

Lyndon LaRouche Calls on the U.S., China, Russia and India To Create A New Bretton Woods System

The following is an edited transcript of the Saturday, August 18, 2018 LaRouche PAC Manhattan Project Dialogue with Dennis Small, including Small's presentation and key excerpts from Lyndon LaRouche's seminal November 18, 2008 webcast.

Dennis Speed: Today, we will begin with a video clip from Lyndon LaRouche, speaking on November 18, 2008, in the LaRouche PAC [national webcast](https://www.larouche.org/national-webcast). The full transcript is posted here: https://www.larouche.org/national-webcast/2008/webcasts/3547nov18_opener.html

Lyndon LaRouche: What we're involved in today, is a general breakdown crisis of the world financial-monetary system. There is no possible rescue of this system, as such: that is, the present, international monetary system cannot be rescued. If you try to rescue it, you will lose the planet. You have to choose: Replace the system, or get a new planet. . . .

There's no way that you can reorganize under the present world monetary-financial system. You have to put the whole system into bankruptcy reorganization.

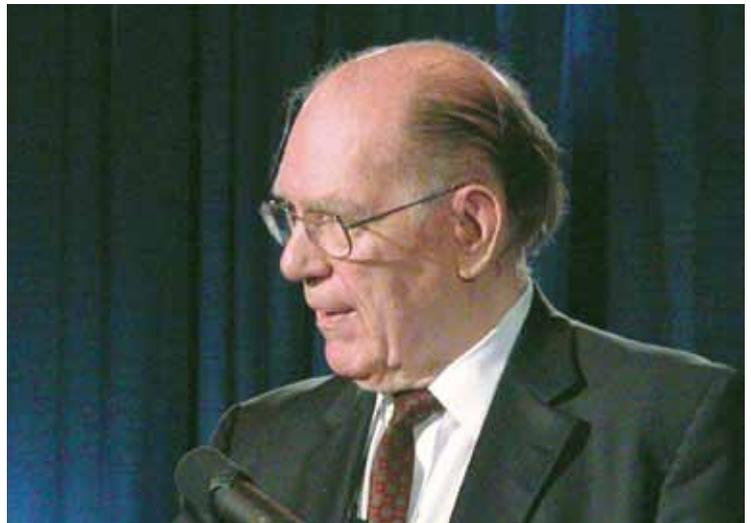
Now, how can you do that? Well, what you can do, is end the existence of monetary systems: You put them into bankruptcy and close them out. Well, what do you do for money? We go back to the U.S. dollar. Our Constitution is unique among nations, in many respects. . . .

So, what we can do, is, very simply, is we can go back to the U.S. Federal Constitution, and create what's called a "credit-based dollar," as opposed to a "monetary dollar." A credit-based dollar is consistent with our Constitution: that no money, as legal currency, as legal tender, can be uttered under the U.S. Constitution, with-

out a vote by the U.S. Congress on behalf of action by the U.S. Presidency.

A Credit Based Dollar

So, in our system, the official currency of the United States, insofar as we follow our own Constitution, is limited to dollars, or dollar-equivalent negotiables, which are uttered *only* by previous authorization of the U.S. Congress, especially the House of Representa-



Lyndon LaRouche

EIRNS/Stuart Lewis

tives, and uttered by the U.S. Federal government! There is no such thing as an international monetary source, which gives us our currency—not legally. It is uttered by the U.S. government; it is sovereign. We are a sovereign state, and our currency is uttered by us, under our Constitution: by approval of the House of Representatives, and by the Presidency. No other currency exists.

In Europe, that is not the case: In Europe, the monetary systems are not controlled by the government.

They are created by central banking systems, which may negotiate with governments, and have agreements with governments, but the governments do not control the monetary system, as such. In point of fact, that is the *essence* of a free-trade system: that the governments have no essential control, as issuing authorities, over debt and credit outstanding.

And it's because of the utilization of that provision, that artificial money was created, by people making a capital promise, in capital amount, to go into debt, to get a lesser amount of money uttered in their behalf, now. That's how the world incurred a presently outstanding debt, through such means as derivatives, in the order of *quadrillions of dollars!*, far in advance of anything that could ever be paid. So, we are *never, never going to pay those debts!* We *couldn't* pay those debts. So, we're never going to pay them.

What Kind of Bankruptcy?

What do you do in a case like that? What does the United States do in a case like that, under our Constitution? You declare those debts *in bankruptcy*. And what do you do with them in bankruptcy? You sort them out! Those things that should be supported, will be supported, and the rest of it will just wait, or die away. The great majority, the vast majority of the obligations outstanding today, as nominal claims against countries, *will be cancelled*. Those things which should be paid, will be paid. Those otherwise, will never be paid. And they will never be paid, in any case!

Now, you have two ways to go: Either you collapse the world, with starvation and mass death, and those effects. Or, you put the thing through *bankruptcy reorganization*. And how do you do that? Well, what I specified is very elementary: I have four nations in mind that can take the lead on this thing. And the four nations, which together, represent the greatest consolidation of power on this planet: These nations are the United States, Russia, China, and India, as joined by other nations, which join in the same deal. We put the world through bankruptcy reorganization. How do we do it? We use the U.S. Constitution to do that.

The U.S. Constitution is unique in the fact we have a kind of Federal Constitution we have: that our dollar is not a monetary dollar; it's a credit dollar. In other words, the United States has uttered an obligation, on behalf of the U.S. government, which can be monetized. That is our obligation; that's our only obliga-

tion, and any other kind of obligation is not fungible.

Other countries have a different kind of system.

Four Major Powers Can Create a New System

Now, if the United States says, that we are going to back up our dollar, and enters into an agreement with Russia, China, and India, to join us, with other countries, in doing the same thing, to put the world through bankruptcy reorganization, in which we will *cancel* most of the outstanding financial obligations: It has to happen. Otherwise, no planet! If you try to collect on quadrillions of dollars of outstanding claims, from whom are you going to collect, by what means, and what's the effect? It is *against natural law*, to collect on that debt! How many people are you going to kill, to collect that debt? How many countries are you going to destroy, to collect that debt?

So, we have this monetary authority outside, which has treaty agreements with governments, but which has no real obligation to governments otherwise, except the treaty agreement. This agreement has resulted in the creation of a vast world debt, a monetary debt, which can never be paid. Well, obviously, the system is bankrupt! You shut down the system, and put it into bankruptcy reorganization—it's the only remedy.

How does it work for us? Under our Constitution, any credit we utter, in a monetizable form, is an obligation under the authority of the U.S. government, in each process, by the approval of the Congress, the uttering of it, and by the action of the Federal government, with that approval. Now, also, not only do we utter our currency, properly, under those terms, but if we, as a nation, as a sovereign republic, enter into an agreement, a treaty agreement with other countries, for the same system, then under the treaty agreement, other countries enjoy the advantage of the same system we have for reorganization of our debts.

And that's the only way we can get out of this mess.

So, we create a group of nations, who are operating under treaty relationship with the United States, which gives Constitutional protection to this, so that we now have created a new system—a credit system—to replace the existing monetary system. And everything that is put under the protection of the *credit system*, is now solid. Everything else is thrown onto the floor, to see what you can pick up: It's in bankruptcy.

So therefore, we can create a new credit system, among nations, which I think—if the United States,

Russia, China, and India agree, most nations of the world will happily join us, especially considering the alternative. And therefore, we can create a new world system, a new money system, a credit system as opposed to a monetary system. And under those conditions, we can proceed to advance credit on a large scale, for physical reconstruction of the world's physical economy. We can organize a recovery of the same type, which we undertook with President Franklin Roosevelt, back in the 1930s and 1940s. And we won't change from that, I should think, once we've done it.

That's the only alternative.

A New System Means the End of British Empire Looting

Now, what that means is, politically, the end of the British Empire; or what's called the British Empire. The British Empire is the present world empire. There is no other empire on this planet today, except the British Empire. The use of the "empire" to describe any other system, is incompetent. The British are the only empire, and the British Empire is that which controls the dollar, the floating dollar today, the monetary dollar.

So, under these conditions, we then proceed to world reconstruction. And what we do, instead of the present free-trade system, is we go back to a protectionist system, a fixed-rate system; in other words, currencies will have a fixed rate of exchange with respect to each other, or adjustable by treaty arrangements, but they do not float. And we then proceed to utter the credit, for large-scale infrastructure investment, which will be the driver of the physical reconstruction of the planet. *That's the only remedy.* Any suggestion but that, is insane. Any failure to do exactly what I've prescribed, is insane. All sane people will, therefore, immediately agree—or we will have to draw the obvious conclusion.

So, that's what I outlined, in essence, as to how this would work—that's the core of it. This is the U.S. Constitution. It's a system which worked, every time we've used it. If we go back to it once again, as we did under Franklin Roosevelt, we'll come out of this nicely. . . .

And our remedy is to use great power on this planet, to force through a system, a fixed-exchange-rate system, to establish a credit system in place of a monetary system, and to launch large-scale projects through joint credit structures which finance these projects, which enable nations to build their way out of the present physical mess we have today.

It's a tough one. And people say, "Why do you want to do that? Couldn't you take *slo-o-w-er* steps? Slo-o-*w-er* steps?" "Well, you know that train's coming down the track, and you're walking across it—do you think you should take slo-o-*w-er* steps?"

No. So therefore, what you need, is you need these four countries. And they are different countries, as you may have noticed, not only different as nations, but they have different characteristics. We have one characteristic, as the United States, when we're functioning properly. Russia has certain characteristics which are unique to Russia. China has characteristics, including social characteristics, which are unique to China. India has characteristics which are different than any of the other countries. But this is a great part of the human race, the population, totally.

And you have countries that are associated with them, like Japan. Japan's market is principally Asia. Its best market, for its high-tech production, are neighboring countries of Asia, which include Siberia, include the mainland of China, and so forth—that region of the world. Japan has a high-technology capability, which is extremely valuable. Korea—especially South Korea, but really Korea as a whole—has also a very significant potential. Also Korea is different than Japan and China, and Russia, and therefore Korea is a very valuable country, in the sense that it's not the same as China, Japan, Russia, and so forth.

And therefore, the cooperation among these countries of different characteristics is a very important stabilizing factor in the world situation. It also is a key part in production. India has completely different characteristics in this respect, but it also has, in effect, similar problems. The most common problem, is power. Now, we have nuclear power, developed today. It's the only



The four powers.

decent power, that we have for dealing with these kinds of problems. . . .

A System That Respects and Develops All Human Life

What we need in the United States, and other parts of the world, is the basic development of improved infrastructure, as it affects human life and production, in order to increase the productive powers of labor per capita. That's what we need in the United States. We need to increase the productive powers of labor.

At the same time, we have a population, which, over the past period, over the past 40 years!—40 years! *Forty years!*—the United States has been losing productivity per capita over 40 years. It started back in 1967-1968, we began to lose, shrink, net infrastructure development: Over the course of time, we lost our industry, we lost our productivity, we lost science, we have people doing kinds of work that is not work any more, just make-work to keep them busy; and services, to service services, to service services. We destroyed that! We have a people that no longer have the *skills* to produce what they used to be able to produce with the same population then, today. We've lost that.

We have been insane *for 40 years!* Since 1967-68, Fiscal Year '67-68. We have been losing infrastructure. . . . We destroyed essential parts of the productivity of the entire planet; we destroyed technology, with these measures.

And therefore, we have great needs for breakthroughs in technology, which are within our reach; but we also have to be able to assimilate technology, by what? By improving infrastructure: the infrastructure which is necessary to enable labor of a certain skill to improve its productivity, because we have unskilled people! We don't have the skilled labor population we had 40 years ago! We've lost it! We have a very small fraction of that. We're about to lose much more of that, right now. . . .

Skilled Labor and Infrastructure

Therefore, if you look at this, look at the process by which we have been destroyed from what we were becoming, and had become, up until the end of the last war, especially since 1968 to approximately '71. If you look at that, you see, this is not some "natural" process: This is the natural *consequence* of an intentional direction of policy in the wrong direction! . . .

So, we're in trouble today, only because we made

that change—and we've made it again, back in the same direction.

Now, the question is: Do we want to survive? If we want to survive, we have a lesson of how to survive, in what Roosevelt in particular accomplished as President, during the time he was President. We can survive. But, if we don't, we're not going to survive. As a matter of fact, with the present conditions, if those changes are not made, you must expect that there will never be a recovery of the economy: *This present crisis will be a permanent one. . . .*

That's our situation now.

So therefore, that's what I laid out on Tuesday, last Tuesday. It's an outline of exactly the policy we can follow. If we can reach agreement, in the United States—I don't care who the current President, I don't care who the President-elect is. We have a Presidential *system* which is more important than any President: Can the *Presidential system* of the United States decide to reach an agreement with Russia, China, and India—*now!*—to take joint action, which will turn the planet around. And that joint action *would turn the planet around!*

Are we willing to do that? With the understanding that we're going back to the kind of policy that Franklin Roosevelt represented in his time, that we know we must represent, relative to our circumstances in our time? If we're willing to do that, and if we can engage Russia, China, and India, which are countries completely different in culture than our own, and different than each other; if we can engage in that, with those four nations, and others, to make a commitment to say, "This is not going to happen to us: We're going to take action to transform this planet. We're going to move upward," we can survive, we can succeed.

Are we willing to do that? If we are, we can survive. And if we're not, we're a bunch of fools! And richly deserve what's going to happen to us, if we're not willing to do that. That's the issue. . . .

So that's our part—and some of us have to stand up, as I'm doing, and take leadership in this situation. Because, if we do it, we have in our hands the ability to introduce the policies that will succeed. If we bring together cooperation among the United States, Russia, China, and India, and other countries follow and join that, *we can turn this world situation around.* We can get back to something which is going in a different direction—we can do that. And the question today, is, are we willing to do that?

We Need a Morality of a Special Type

The problem today, is a question of morality of a special type: When I was younger—and when some of you, who are approximately my age, or verging upon it, were younger—when you thought about life, you generally thought about two generations of preceding generations, grandfather and father's generation; and you thought about two generations to come, you thought about becoming a grandfather, and the two generations that would come afterward. Many people who immigrated into the United States thought that way.

They came here as poor people, from poor countries, or poor conditions in other countries, and they looked forward to their children succeeding and their grandchildren succeeding. The idea of coming over to the United States, as a laborer, in New York City, and ending up with a grandchild as a scientist or a doctor or something. It was a sense of achievement and that was the mentality of people from that time, people coming to this country as a land of opportunity to become something, to develop into something.

That's not the standard today. The standard is much more selfish. Self-centered is, "When I stop breathing, I don't care any more." In my generation, or in older generations, that was not the standard. We said, "I'm going to stop breathing, but what I'm doing is going to go on. The process I'm part of, is going to go on." And therefore, you weren't a dog, you were a human being. And like a human being, you thought in terms of coming generations, as well as past generations; you thought of how you had come into being, you thought about your background, you tried to learn from your family's experience, and the experience around you of older generations; you tried to see where the country's going; you tried to see what role you were playing in the country; and thinking about raising a family, and seeing what comes of that family two or three generations from now.

And life was organized around this kind of idea, of family and community. Of a meaning of being somebody, and who you were in a community that's growing and evolving with successive generations, about four, five, six generations, was the context of your life.

Your Immortal Interest

And if you did a little study of history, you would look back further, a few hundred years; or if you studied as I did, you'd look back a few thousand years. And look ahead at least a couple hundred years. And you

situated your life, in what your role is now, in the time-phase you occupy in life—relative to a few thousand years before you, and maybe a hundred or more years to come.

And that's where you located your interest! Your interest in *being*, was not what you experienced while you were alive. But what you experienced in knowing what you were part of, in times past and times to come! What you were determined to help *cause* to be the case, in times to come! It's like the grandfather who would take his grandson out to a large project, like the Tennessee Valley project of the old days, and saying to the grandson, "I helped build this. See what I helped build." And that was the standard of life.

The problem today, is that standard doesn't exist. It exists in rare people; it exists to some degree in a feeling and anticipation of desire; it's the desire to be human, the desire to have a sense of immortality. But there's not much substance to it. There's not much confidence in it, because the society doesn't encourage you to think in those terms.

And so that's the situation before us. We can solve this problem, and discuss it here. We can solve these problems: But we have to understand the problem. We have to understand that we are now at the end of civilization. That the policies which are being presented to us, by high-level sources in the United States, in Europe generally, lead to an absolute disaster for humanity in the very near term.

There is no question whether this system is coming down or not! It is coming down, now! And without the kind of radical changes that I indicate, this system is coming down this year! This year and the coming year. It's coming down: It's gone! There's nowhere else to run to! You want to live in Hell? Stay where you are. No need to change, no need to travel: Just stay where you are, it'll come to you.

Do You Have the Guts to Risk Changing?

But, the point is: Are you willing to take the risk of changing? Are you willing to fight the war that has to be fought, rather than some war you would rather fight? That's the situation today. That's my situation. You've got to think in those terms. I've spelled this out in writing, I've spelled it out in the past weeks' time, in several ways, in a number of pieces. The situation is clear to me, we can win; it's possible. But, it's not likely, is it? You have to make it likely. Maybe some of us have the guts to do it.

Dennis Small: You just heard the keynote address of the day. It's remarkable how Lyndon LaRouche's comments from a decade ago are absolutely applicable to the situation we're immediately facing; both in terms of the diagnosis of the problem, as well as most emphatically the proposed solution. The immediate 80- or 90-day period ahead is one that actually is only understood from the standpoint of the perspective which Lyndon LaRouche just laid out for us. We are facing an imminent collapse of the entire trans-Atlantic system. We're facing an attempted coup d'état against President Donald Trump, in which the upcoming elections in November are absolutely critical. We have to awaken the American population to make sure that that coup d'état does not actually transpire.

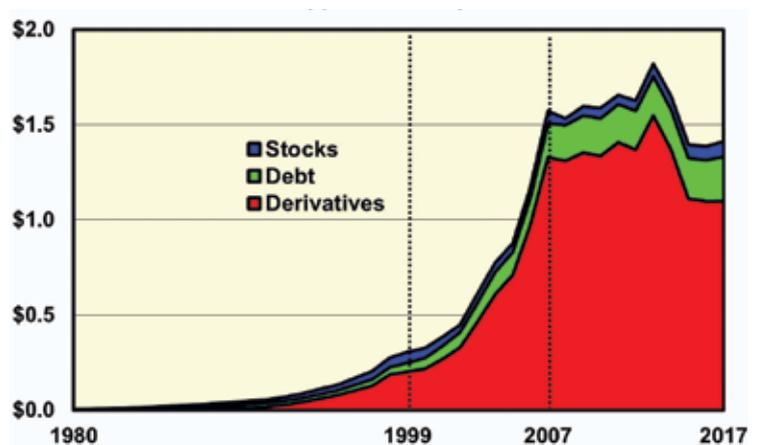
At the same time, there is the ongoing activity of those who are putting together a global alternative to this catastrophe. On September 3-4, there will be a major diplomatic event of the Forum on China-Africa Cooperation (FOCAC). The nations of Africa will be meeting with China to discuss the policy of development which is applicable not simply to Africa, but to the entire planet under the Belt and Road Initiative. We have also in September, from the 11th to the 13th, the meeting of the Eastern Economic Forum in Vladivostok, Russia, which is an occasion where not only Russia and China will be getting together—two of the Four Powers which Lyn has talked about—but many other nations as well. We trust that there will be a high-level American delegation there as well.

Then, a little bit later in November, we have this meeting in Shanghai, China of the International Expo, an import expo by the Chinese. Most countries hold export fairs of what they want to export to the world; not China. They have a fair of what they want to import from every nation in the world as part of their global industrial and infrastructure thrust around the Belt and Road Initiative. So, we're looking at a period where everything that was unleashed almost 50 years ago today, on August 15, 1971, is now coming to a head.

Fixed Exchange Rates Not About Money

Let's just go back 47 years to what happened in August 1971. As we've discussed, this was the declaration by Nixon that the dollar was being taken off the gold standard and that the fixed exchange rate system

FIGURE 1
World Financial Aggregates
(quadrillion \$)



was over. A system of floating rates was established, which basically allowed massive speculation in a new currency that was created at that time. It was called the dollar, but it's not the U.S. dollar; it's the London-based speculative dollar, which is a different currency than the U.S. national dollar, which should be issued through a national bank as per Hamilton.

So, that separation occurred, which allowed for massive speculative activity to occur and a new situation was created, because there were no longer fixed exchange rates and there was free convertibility with no exchange controls. For Third World countries and other countries that need to convert their currencies into dollars, what it meant was that their currency, like our dollar, was separated from and became different from the actual U.S. national dollar basis of the Bretton Woods system. August 1971 was the beginning of the end of the Glass-Steagall system. First as it expressed itself in the relationship to Third World countries, and then shortly thereafter, in 1999, with the formal revocation of the Glass-Steagall bill, inside the United States.

Nixon Pulled Plug on FDR's Bretton Woods

Now what this did, as you're undoubtedly aware, is that it unleashed an absolutely enormous firestorm of speculative activity. What you see on the screen now is a graph [Fig. 1], "World Financial Aggregates" in which we used the actual numbers in the growth of the world's financial aggregates. The first vertical line is 1999. You can see that after the end of Glass-Steagall in

FIGURE 2

World Financial Aggregates and QE

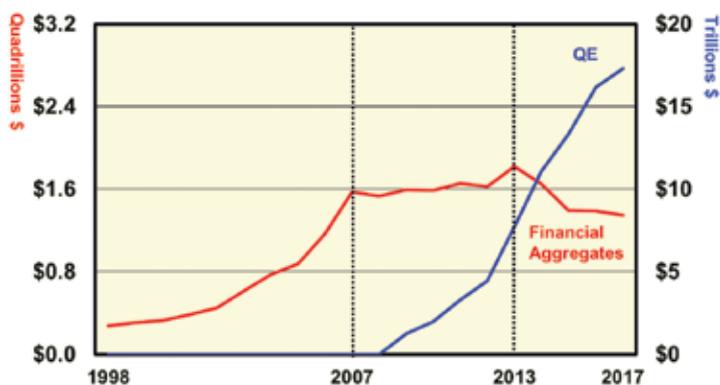
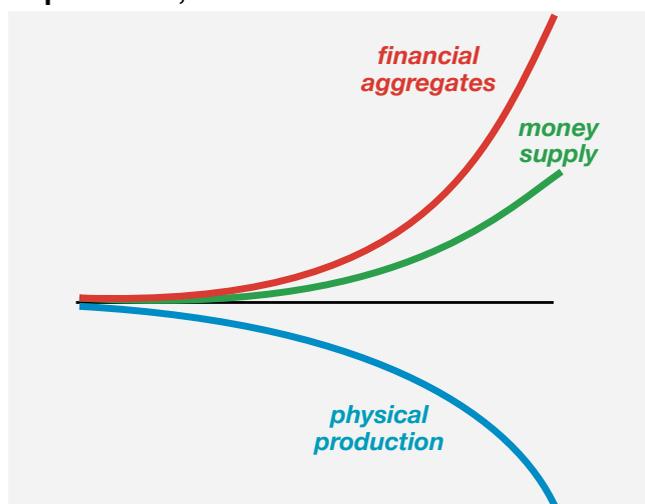


FIGURE 3

Triple Curve, 1995



the United States, this bubble took off. This is a cancer. The lion’s share of it was then, and still is today, derivatives; it’s not debt, it’s not the stock market, as bad as those are. It’s derivatives, which are essentially bets on bets on bets, based on absolutely no real physical production whatsoever. It’s sort of like what LaRouche was just talking about, services to service, to services, which service services. Derivatives are the equivalent of that in the financial world.

Now, you’ll notice that this grew astronomically, exponentially, from 1999 to 2007; that’s the point where the crisis, the meltdown of 2008, begins and occurs, which is the point at which LaRouche is addressing the crisis.

And what you have is a period of relative stagnation of the growth of that financial bubble, followed in the period of around 2013-2014 by a significant drop in

global financial derivatives. Back up in the peak here of about \$1.8 quadrillion is when we were saying this thing is heading to \$2 quadrillion and then some. It has since dropped back down. This is not good: this is bad, the way this has occurred.

Because this has happened, as you can see in this next graph [Fig. 2], “World Financial Aggregates and QE,” despite the fact, or perhaps because of the fact that during this same period, as the financial aggregates were rising, in 2008 the famous policy of “quantitative easing” began—the policy of “funny money” or “let’s feed the cancer, boys.” We have had a growth of quantitative easing of monetary aggregates under quantitative easing. This is measured on a different axis than the derivatives, which is the first Y axis.

You get the idea of the trend here which is what I want to show. You’re talking about \$18 trillion in quantitative easing, whose purpose originally, as you can see here, was designed to bolster the overall cancerous bubble of the financial aggregates, but was insufficient to do so. It accelerated and not only was it insufficient to do so, but actually the financial aggregates began to collapse.

Incredible Stupidity of Quantitative Easing

Now what is happening? You may have heard of the famous discussion, “Well, let’s ‘taper’ the quantitative easing: Let’s raise interest rates, let’s slow down the rate of increase of quantitative easing,” which some of the bankers are talking about, because they see where this is heading for a total blowout. If you look at the top of this quantitative easing curve, you can see that it is “tapering,” under conditions where an astronomical increase, a geometric increase of the quantitative easing was insufficient to keep the financial bubble going. What do you think is going to happen, if and when this tapering actually continues? It’s going to blow sky high. This is why you have even some bankers saying “this thing is going to blow up.” It could very well blow up in the United States before the November elections.

How did LaRouche foresee these kinds of developments? He certainly didn’t have a crystal ball to predict the specific numbers, but you didn’t need that. The specific numbers are frankly somewhat irrelevant. What he had was a method of analysis which people will be familiar with as his famous [Fig. 3] “Triple Curve or Typical Collapse Function,” in its first iteration in Novem-

FIGURE 4

The Collapse Reaches a Critical Point of Instability

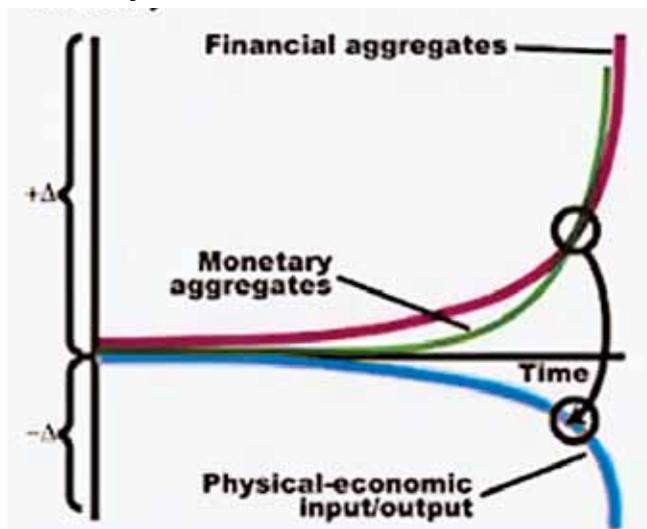
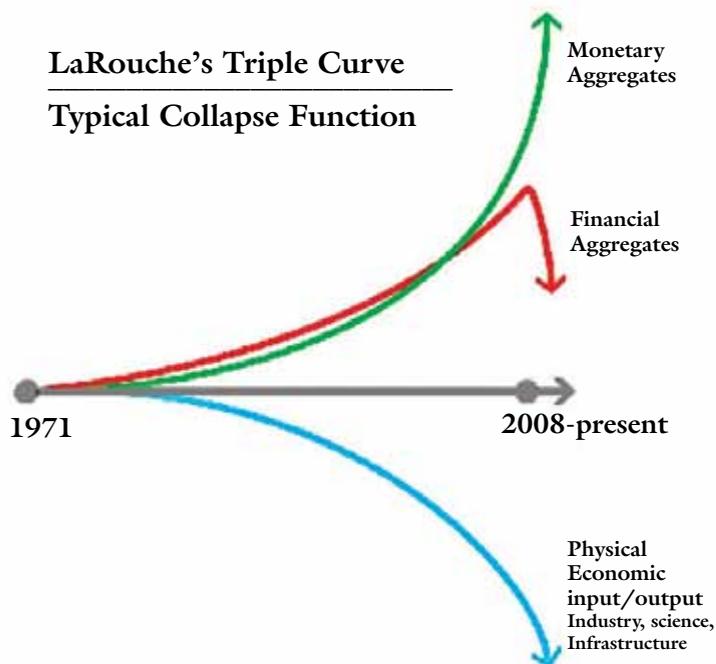


FIGURE 5

LaRouche's Triple Curve Typical Collapse Function



ber 1995. You can see the money supply (in green) growing; the financial aggregates (in red) growing above the money supply curve, at a more rapid rate. The Y axis here is not an absolute amount; it is the rate of growth. The collapse of physical production (in blue) has to underlie any functional economy if that economy is going to survive, but that production has been actu-

ally collapsing as measured in potential relative population-density.

This is where we were around 1996—so far so good, or actually, so far so bad. This was our real financial-economic condition after the 1971 destruction of the Bretton Woods system.

LaRouche's Triple Curve

Later, LaRouche produced this next iteration [Fig. 4], “The Collapse Reaches a Critical Point of Instability,” of the same basic concept. He said, this is what happens when the collapse reaches a critical point of instability. What you have, is a point where the rate of increase of monetary aggregates—the green line—is greater than the rate of increase of financial aggregates (in red). In other words, to be able to allow the cancer to keep growing at the rate at which cancers grow, you have to increase your monetary aggregates, such as quantitative easing, even more rapidly.

Now, that really does not work. And in fact what happened, which you can see in this 2008 iteration of the triple curve [Fig. 5]. This was just about the time, or a little bit later than LaRouche’s November 18, 2008 webcast (with which we started). He said then that after you’ve reached this point of critical instability, no matter how rapidly you raise your monetary aggregates, the financial aggregates cannot be maintained. It’s going to blow out, period. The Tulip Bubble blows up.

This 2008 graphic is where we stand today, at exactly that point. Keep this graphic in mind, and look back at Figure 2, “World Financial Aggregates and QE,” again. Now again, these are different absolute values and different scales, but you can see what is actually going on here. Despite the rate of increase of monetary aggregates, as represented in quantitative easing, the financial aggregates are collapsing.

Where is this going? This is heading straight to Hell. Exactly when? That much is an open question for sure, but it’s not far from now, and it’s something that cannot be avoided inside this system.

The critical point in all of this is the bottom curve—the physical aggregates, the physical economic system; that’s the real problem. Who cares what happens with monetary aggregates or derivatives. The problem, as LaRouche just explained in this video, is that the attempt to defend and save the cancer means a policy of

genocide. It means destroying the population, by reduction of living standard, by reducing the technological level, by making it impossible to have a growing potential relative population-density to match the growth of the actual population.

Potential Relative Population-Density Destroyed

Now, what happens when your potential relative population-density is *less* than your actual population? People die! There’s wars, there’s drugs all over the place, there’s opioid epidemics; there’s mass migration if you happen to be a Third World country. If you want to know what’s actually behind the crisis of migration and drugs, look at it from the standpoint of potential relative population density.

Look at what has happened cumulatively, as of 2015, in terms of emigration to the United States from Mexico and Central America. Today it’s even worse. Look at Mexico: With a total population of about 126 million, of those born in Mexico, i.e., first-generation Mexicans, 11.5 million have migrated to the United States—that’s 9.1% of the population. It is the same in Guatemala and Honduras. El Salvador is the extreme case: A fifth of the population has migrated to the United States. It is the British Empire’s drug trade, which is an enormous part of this migration phenomenon.

Do you think people come here for any other reason than the fact that there is no survival as human beings in these countries? The reason is the collapse of potential relative population-density. And it is only explained, looking back at least 50 years, to understand what has gone on here. The only way to understand the drug epidemic is looking back at least 50 years to the British policies that have been unleashed.

LaRouche’s New Bretton Woods Solution

Let us now shift to look at the answer. I planned to discuss the New Bretton Woods system with you today. Lyndon LaRouche, in the video clip you heard, explained that far better than I ever could, in great detail. That is the policy that has to be created.

When you start to think about what the necessary monetary system is, and how you engage in banking reform, and what policies to implement, you have to think of it backwards. You have to start from the standpoint of what you want the result to be. You don’t start

Emigration from Mexico and Central America

(as of 2015)

Country	Population	In US (1 st gen.)	%	In US (1 st -3 rd gen.)	%
Mexico	125.9	11.5	9.1%	35.8	28.4%
Guatemala	16.3	0.9	5.5%	1.4	8.6%
Honduras	9.0	0.6	6.7%	0.9	10.0%
El Salvador	6.3	1.3	20.6%	2.2	34.9%

by discussing monetary policy. You start by saying: Okay, how are we going to increase potential relative population-density? You figure out what those policies are, and then you take a step.

Here’s what I mean by working backward. Step four is, you increase the relative population-density, which requires advanced science like fusion, space sciences and so on. The way to achieve that is with step three, policies such as the Belt and Road Initiative, the great infrastructure projects, both regionally and globally, and so on. The way you can implement that is you require step two, a Hamiltonian system both internationally—such as the Asian Infrastructure Investment Bank or the BRICS New Development Bank—and nationally, you need a National Bank in every country to implement a Hamiltonian system.

To get to step two, you have to have a global Glass-Steagall; you have to have a global system of fixed exchange rates; you have to have exchange controls. Inside the United States, we have to return to FDR’s Glass-Steagall. And you have to write off the vast majority of that \$1.5 quadrillion cancer, as LaRouche was just explaining. And, of course, you do need step “0”—prosecute and jail those who are responsible for those policies. We wouldn’t want to forget that.

The Americas

Let me just give you a quick bird’s eye view of how such policies can and would work in one part of the world, which is in the Americas, and as part of the global World Land-Bridge perspective or the Belt and Road Initiative perspective, as we have been developing over decades now, in point of fact. The reason I

FIGURE 6



want to mention this, is that there are openings that have been created, a potential flank, by the election of Andrés Manuel López Obrador in Mexico, who has usefully extended an initiative to President Trump in the United States saying, “Hey, listen! You know what? Let’s solve our problems of migration and drugs by development. Let’s have joint development projects.” Trump has responded quite favorably to that. López Obrador has also talked to the Chinese and said, “We’re very interested in working with China on the Belt and Road.”

The way this thing can work, and the only way it can work, is if you have a combination of the United States, Mexico, and China, working together on these projects. It’s like a microcosm of what is required globally. But it’s a very specific case where we can actually get—I’m convinced—the United States working with Mexico and China in this part of the world.

Now, I want to mention three specific projects out of many that we have discussed and presented, but these three in particular, because they speak to the issue of U.S.-Chinese cooperation as part of the global Four Powers.

One is, as you can see from this map [Fig. 6], the Global World Land-Bridge Network with not only the rail links, which link the Americas through the Darién Gap, labeled as Number 2, up through Mexico, the

United States, Canada, Alaska, and through the Bering Strait Tunnel to Russia, labeled as Number 1. But, what you’ll also see on this map is the extension, these blue dotted lines, of China’s Maritime Silk Road proposal—the idea being that this must be extended across the Atlantic, into the Caribbean, through the expanded Panama Canal and the new, yet-to-be-built Nicaragua Grand Canal, and for trade across Asia.

Obviously, this network, this rail network in particular, requires the Chinese Belt and Road Initiative, but it also requires the active participation of the United States, not only for the U.S. portion, but for the investments in the work in other parts of the continent.

China has proposed new rail lines in Mexico, which the incoming Mexican government of López Obrador is studying carefully and hopefully will begin to develop. One is a rail route from a new port in Nayarit on the west coast of Mexico up through Ciudad Juárez (El Paso on the U.S. side), to connect to the U.S. rail grid. Another is a high-speed rail line from Mexico City to Querétaro; and a third, the most interesting one, is a trans-isthmian railroad—that’s the Isthmus of Tehuantepec there—from the port of Coatzacoalcos on the Gulf Coast to Salina Cruz on the Pacific Coast, which would be a high-speed rail route with industrial corridors all along the way. That’s one nested group of proposals which are international in scope.

This [Fig. 7], the Caribbean Basin Belt and Road proposals, which we have presented in our new World Land-Bridge report, involves on the one hand the Caribbean Maritime Silk Road routes, which go just west of Puerto Rico, the Mona Passage on the route to the Panama Canal. The idea here is that you really need to develop and build deep-water industrial ports in Ponce, Puerto Rico and Mariel, Cuba. Ponce, Puerto Rico is part of the United States. This would then serve—these two ports in particular—to link Gulf Coast and Atlantic Coast of the United States—the ports there—develop those ports which currently are most inadequate to the tasks of world trade; and of course through the entire Caribbean network, the Panama Canal, and through the Nicaraguan Canal.

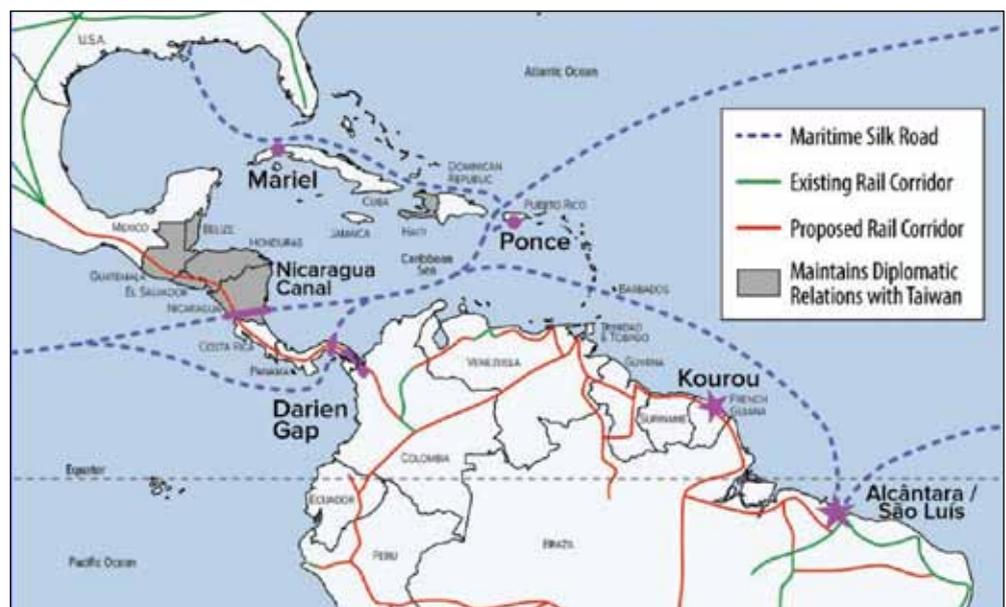
So, that's another area of projects which directly involve Chinese-U.S. cooperation in this particular area of the world.

The Equator, The Shortcut to Outer Space

A third project, which I think is in one sense the most interesting, is the one indicated by these stars in Kourou, French Guiana and in Alcantara, Brazil. These are the two space launch sites which are the closest to the Equator of any launch sites anywhere on the planet—which is extremely advantageous, in terms of the physics of it, for space work and launch sites, to be right on the Equator.

These two launch sites should become the center of scientific development for the entire area, to emphatically include the training of the labor force in countries including in Central America, which are now being devastated by the drug trade and IMF policies; including in the Caribbean, which also requires that kind of upgrading; and also involving NASA and the United States and also the Chinese space mission. So, it's a perfect case of a science-driver policy, which will serve to benefit the entire region. And the Chinese have

FIGURE 7
Caribbean Basin Belt and Road



already stated explicitly—in their 2016 policy proposal for Ibero-America and the Caribbean—that they are in favor of this kind of scientific, space-scientific cooperation with the countries of Ibero-America in general.

So, this is something that is absolutely doable—with a change in the global policy. This only works if you have a New Bretton Woods. It only works as a way of forcing the creation of a New Bretton Woods and as a part of the Four Power agreements.

LaRouche, Reagan, López Portillo and Indira Gandhi

I want to conclude with a discussion of a specific case study of how history is made by ideas, of how LaRouche addressed the world crisis in the early 1980s, with his close collaboration simultaneously with the then President of Mexico López Portillo; with the then Prime Minister of India Indira Gandhi; and with the then President of the United States Ronald Reagan. And what LaRouche proposed, almost the moment Ronald Reagan was elected in November 1980. In December 1980, just a couple of weeks later, Lyndon LaRouche sent a confidential memorandum to Reagan and his team, proposing an approach to U.S.-Mexico relations, from the standpoint of the global changes that were required. What he said in that memo, among other things (this is just a brief quote from it) was:

Forging an “oil for technology” partnership with Mexico is only the first step in linking the advanced sector and the underdeveloped nations in a policy of global industrialization. Such a principled U.S.-Mexican accord would set a precedent which virtually every developing nation will want to replicate.... The crisis-wracked Central American region could be stabilized in the only way possible—by U.S.-Mexican collaboration to set in motion economic development projects in the region.

LaRouche then pursued this idea. López Portillo and Ronald Reagan met just weeks later, on Jan. 5, 1981, when Reagan was still President-elect. Two weeks after that, López Portillo travelled to India. One of the topics that had been discussed with Reagan—and we learned about it in private discussions afterwards, as it wasn’t announced—was that López Portillo would make an effort to bring India on board this policy-approach, with which Reagan concurred, the outlines of which had been established by LaRouche.

López Portillo did in fact travel to India on Jan. 19 of that year and the LaRouche movement prepared a special report called, “The India Which José López Portillo Will Find.” We published that report in both English and Spanish prior to López Portillo’s arrival; we got it out everywhere, and that report did in fact help shape that meeting, which was decisive for the development of the strategic situation.

Further discussion among these triangular forces, which LaRouche had set in motion with ideas, was briefly suspended or delayed by two developments. First, the attempted assassination of Ronald Reagan by Hinckley on March 30, 1981 (hardly in office). And a month later on April 27, 1981, an attempted assassination of Indira Gandhi. But nonetheless, in June 8-9, 1981, López Portillo and Reagan did meet; Reagan was sufficiently recovered for that.

López Portillo invited Reagan to the first-ever and the only time a North-South meeting was held. He called it in Cancún, Mexico. It was a North-South dialogue. Reagan accepted to go there in June 1981. And within six weeks, Lyndon LaRouche had issued a detailed memorandum for what every head of state attending that meeting needed to know. We published that under the title of “The Principles of Statecraft for Defining a New North-South Order.” After this, there were the meetings in 1982 of LaRouche with López Portillo,

meetings with Indira Gandhi, and of course, LaRouche’s famous *Operation Juárez* document.

The Principles of Statecraft

I want to focus on what LaRouche said in this paper, to make my concluding point, really the central point, which we saw in the LaRouche exposition just a moment ago as well, on LaRouche’s method: His approach to how to deal with these problems. Because in this document, “The Principles of Statecraft,” 76 pages, the first sentence is the following. He says, “This report has been prepared chiefly to provide needed background knowledge for members and advisors of governments participating in the scheduled October 1981 North-South Conference in Cancún, Mexico.”

And the report concludes, at the very end of the report, it concludes with an actual draft memorandum. LaRouche has a very specific proposal. It’s a draft resolution for the North-South Conference in Mexico, eight points, exactly what needs to be done. The participants, by the way, ended up being 20 or so heads of state: López Portillo, Ronald Reagan, Indira Gandhi, Ferdinand Marcos of the Philippines, Zhao Ziyang of China, Forbes Burnham of Guyana, Chadli Bendjedid of Algeria; and then, very unfortunately, Margaret Thatcher of the United Kingdom; equally or more unfortunately, François Mitterrand of France, and so forth; those were the people who were there.

LaRouche begins by saying this a message of the knowledge you need to have, to do what you need to do. He concludes with a tactical proposal. I can remember him saying on many occasions—probably many of you do as well—when asked for the tactics to deal with a situation, “Tactics, you want tactics? I can give you a million tactics. I can give you tactics every two minutes, if you want. That’s not the problem. The problem is how do you think? How do you develop the required tactical approach that actually functions to change from one global geometry to another?”

LaRouche, in the intervening pages, the 70 pages in between the beginning and the end of this report, addresses those issues. I want to make two or three points: First, he discusses the issue of potential relative population-density, and he says the following:

The relative power of a culture to provide the development of its individual members is delimited by what we shall explain as its potential relative population-density. . . . If the population

exceeds the potential relative population-density of such a fixed culture, there must be periodic genocidal catastrophes resulting from refusal to change the culture from a “traditional” mode.

And then he goes on to say,

Most specific cultures have resisted the required changes. . . . most of the specific cultures which have resisted cultural progress, have resisted advances in technology, have either been assimilated by conquest, or have become extinct, or have degenerated into lower forms of barbarism and even savagery.

This conception, just outlined, subsumes both the special achievements and threatened imminent collapse of European civilization.

So, if that phrase about “descent into lower forms of barbarism and even savagery” sounds like what’s happening today, you’re absolutely correct. LaRouche put his finger right on the issue even back then—where it all was heading if the situation was not changed.

He then turns to what he calls a special concept of morality that is required to understand economic science. He says,

Let us now embark upon what may be to some the most exciting mental excursion of exploration they have experienced to date. Let us show not only from whence economic science actually originates, a far different origin than they might have presumed, but show also that a scientific knowledge is efficiently and usefully subsumed by the authority of an economic science defined in this way.

How the Universe Reacts to Human Action

He then goes on to discuss where the concept of morality, which is coincident with a concept of immortality, where it derives from: “Each act by the individual is an act upon a lawfully ordered universe. That universe, by virtue of its lawful composition, reacts to the action upon it, generating ripples of consequence throughout the width and duration of present and time to come.” He continues:

Each act is characterized, therefore, by an associated generative principle, a principle which, as a notion, defines the ordered succession of chain-reaction ripples extended outward from the action itself. Each act by an individual is in that way akin to the act of a legislature, in that it “legislates” a definite chain of consequences. The character of that chain of consequences, in respect to the cumulative effects in width and duration of present and time to come, is the true character of the individual action.

Having so defined the nature of causality in the physical universe, and therefore in the economic universe, which after all is part of the physical universe, or it is nothing—having traced the origin of real causality to the issue of morality and ideas, and the actions which individuals take consequent to those ideas and that sense of morality, he concludes his argument with a really stunning discussion of what economic science actually is. LaRouche continues,

This economic science is focused most immediately upon the interdependence of advances in technology and maintaining and increasing the potential relative population-density which a society may achieve through the efforts of its own members. . . . *The subject of economic science is the increased power of Reason in the individual member of society.*

And that, I believe, is the absolutely crucial concept which is required of us as organizers to be induced for the mental reproduction, the conceptual reproduction of those that we are organizing, for people to be able to not only understand what must be done; why we must stop the coup against Trump; why we must have a New Bretton Woods; why there has to be a Four-Powers Agreement. Not only to understand why those are scientific requirements. But from that concept as well—which comes exclusively from LaRouche’s work in the modern era—to derive the requisite sense of identity and morality to purposefully guide us to achieve those results. We have the opportunity to do this at this moment; we simply have to think like LaRouche, as he demonstrated to us in the video excerpt which we just saw. Thank you.