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The Time Has Come For a New System

Lyndon LaRouche made the following remarks at the Forum for Strategic and Security Studies in New Delhi on Dec. 3, 2008. The panel, which included EIR Editorial Board member Jeffrey Steinberg and Gen. K.K. Hazari, was chaired by Vice Adm. K.K. Nayyar. The event's host was Brig. Dr. Vijai Kumar Nair (ret.). The transcript has been edited, and subheads added.

Moderator: Ladies and Gentlemen, it gives me great pleasure to welcome Mr. and Mrs. LaRouche again to the Forum, after a lapse of a few years. And also, he's been kind enough to agree to discuss with us, the various problems we've been thinking about, and how the new U.S. administration will—shall I say—tackle them, or attempt to tackle these issues.

I've been talking to Mrs. LaRouche about how the real problem, which is taking place after the financial collapse of the Bretton Woods system, is going to be the principal concern of Mr. Obama and his administration.

Secondly, Mr. LaRouche has been kind enough to speak to us on Indo-U.S. relations.

And third, if you [Mr. LaRouche] have the time, if you could take it on: What are the principal strategic issues, which are going to dominate the world for the next 30, 40, 50 years?

Lyndon LaRouche: There are two aspects to be considered here. First of all, let's assume that the incoming U.S. administration actually adopts the kinds of policies which I foresee as required. Secondly, what happens if that fails? So you have two completely different kinds of strategic perspectives, one for Plan A, and the other for Plan B; and Plan B is very messy, and, as most of you can already anticipate—I don't need to say that any further.

But, to talk frankly about the new administration: The President-elect is a mess. He was actually created by George Soros, and George Soros is a British intelligence operative, of very nasty proclivities, who is run-

ning a lot of the problems that you face in various parts, India and elsewhere, today. He's the world's biggest drug pusher, and he also is a general menace. He actually is part of the Commonwealth Office.

Presently, he's been long associated with Lord Malloch-Brown, and is now working, nominally under Malloch-Brown. He's also the world's biggest dope pusher! He runs the drug operations in the Americas: Every state except one, in South America, that is, Colombia, is soft on drugs, under pressure from George Soros's money, and similar kinds of things.

He also is the drug runner of record in Europe, and also, as you know, in Asia. He's involved in all of it. A very dirty—he's a mass murderer, there's nothing good that can be said about him: As a young man in Hungary—he was an adolescent—he was employed by the Hitler machine in killing Jews, as an errand boy of the Jew-killing operation. The point about that, is not that he did it, but the point is that he never regretted the kind of role he played in doing that. He may have objected to the idea of killing Jews, but he didn't object to the process by which the killing was done, if applied to others. And he's become that kind of service operation for the British monarchy ever since.

A very dangerous fellow, and most problems we have in Asia and other parts of the world are part of that. He's key in Africa, for example, the present thing in Congo; he's a key part along with his friend, Malloch-Brown, in trying to create a new wave of genocide in Africa. So: a pleasant fellow.

A Response in the Institutions

But the point is, that when you have someone with a great deal of money power, like that, coming out of Britain, running the U.S. elections, the fact is, there is a response in the institutions, which may act against the very success. And that's happened before in U.S. history; that's happened in the history of various countries: You get a government you don't want, and somehow institutions of government or around government may act, to try to correct that error, after the damage has been done of putting the fellow in power.

And so, in this case, you have the President-elect, who is a lawyer, which is not necessarily a recommendation these days—especially a U.S. lawyer; and he's not thoughtful, he does not understand much of anything. He's a man who has a strong opinion about himself, but not necessarily a very well-crafted opinion about other matters.

Now, what's happened is, despite his rivalry with Hillary Clinton in the recent campaign, the administration he has, in terms of his present appointments, is largely either Hillary people, or people who would be friendly to Hillary. For example, you have Gen. James Jones, a very competent officer with a well-known history; we know his history from three successions. We know Gen. Joseph Hoar, who is his predecessor, and the predecessor of the predecessor—very clean fellows; we know pretty much how they think, and they're very reliable people. He's in, in a competent position.

We have other key positions: Hillary will be the Secretary of State, and she will have active powers. Bill Clinton will not be in the government, but he will have some kind of acknowledgment of his existence by the government, and he will continue to play a key role on behalf of the United States.

If you look through the list as I see it, there are a few bad apples here and there, like Rahm Emanuel from Chicago, who is very close to the President-elect. *But!* What I see, is, in terms of operation of a government, under conditions of national and global crisis, it is the leaders of institutions which deal with the crisis which are crucial. Sometimes, the government runs the head of state, or the head of government, and we're in that kind of situation, where that is possible.

Now: For this situation, I'm in a very special kind of situation, where my influence, because I'm senior, among other things, and have been through many wars, and am well-known by many people in government—they're afraid of me, but they like me, and they like me when they have a problem they think I can help on. So, I will be playing a significant part, according to indications presently, probably, in this government.

The Financial Mess Is Coming Down

And the key thing, which is of primary concern, is the fact that the international monetary-financial system of the world is presently disintegrating. Many people like to pretend that's not true, but it is true. We have outstanding obligations, in the name of derivatives, which run to about \$1.4 quadrillion. And this mess is



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Lyndon LaRouche addresses the forum. A Four-Power alliance for a new global financial system is required immediately, he said, because the present system is dead.

coming down. The entirety of the crisis is not a bottom-up crisis: It's a top-down crisis. From about 1987, we have built up this financial derivatives bubble, which has taken over more and more of the world. This system is now collapsing. This collapse, taking \$1.4 estimated quadrillion of obligations, short-term obligations of speculative nature, are coming crashing down, and there's no bottom to this crash. The only thing you can do—in a crash of this magnitude, which we have not seen in modern European civilization at any point, up to this time—the last time we saw something like that in Europe, was during the 14th Century, which was called the New Dark Age; that's the last time we saw something like this.

Now we can deal with a New Dark Age type of crash. What it means is going to the principle of *bankruptcy*: You put the system into bankruptcy, by governments, and you sort out what you know must be paid, because it's needed, it's needed to keep the society functioning and going. And you know what is trash. And you put the trash to one side, and create a new monetary-financial system, or a new financial system, and start from there.

And you have to do it quickly, because we're in a world crisis: China is collapsing now, in a chain-reaction collapse of its export economy, which is a disaster for it, and portends a potential political crisis inside the

country, a *major* strategic political crisis. That's the threat. We have similar kinds of situations throughout the world. Europe is about to collapse, western and central Europe are about to collapse. Russia is going through an existential crisis: It thought that it was going to be exempt from a crisis in the United States and elsewhere, and it now has found out that's not the case. When this system goes, everybody goes.

India, of course, is in a relatively favorable position, because of the lower ratio of dependency on foreign exports, and dealing with the internal population, the lower 63%—at least there's an element of stability in the process, so you're starting from an advantageous relative position, in terms of internal security and general security for dealing with the crisis. But other countries are in a much more precarious situation. Russia's situation is less precarious than China's. China's situation is *very* precarious. And the entire Southwest Asia is a mess.

So, in this situation, we have to solve the problem immediately.

Now, what I propose, which is rather unique, in the sense that it's unique to the United States: We have a Constitution unlike any other nation on the planet. Our Constitution says that money can not be created, except by the will of government. We are a *credit system, not a monetary system*. Most of the world—including the United States—is a partner in a monetary system. We don't own the monetary system. We have agreements with a monetary system as nations, but we don't control it, it's not ours. And because it's not ours, it was possible to do this derivatives speculation: that is, to create fantastic credit, on the basis of 11:1 and things like that, of debt. You issue some phony money, you call it a debt, you capitalize it at a rate of 11 times or so the price; you create a vast market of debt, which is greater than the entire world's debt, otherwise. And this comes crashing down on you. There's only one thing you can do: You have to put the debt into bankruptcy, bankruptcy reorganization.

Now, to do that, you have to make one change, which we made a long time ago in principle, constitutionally. The United States is not a monetary system. Our system is, by our Constitution, not a monetary system—it's a credit system. That is, the creation of money, or the creation of government obligations tantamount to money, can not be established, except by the consent of the Congress—by the Presidency, with the consent of the Congress. This credit can be uttered for

government support for investments, public works, that sort of thing. Or, it can also be simply monetized. But in the end, it is monetized, because that's when you use this stuff for loans, you put this credit out as loans, and the stuff becomes matured, then it comes back into the system as a monetary aggregate, in repayment of those loans under government conditions.

A Four-Power Nucleus To Change the World

What we can do is this: There are four nations on this planet, which are significantly large and important enough, that they could, if willing, make a decision which would eventually change the direction of affairs on the planet. These four nations are: the United States, itself, because of our Constitution, which is advantageous; Russia, because of its particular position, which is not merely its financial position, but the northern part of Eurasia, contains raw materials resources, which have not been developed, but could be developed. These are absolutely essential for development, and it can not be done by simply ripping the ground; you have to go in there and develop the resources. As for China: China has a real crisis. The majority of its population is extremely poor, and there is no hope for much improvement without a development program in China. Under the present rate, there is not enough development to stabilize the country. India is more stabilized, but it also has a similar problem, long term, of a lot of very poor people, who are going to be a growing population, and they're going to have demands, and legitimate demands.

So therefore, we all have this problem, of how do we expand the capacity for carrying the world's population in a stable, growing way, which can't be done under the present monetary system. So therefore, if these four nations agree to form a nucleus, in recognition of *defense* against this crisis, then we can change the world.

Now, we require a U.S. government which is willing and has the understanding of what its responsibilities are in a such a system of cooperation. For example: Those four nations in cooperation—well, Japan will come in right away; Korea will come in right away; some nations in South Asia will come in right away; Africa will welcome this development; some countries in South America will welcome it. The United States population will welcome it, very quickly—maybe not immediately, but very quickly. And we simply have to have a government that'll do that.

Now, because of the internal crisis in the United

States now—that is, we’ve had a breakdown crisis of the U.S. system, the monetary-financial system, and economic system, since the end of July 2007. I happened to forecast this thing, and therefore, since it’s happened, I get a lot of credit for having forecast disaster, which usually is not the way to become popular. But, so, more and more bankers, including Federal bankers and Federal Reserve System bankers, and others, have realized I’m right. And people inside the incoming administration, who will be officials or leading advisors to the administration, agree with me.

The question is how. There are two views of this: My initial view was, go directly to these four governments, the United States itself, India, Russia, China, and sponsor the idea of an agreement to deal with this particular crisis in this way, by creating a new credit system to replace the present bankrupt monetary system. Everybody needs it, and it’s not a matter of liking the other fellow; it’s a matter of, you need his support, to get the job done.

If we do that, and if we get this administration to do what it has to do to make that work—and we’ll know that by January-February, whether we’re in that direction or not—in that case, I’ll be playing a key part in this. And if this policy is actually adopted, by the incoming administration, then my role will be defined accordingly, and therefore, I can say certain things about what’s going to happen, with that understanding: that if my policy is adopted, my role is rather indicated, and I’ll be working through regular channels in the new government, as a private individual, in dealing with this problem.

Threat of a Dark Age

Now, if this does not happen, then we’re looking at the equivalent of the 14th-Century Dark Age in European history. We’re looking at the possibility of a collapse of the world population—we’re now approaching 7 billion people—to about less than 1, within about two generations. And when that’s understood, then the impetus for doing the job, I think, is supplied by the threat. We can do it.

We all know projects that are needed, in our countries, respectively—and in other countries. We know the essential role of nuclear power, for example, in the case of India. This is probably a fairly well-outlined and charted policy by now.

But the only way—for example, when you have a

country where 63% of the population is extremely poor and unskilled, how do you increase the productive powers of labor rapidly? Well, you can’t do it by suddenly educating them as labor. You can do things in that direction, but you can’t do it in that way. You have to go to infrastructure. The marker of infrastructure, mass transportation and so forth, actually is determined by power. The relevant power for India, is nuclear power, as signaled by the importance of thorium, in the spectrum of the future developments here in India. So therefore, by using infrastructure development, large-scale infrastructure development, as capital improvements, capital development, you can increase the productive powers of labor, without changing the character of labor itself. Because you’ve increased the productive power of the individual by a factor of that type. And that’s the positive side.

The other side of this, strategically, is, you have to control the planet. Now, the planet’s out of control, and the planet went out of control when the United States went out of control. And we went out of control in various degrees.

We were in control on the day in which United States entered the war against Nazi Germany. At that point, we did not win the war because of our military prowess: Our soldiers were not better than German soldiers, or French soldiers, or others. But our soldiers had more infrastructure. Where Germany had hundreds of pounds, we had tons. When we moved into a country, we oversupplied the country with logistics: And we won the war, because of our logistical capabilities.

But at that point, we established a logistical system, which changed with the death of Roosevelt. Roosevelt was committed to a post-war world based on a credit system, not a monetary system. That was his Bretton Woods system, which I’m proposing we essentially look at and return to. What happened under Truman: We went to a *monetary* system, rather than a credit system. The issue was clear, and you felt it immediately in India. When I was still here in India, with the death of Roosevelt, and the accession of Truman, the policy toward the independence of India changed fundamentally. The immediate Roosevelt perspective was the independence of India, as such. What happened with the death of Roosevelt, was, the liberation of India was postponed, through London. And in the meantime, the Pakistan split-out was organized. So that you had the same people who, in my experience in Calcutta, in the



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If India joins in a four-power nucleus for a new credit system, LaRouche declared, then other nations of Asia will come in right away; others in South America and Africa will also welcome it. Helga Zepp-LaRouche is seated, front row, second from left.

spring of 1946, who were shouting “*Jai Hind! Pakistan Zindabad!*” in the same tune, a little over a year later were killing each other! And this was a key part of this whole process.

Post World War II: Return to Imperialism

But the policy of the Truman Administration, which was practically a stooge for Winston Churchill’s policy, [was] to save the Empire! So we had freed Indo-China, to become an independent state, and the British and Truman turned it over to reoccupation by the French colonials. We did the same thing in Indonesia, the same kind of thing. We did similar kinds of things in Africa, not always the same thing, but similar kinds of things. So, in effect, we recolonized the world.

And on this basis, we re-created a British-style monetary system, in place of a credit system: This was the significance of John Maynard Keynes. John Maynard Keynes, who, in 1937, professed himself to be a fascist—and he *was* a fascist. I fought some of his supporters, back in 1971: He *was* a fascist! He changed his flag, but he didn’t change his trousers. He was the same thing.

So, we had an international monetary system, which was essentially imperialist in its character, based

on a specific orientation to re-[establishing] colonialism in many parts of the world, but essentially of a monetary system, which became then the entity—which became known as the Anglo-American-Dutch monetary system—and this entity became, actually, the force of an empire.

In 1968, 1971-73, the United States lost its controlling position in this empire, and the British took over. And they took over largely through a fake called an oil hoax, the petroleum hoax of 1973, in which the Saudis and the British formed a special organization. And if you look at this Saudi-British operation of 1973, on the oil hoax, you have the genesis of what you call the “Islamic problem” in this region, today. I mean, you had these religious conflicts already,

but you didn’t have this problem, this Islamic problem that’s popping up today. It started in 1973 with the oil hoax.

So, that’s essentially our situation: that we have the prospect of a solution. And I think my proposal on this thing is clear; it’s clear to many people in what will be my own government. And if it doesn’t go, then we’ll have a disintegration.

We’re in a Deadly Situation

Then, you’ll have, for example, a collapse of the present government of China; it will not be sustainable in its present form, under this condition. You will have a crisis in Russia. You will have the spread of chaos in all of these areas, and therefore, you’re back on emergency rations of trying to set up various kinds of defenses, which are internal defenses against chaos spreading internally, and also protecting borders. You’re simply going to have to have a kind of imperialist environment, in which you’re fighting and maintaining forces and measures, just to survive!

Because, when you’re under conditions of a general breakdown crisis, when you look at the world food supply—look at the vulnerabilities in the world food

supply, and look at the basis this represents for threats, for instability in every part of the world, then your concern for India will be: “How do we defend ourselves?” And every hand can be the hand of a potential enemy. Which is all the more reason to wish that the other alternative works beforehand.

But, we’re in a deadly situation. We’re in a breakdown crisis. And the only thing we have in European experience, that’s well-documented to correspond to this, is what happened in the 14th Century, with the so-called New Dark Age: How do you defend yourself under a condition of a threatened New Dark Age? I think the present policies of India, in terms of the endemic policies about maintaining stability, would still hold. But then, you would have the question of much-increased emphasis on internal security—you’ve seen it already; what we saw just in Mumbai is a typical example of that: Here, the British Empire, with its assets, deploys all over the place. The Indian government makes protests about this character who’s London-based, who’s being deployed doing this, Dawood Ibrahim, and nobody pays any attention, because no one wants to cause resentment by the British Empire. And these guys run around, and the world is peopled with this.

The world is ready for international terrorism, in a form we have not seen before. And your major security problem is not going to be conventional warfare, though that is possible. The major security problem is instability and chaos in neighboring countries, and among neighboring populations. I don’t think it’s a pretty picture. I think the solutions are a little complicated, to try to describe them. But I think on the other hand, what we have to be concerned about is to try to prevent this process.

We have to have a coalition of forces on the planet, which is strong enough, and understands its mutual self-interest sufficiently, to restore the kind of control which the United States attempted to promote under Franklin Roosevelt. Roosevelt, in dealing with China, and dealing with the Soviet Union, and other countries, toward the end of the war, said, you don’t have to *like* the other country; you don’t have to *like* its government; you don’t have to *like* its policy. What you have to do, is establish an international system of control, under which you don’t have things running loose, which are menaces. Simply having treaty organizations or similar things tantamount to treaty organizations, where people have such an interest in maintaining the

treaty organization that they will regulate themselves and their own country. And you can get cooperation on this.

Needed: A Good Intelligence Program

I think under Option A, as I would describe it, we have a successful case. Under Option B, I think we have a terrible case. But, one we’ll fight if we have to. But your fighting capabilities are going to have to be much more sophisticated, than they have been so far. And the most important fighting capabilities are going to be in the domain of *intelligence*. A more effective intelligence operation, because the problem you’re dealing with in this terrorist operation is largely an *intelligence* problem! If you have a good intelligence program, you have a better chance of coping with it. And the functioning of your intelligence services will be crucial. And most military operations, will be actually adjuncts: Since you’re not looking for wars, you’re looking for control of hostile situations, which means you’re looking primarily for an intelligence defense, which may have a military augmentation to it.

So, I’m essentially—with that said—quite optimistic. I think, knowing the problems, I have to be also realistic, but I’m optimistic. And it doesn’t make any difference, because, after all, what am I going to do? I’m 86 years of age, I have some rather lively character, for my age; and I’ll be around, I think, for some time, and doing these kinds of things for some time. But I have to think about doing what I have to do now: And that is, to anticipate the future, which I won’t live in, but I have to anticipate it, and I have to think about the ideas, and plans, and schemes, and whatnot which we need to have in place in order to deal with whatever the future is going to donate to the coming generation. And I think we have a shot with the United States—I can’t guarantee it.

But the idea of this Four Power initiative, I can only say on that, right now, I’ve said we should do it immediately. From the incoming administration, the suggestion to me is: Well, the people don’t trust the United States enough after two terms of George W. Bush, Jr., to make such agreement. But maybe if we do it first, make the proposal publicly first, and state it as U.S. policy, maybe then, other countries will join in such an agreement.

And I’m sure that the rate of increase of the international financial crisis will encourage people, quickly, to say, “Let’s have a new system, because the present one is finished.”