the President of the United States and the Congress no longer have the respect and confidence of the population: This is a mass strike phenomenon (which was once described by Rosa Luxemburg, back before World War I); and that's the situation now.

There are also other considerations: If we reorganize this system, as a fixed-exchange-rate credit system, we can get out. The way this would have to start—we have four nations which are absolutely crucial: the United States, Russia, China, and India. These four major nations are crucial, in starting a recovery process, because if they come to a treaty agreement, of the type I indicate, for going to a world *credit system*, a fixed-exchange-rate



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*The good factor, LaRouche said, is that the American people, in the majority, have arisen, to say: "We do not believe in this government! We believe in our Constitution. But you have violated our Constitution. And when you betray our Constitution, we defend it." Shown: A LaRouche PAC organizer at a town hall meeting called by Rep. Niki Tsongas (D-Mass.).*

credit system, in place of a monetary system, then, we can start a recovery worldwide, because other nations will join. But what's needed is to have powerful nations agree, as a bloc, to force this resolution on the world, is the only chance we have right now.

This will mean, also, that other features of the economy that we have now, which have become habitual, will disappear. Because the change from a monetary system to a credit system, is crucial.

## Defeating Imperialism

Let me explain one point, which may not always be clear: Monetary systems are very old. All imperial systems, that are truly imperial systems, are based on monetary systems: That is, special interests declare their power to create and control money. These interests are essentially private interests. They are consortia of private interests, which agree to form a syndicate to dominate the world's monetary supply. We have two types of monetary systems, which we know in ancient and modern history. One is the Asian model, which is the land-based model. That is, the nations of Asia, with their land-based development upriver, were the dominant forms of the earlier monetary systems. With the collapse of the Persian Empire, and also the breakdown of the Pelopon-

nesian War, Europe has been the center of a maritime form of system. And thus, we have the present mess.

All Europe, since the Peloponnesian War, has been controlled by monetary systems which are international monetary systems. For example: The British Empire is not an empire of the British nation over other nations. The British Empire, based in London's financial center, where it moved from former locations as an empire, is a continuous empire which has existed since the Peloponnesian War, in terms of European civilization, up to the present day.

So, private interests, private *banking* interests, a syndicate of private banking interests, controls the world financial system: That's the empire. The headquarters is London. It's not the British people, it's the headquarters of the financial system, being based in London; that's the source of the problem. And the United States is the only power, traditionally, that has ever been able to face the British Empire, as a monetary empire, as, for example, Franklin Roosevelt did. And that's still the case today.

The United States is crucial, because of our system and our ability, with support of other nations, to break the power of empire, which is this British Empire. *That's the only way we'll survive:* If the United States, Russia, China, and India agree, and other nations will obviously join them, then, the British Empire's power is broken. If the British Empire's power is broken, the last big obstacle to a needed reform is available.

So, that's generally our situation.

Now, the solution takes the form of an emphasis on physical economy. As you go away from a monetary system, you say, "What is value?" Value is, essentially, physical economy. It's public works, which are useful in the economy; it is the development of industries, agriculture and industries, and the development of the human mind, in terms of an educational drive, behind the rise in technology, the powers of technology. It's the creation of long-term capital. Because, now, for example, any capital improvements, major capital improvements in any country, is a 50-year investment! Other things, like major infrastructure, like the Three Gorges Dam, for example, in China—that's a century investment.

Other major investments: We have to develop the whole area of Northern Asia, and Northern Eurasia. Because Southern and Central Asia requires the mineral resources, which exist in Northern Asia. And only by developing these mineral resources, and developing the infrastructure to develop them, can we meet the needs of China, for example. So therefore, there has to be a reform in that direction.

Africa is a major area of resources, of natural resources, despite the great poverty. And therefore, if Africa is *freed* from British colonialism and its allies, then Africa becomes open to development of its raw materials potential, and also the development of its agricultural potential, which requires modern technology. So, if the credit is given to Africa, for development of these technologies—water management and use of its own resources, the development of agriculture, by the means that are necessary in tropical areas, to protect food, protect the people—then Africa becomes a *plus*, in terms of the world economy, over the next century.

And these are the kinds of things we can do.

### All It Takes Is the Will

So, we are now at a point in history, where the Obama Administration is hated by the majority of the people of the United States. The Congress, in general, is despised, by most of the people in the United States, as has been shown on the streets and in various meetings, where people who *voted* for these Congressmen, are now refusing to even talk to them, just telling them, “Here’s the question, you committed a crime: Are you going to confess? You going to quit?” This is a *mass strike* as Rosa Luxemburg defined it. It’s not a class struggle; it’s a mass strike, where a people is no longer controlled by confidence in its own government. And it says, “We, the people, are the government. And you, the government, have to listen to us, and take our orders, instead of you giving orders to us.” We’re in that kind of situation.

So, this is a great opportunity to get rid of a system which has failed humanity, again and again—the monetary system—and to create an affiliation of nations which are each sovereign, as cooperating sovereign bodies, to agree on common goals, and common means, and common ends. That’s where we stand—and the time is now. Because no later than now, or a month or so from now, this whole system in its present form *is going to disintegrate*. Not collapse, not go into a depression,

but a chain reaction of disintegration. And only the sense by some influential agencies of government, in various parts of the world, that this is the case, will be sufficient to prompt governments, or enough of them, to make the decision to make the reform.

The form of the necessary reform is clear, no doubt about it. All it takes is the will. The crisis will give the will, if the people are there, and the leaders are there to recognize the situation, and say, “No more postponing this issue. Humanity is now in danger.” A world which has a population of 6.5 billion people can shrink down to less than 1, within a generation or so, under these kinds of conditions. Therefore, for the sake of all humanity, we must make a change, and the time for the change is now. In the weeks ahead, is the period in which the *crucial decisions* will have to be made, on which the future of humanity depends.

The good factor is, that the American people, in the majority, have risen, as a people—ordinary people have arisen as a people—to say: “We do not believe in this government! We believe in our Constitution. But you have violated our Constitution. We are the American people, and when you betray our Constitution, we defend it.” And you find the way people are speaking, they’re not wild men. Some people are very angry, but they act in measured terms: They denounce the health-care policy of Obama, which is genocidal, as Hitler-like.

But they’re people, just ordinary people, who are saying, “You have betrayed us.” They’re saying in very cold terms—but hot terms in other ways—“You have betrayed us. We are warning you—you have betrayed us. *We are the people!*” And that’s one thing good about the American people, they have this built into them. And they are now standing up and saying, “*We are the people!*” And they’re not afraid.

See, we don’t have oligarchies in the United States; we have the British oligarchy, invading the United States. But we don’t have an oligarchy; we don’t have an oligarchical class in the United States, as a political class. Europe has oligarchical classes, which still dominate the system. We don’t. We have a people, and this is not a class struggle, it’s a mass struggle: It’s the American people turning to institutions which have become corrupted, and saying, “We do not accept your corruption. You have to get down on the floor, kiss the floor, and tell us you’re going to behave!”

And that’s what the American people are saying, contrary to what the press is trying to explain.