

# The State of the Union: On the Subjects of Economy and Security

*This speech was given by Lyndon LaRouche, candidate for the Democratic nomination for President, to live Washington and international Internet audiences on Jan. 28, hours before President Bush's State of the Union Address. The webcast was sponsored by the LaRouche in 2004 political committee.*

**Introduction: Debra Hanania-Freeman**, national spokeswoman for the LaRouche in 2004 campaign:

On behalf of Mr. LaRouche's Presidential campaign, I'd like to welcome all of you to this historic address today. As we meet here in Washington, there are similar groups that have gathered on virtually every continent, to listen to what Mr. LaRouche has to say this afternoon. We are also broadcasting live via the worldwide web, and we will be taking questions when Mr. LaRouche completes his remarks—both from those of you gathered here today, from the gatherings around the world, and also from listeners who submit their questions via e-mail.

It was a little bit more than two years ago, that Mr. LaRouche addressed a group similar to this one, in Washington, D.C. He broadcast then, a forecast of a likely situation, that then-incoming President George Bush would face, at this very moment. I think that for anyone who checks the record, it is clear that absolutely every forecast that Mr. LaRouche made then, has been fully borne out. . . . In fact, every published economic forecast that Mr. LaRouche has put on the record to date, has proven to be quite accurate.

Today, Mr. LaRouche is about to deliver what will undoubtedly be a historic forecast on the state of the union, and also of the world. The President will make his State of the Union Address tonight; hopefully, he will pick up some pointers from Mr. LaRouche this afternoon.

Our world is gripped by the onrush of what will undoubtedly be the greatest financial/monetary breakdown in more than 100 years. There is no policy on the table which is directed to address this very crisis. Clearly, it requires a quality of leadership that only Mr. LaRouche is capable of providing. There are many things that could be said about the danger of the current situation; many people believe that we are on the verge of war. In fact, it has been Mr. LaRouche's tenacious efforts, since September of last year, that are responsible for the fact that our nation is not at war today. But the danger to our nation and the world remains.

I would think that at a moment of crisis like this, people of good will would be likely to accept the advice of the most successful economic forecaster in the modern history of the United States. He is fully prepared to provide the leadership for the nation, and for our sitting President, out of the present mess. But it does require a willingness to face reality.

Without any further introduction, ladies and gentlemen, I'd like to present to you the world's leading economist, and a candidate for the Democratic nomination for President of the United States, Lyndon LaRouche.

[Applause]

**Lyndon LaRouche:** Thank you all very much.

This will be a long and tough session, because, even though I will be as succinct as possible, we have a lot to cover. I presume that some of the questions will be extremely serious ones, which reflect circles of other political currents in the United States and elsewhere, who will want some very specific answers of interpretation, on the agenda which I shall set forth with you now.

At the present moment, we're on the verge of—or actually in the process of—the greatest financial collapse, worldwide and especially in Europe and the Americas and Africa, in more than a century. The needed comparison, of course, is to the great crisis of 1929-1932. This has some similar features. But it's actually worse. Fortunately, at that time, we had Franklin Roosevelt; his 1932 election, and 1933 inauguration as President.

Franklin Roosevelt saved the United States—and, in effect, saved civilization—by measures which are to be studied today; not because they provide exact copies of what we have to do today, but because they represent lessons—case studies which we should consult, in making the rather radical changes from current policy, which must occur.

As a result of that, from FDR's inauguration, up until the Democratic Convention of the Summer of 1944, he led this nation with a program which, if it had been carried out fully, would have prevented most of the things that were bad, that happened after his death. Unfortunately he died, prematurely for civilization, and he was followed by a little man—not a great man, but a very little man, a very petty man.

But nonetheless, even under this petty man, with the help of a President Eisenhower whom I sometimes referred to as

“Eisenhower” (because he often did the right thing at the right time, fortunately for us, but sometimes he did the other), we got through. We got through that period successfully into 1964, when after the assassination of President Kennedy, a great worldwide change emerged around this planet.

It is that change, which began about that time, which is the cause for the present world depression.

### **Worse Than the Great Depression**

This is a depression which we can not survive, unless we begin to make certain radical changes right now. Changes which, in spirit, are consistent with what Franklin Roosevelt did, and proposed, during his term as President.

There is a fundamental difference, of several types, between the present depression which is now bursting around us throughout the world. All the leading markets in the world, especially in the Americas and Europe, are reflecting that a depression is fully in progress. It is not, “Is it going to happen?” It is not, “When will the recovery come?” Under the present system, and the present depression, there will never be a recovery of the United States. Without some sudden, fundamental changes of policy, and reversals of policies accumulated over the period since 1964, *this nation will not survive this crisis*. That is the severity of that challenge now.

One part of that challenge is, essentially, that between the end of the First World War, when the United States was relatively at peak of power internationally, as a nation; until the onset of the Depression in 1929, about 12-14 years, depending on how you calculate it, passed. So that even though the United States was ruined, by the aftermath of some of the worst kick-ins of Teddy Roosevelt’s policies, the policies of Wilson—that racist, co-founder of the Ku Klux Klan, and a mental case—and Coolidge; we came into the Great Depression the last time, still a relatively powerful nation. A powerful nation that Roosevelt knew how to revive, and did. Today—since 1964; we’re talking about a period of 36-37 years—this is a longer period under which the United States has decayed, as I shall indicate to you what the general nature of that decay is.

This is not a cyclical depression. This is a systemic collapse—of a system. The system which has been built up over the period since 1964; since approximately the time of the official U.S. war in Indochina; and especially since 1971, when Henry Kissinger, George Shultz, and Paul Volcker advised the President—through John Connally, who was then Treasury Secretary—to conduct a collapse of the post-1944 Bretton Woods financial/monetary system. That event, of Aug. 15-16, 1971, was the beginning point of a general disintegration of the world monetary/financial system, which has become an accelerating degeneration of the system especially over the intervals of Henry Kissinger and Zbigniew Brzezinski as the “managers of Presidents”: the first case, Nixon; and the second case, Brzezinski’s management of Carter. And I’ll refer to the significance of that a bit more.

### **President Whose Downfall Would Be Yours**

When I first scheduled this address, it was assumed that President George W. Bush, otherwise known as “43,” would have made his address a week earlier, and that I would be responding, essentially, to his address. But for some reason, because of his advisors or because he wanted to hear what I had to say first, he changed his mind, or changed his schedule, and is now speaking about seven hours from now, later tonight; and I hope he does take time out to respond to what I have to say today. It’s important that he hear it.

Around the country, there are many Democrats, and some others, who are hoping that George Bush—that is, number “43”—will stumble. At present, to the best of my knowledge, the President and his advisors as I know them, haven’t the slightest idea in the world, of what to do about the present world economic situation, the domestic economic situation, or the strategic military matters of the world. Everything I’m getting, and I’m getting it from fairly good sources—they don’t know which end is up. They’re trying to play pool under the table! And it doesn’t work too well.

But many people are gloating over this, and saying, “Ahh, now we can beat George Bush in the coming 2004 election.” That is a stupid, counterproductive operation.

Admittedly, George Bush ain’t much. But, he’s a sitting President—however he got the job, which I credit largely to the efforts of Al Gore, he *is* the sitting President—and there are certain categories of decision which must come across his desk and be made by him. He is surrounded by a Presidency, which is a lot larger, of course, than him—he is not a very large person; he lifts weights, but he hasn’t got *that* kind of weight—and in the Presidency we have the military; we have the regular serving military; we have retired military, who are very important; we have other institutions which are concerned about the military questions, such as the intelligence institutions; we have people who are in government, or have been in government, who are influential around the Presidency, who can help to shape economic policies; they know how things work in government.

Looking at it from the other side: If I were President today, I would know that as a person there is very little I could do, without the support of these institutions.

And therefore, we must think, not only about the President as such, as an individual who’s going to make the decisions all by himself. He can not make competent decisions and implement them; he depends upon the institutions, chiefly, of the Presidency: military, intelligence, and so forth and so on; including people who are no longer in office, but who have great influence on office because of their reputations and standing in the past.

So therefore, what I must do, since I understand this problem far better than the President does, and probably far better than the Presidency as a whole does—certainly far better than the Democratic Party as a whole, or the Republican Party as a whole—I have a singular responsibility because of my



*"We must save this nation," said LaRouche, "with a President who does not have the qualifications in himself, a President should have, for a crisis of this sort. I do. Therefore, I shall assume my responsibilities to him, as well as to our institutions and our people." Here, President Bush giving his State of the Union address on the evening of Jan. 28.*

knowledge, to present the policies which this incumbent President should be implementing. Our job is to make sure that he gets successfully through the next two years. Don't worry about how to make debater's points against him. His tragedy, his downfall, would be this nation's downfall, and your downfall. Start thinking as citizens, not as if you were in some kind of a barroom competition or debating society.

We must save this nation with a President who does not have the qualifications in himself, a President should have, for a crisis of this sort. I do. Therefore, I shall assume my responsibilities to him, as well as to our institutions and our people.

### **When the Institutions Fail**

This situation that now confronts us is not entirely unusual in history. We've had it before: in the period leading up to World War I; in the period of the 1928-33 run-up to the international crisis which started essentially in Germany; and through World War II. You come into crises around the world, in which popular opinion no longer works. What popular opinion says you must do, fails. Leading institutions, which have been habituated to react in a certain way, fail. The generally accepted assumptions of policy, fail. And you find yourself in something which should never have happened.

World War I. Sure, it was the British Monarchy; especially the Prince of Wales, later Edward VII, who organized World War I, to put the continent of Eurasia against itself so as to ruin it, so it could never become a challenge to the

maritime imperial power of the British Monarchy. *But*, the war would never have happened if the Kaiser had not been a fool; if the Austrian Kaiser had not been a bigger ass than the German Kaiser; if the Russian Tsar had not been a fool; and if the French institutions under Clemenceau had not been virtually criminal, as well as the British. And therefore, it was a war which should never have happened. There was no justification for its occurrence. It should have been prevented. It was not prevented. And the ruin of Europe, as a result of that war to the present day, is a monster.

The ruin of Europe by the First World War—the continent of Europe and Britain also—was worse than the ruin that Europe suffered in the Second World War. A piece of folly! Because nobody, including the leading parties, the heads of state, were willing to come to a sensible conclusion at that time.

1928-33. There was no reason for that Depression to happen! Wilson was probably the leading author of that Depression, with his crazy, racist ideas. This man was *President*, and from the White House, re-organized a mass creation of the Ku Klux Klan! And this was President? The man was an evil fool, and the Democratic Party picked him—with the help of Teddy Roosevelt, who made his election possible. The Depression should never have happened. The policies at Versailles, which led to the Great Depression of the late 1920s, should never have happened. But nobody would stop it!

World War II should never have happened. I'll refer to

that again, but coming to the point: War is not inevitable! A war in Iraq is not inevitable. Unless cowards permit it to happen, and fools in government, it will never happen. Because Iraq is not a nation to be bombed. Iraq is not a theater of war. It is a detonator of war; a war which would become a worldwide war—the same kind of foolishness which we saw in the first two World Wars, the two World Wars of the last century, and in the Depression. This must be stopped, now!

Anyone who says you've got to go to this war, because of this reason—they don't know what they're talking about; they're fools. It must not happen.

### **Save This President To Save This Nation**

At this time, even though there are many people in the Democratic Party in particular, whom I look at as very valuable to the nation and the party; in the Senate, in the House of Representatives, among Governors, among leading figures in various caucuses and factions in the parties—these are valuable people. One Republican Senator who took a stand against the war, represents the old Midwest Republican farmbelt crowd; a very valuable person. But none of these people, in the Democratic Party so far, or the Republican Party, are capable or willing to bite the bullet on the issue of policy which must be faced. They will go to secondary issues; they will go to amelioratives; they will not go to the gut issues which I shall address here. And it's my job to present that.

So, for the two years to come, let us think about saving this President, in his function as a sitting President, but also save the nation from the follies he might tend to commit without good advice, and good pressures. We must take, predominantly, and start from a non-partisan view of this matter, to re-educate and steer a disoriented and incapable President, to become a successful President. Not for the purpose of re-electing him; but for the purpose of saving the nation. And I think we can find someone to replace him after that.

That's the job. That should be the mission. That is the state of the union. This nation is now with a weak President, with two political parties which do not function and can not respond effectively to any of the crucial issues of life or death of the nation. And we've got to get this nation safely through the next two years. And we're in peril. And the world's in peril. That is the state of the union.

### **Basis of LaRouche's Foreign Policy**

Now, I have a foreign policy within which I situate what I have to say today. My foreign policy, for our national security, is based on certain principles which I have acquired over the course of my life, from studies and also from deep experience, in Central and South America, in Europe, in parts of Asia, and so forth. It comes from a long period beginning with, essentially, World War II—seeing what the world looked like in Burma and in India, back during those wartime years, which gave me a better view of what the world as a whole looks like. And it still looks like that, pretty much, today.

Right now, around the world, the United States is being held in contempt in most nations and among most people in the world. This contempt has been growing rapidly under the past two years of this administration. There was sympathy for the United States over what happened in New York and Washington, D.C. on Sept. 11, 2001. But the credit, the sympathy accumulated then, is now dissipating, with the economic crisis, and the threatened war in Iraq—the Mideast War—being the principal drain, which is making the United States be viewed increasingly as an object of contempt, not only in what Mr. Rumsfeld calls “Old Europe,” but throughout most of the world as a whole. The United States presently is looked at as an imperial power. The nations of the world submit to it, not because they like it, but because they're afraid of it—and they wish it would go away. That's the attitude toward the United States as I know first hand from Europe, from Asia, and elsewhere. The United States is, today, the world's most hated nation. And that is not good for our national security.

But there's another aspect to the United States. We are a unique nation, as I shall indicate at the appropriate point today. We are a historical exception in modern history. We are the first and only true republic conceived in modern history.

Others have tried to imitate us in part, and that's all good. But no nation stands up to the standard of the American exception; the creation of this republic, under the leadership of Benjamin Franklin, and the cooperation, all through that century, of the leading minds and forces of continental Europe—and part of England, and Ireland as well.

### **The Imitation of the American Exception**

As a result of that, of our founding of our republic; as a result of our defeat of the cause of slavery, even when the Spanish monarchy of the late 19th Century, and the British, and others, attempted to keep us in the system of slavery; our victory with Abraham Lincoln; the rapid development of our republic once we were freed of slavery, such that we were the leading economic nation of the world, as a national power, in 1876 when the first Centennial Celebration was held in Philadelphia; as a result of that, throughout the world—in France, in Germany, in Russia, later in China, Japan in particular—the American model, the American System of Political Economy, was adopted as the only system worth having. It was not adopted in full.

Bismarck, in 1877, adopted the policies of Friedrich List, his version of the American System, as policy, after seeing the results in the 1876 Centennial Exposition in the United States.

One of the greatest scientists of the world, Mendeleyev, attended the conference at the Centennial in Philadelphia, and came back to Russia and convinced the Tsar—Tsar Alexander II, who was a friend of the United States—to adopt the industrialization policy of the United States, particularly our trans-continental railway system. And he started it.

Japan was created as a modern state, by the influence of

the leading economist of the world at that time, who sent his representative to educate the Japanese on how to create an industrial economy. China, modern China. Sun Yat-sen was a protégé of the United States, who organized the basis for modern China.

This was the influence of the United States. What we did under Roosevelt, up until 1944 at least, up until that terrible Democratic Convention of the Summer of 1944, made us loved. What we did for Europe, in what was called the Marshall Plan, which was actually the bringing of the policies of Franklin Roosevelt into Europe for the reconstruction of a war-torn, ruined Europe, caused us to be respected and loved.

So the United States, despite the fact that it's come on hard times, and bad public relations in the present period—the United States, I can tell you, has a reservoir of good will from around the world, from *those who remember what we were*, who remember what we used to stand for when we were the enemy of imperialism, the opponent of colonialism, the opponent of slavery, and the opponent of archaic systems of government—and the opponent of central banking systems; which I'll come to.

That power exists today. The influence that I have in the world at large, is because it's recognized in leading circles in many parts of the world, that I represent *that* United States; that United States which has great credit throughout this planet; a great credit to which most nations would respond happily, were I sitting in the White House right today. Were I in the White House today, this country would suddenly be overrun by friends. Some of the friends who tend to hate us right now.

## The Economic Collapse

Now, what I shall do, is cover four topical areas of our state of the union. The first, the causes and the nature of the present economic crisis. Secondly, the emergency recovery measures which must be taken beginning right now—not in the future, not in the next election, *now, while this President is sitting in the White House*. Third, the global strategic conflicts which overlap this economic crisis. Fourth, some measures which must be taken to correct the potentially fatal blunders which have been included under the panic-stricken, misguided notions of “homeland defense.”

Now first, then, to the economic crisis.

As I've said, this nation is disintegrating economically as a result of a financial and monetary system which has come to its terminal phase. This system is over. This system is bankrupt. The amount of debt in the world system—remember, we're talking about a world economy which is popularly estimated at about \$40 trillion-equivalent, annual accumulated net product. How much debt do you think there is in the world? How much short-term debt, like derivatives debt, in addition to long-term debt? How many housing bubbles in the United States are about to collapse?

People have lost their jobs; they lose their houses; and the

value of the property is maybe one-third of what it's listed at mortgage value now. Happening very rapidly in the Greater Washington area. Look at the bubble out there. Look at the highway from Washington to Dulles [Airport]. That's a ghost-town. They're looking for some fellas with six-shooters to stand out there, as the cowboys, to introduce the local visitors to the ghost-town! Look at these large offices of the so-called IT revolution; “for rent; for sale; call; no terms too poor to be accepted!”

Around the country, of 50 of the states, at least 46 are saying that they are bankrupt. They are not bankrupt, because they're states, and have a political status which insures them from some of the things that can happen to a business enterprise, but they're, by all standards, essentially bankrupt. That is, the states can not balance their budgets. If they cut their expenditures, cut their programs, they will drop the income of the state; which will drop the tax-revenue base. If they try to raise taxes in a collapsing market, it will just make it worse.

There is no solution, in terms of austerity measures of the type that are being considered now, that will work. There's not a governor in the country who can balance his budget. Doesn't exist. He may think he can, but it won't work. So therefore, he has to make fundamental changes.

## End Deregulation and Austerity Policies

Now the problem is this. Rightly, our Constitution says that the government and people of the United States are entirely sovereign over their affairs in their own territories. Therefore, we do not allow a state, or anybody else, to create indebtedness against the United States—except the government. This generally takes the implicit form, as provided in the Constitution, of the issue of currency by the Treasury Department of the United States; that is, the U.S. Treasury greenbacks, by the Treasury as ordered by the President and approved by the Congress. That's the way. Or, we can use that power to issue currency, and treaty agreements or other arrangements, to create credit against this credit or debt-creating authorization.

Now, as I shall indicate to you, there are programs that we could take now, and must take. We could bail this nation out, and solve the problems of, say, California, for example. We could do it. But the states by themselves can not do it. The Federal laws prohibit some of the measures they would have to take. And you can not, in a bankrupt economy, which is what the United States is today, you can not raise—from private sources—you can not raise the credit needed for these programs.

What we must do is increase employment, productive employment, throughout the country, in every state. We must do it in the useful forms of employment; we must get the credit for it; and we must proceed. The biggest single topic is infrastructure, as I shall indicate.

So the United States must change. It must end deregulation. The Federal government of the United States must end



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deregulation. We must end all those, and similar changes made between 1971 and the time that Brzezinski left office in 1981. (Who knows what horrors would have happened if we hadn't gotten rid of him.)

Therefore, we must do that, because the object is to get enough productive activity going to raise the tax-revenue base sufficiently to balance the state budgets and to deal with these problems. Such as health care—people are being murdered in the name of austerity. Murdered by people like Enron types, who are looting the health-care system in the name of shareholder value. That must come to an end. And the Federal government must do it, and the states must take comparable action, with the support and sympathy and protection of the Federal government. We must, in effect, take every piece of nonsense that was enacted as this type of legislation from 1971 to the present, and cancel it in one act of Congress—probably five pages; one five-page emergency action to eliminate the whole batch!

We can save the nation. But if you try to say we're going to fix it without changing those things, you're going to fail. You're going to fail worldwide. Because without our intervention, the world can't make it. The United States ain't much; it ain't worth shucks right now. But, if I were sitting in the White House right now as the sitting President, and I called for a conference among nations, I would get enough nations that would respond instantly, arrive promptly within the week, and we would have an international conference where we would adopt much of this kind of thinking as a policy. I could do it. I know I could it. Because I know these governments; I know these people abroad; I know how they respond.

So we must have a projection of an image from the Presidency itself, of a willingness to go in this direction. We must induce this sitting President to adopt that policy, by a bipartisan approach to that particular end. It can be done. I'm sure we can convince "41" and "43" to go along with it. But it's going to take a bit of work to do it. I also know enough about them, to know that.

### **No Recovery in Sight**

What is the problem? I'm going to come to something that is important to go through. It's essential to go through, because it is scientific. But you've got to understand that what I'm proposing is the solution; you've got to understand the nature of my scientific authority in putting these propositions to you. Therefore, I'll come to that.

But first: What, really, is our problem? Why is the world in a mess? Why is Europe disintegrating economically? Why are all the Americas disintegrating? Look to the South. We made a coup d'état recently against Fujimori in Peru. It was a coup made in the interests of the drug-pushers around George Soros. It's that simple. We are destroying Argentina. We are trying to destroy Brazil. We have destroyed Colombia, with our toleration-for-drugs policies. Yes, we have anti-drug policies, but we don't enforce them, because too many people have got too much money involved in Colombian drug trafficking. We have a lunatic—I speak frankly—in Venezuela, Chávez. I don't know if he was brainwashed when he was in prison, or not, but the man's a lunatic. And to this point, Venezuela—which is, among its other qualities, crucial to the United States in terms of our oil supplies—is now disintegrating under this man, who's obviously mentally disturbed. I

think that the new President of Brazil is probably making a heroic effort to try to get to some kind of accommodation with this character to calm the situation down, but that's the situation. Mexico is on the verge of being crushed with the collapse of this so-called NAFTA system, which has been a disaster for Mexico.

So the entire Hemisphere is going. The United States is going. Right now. It's not, "When is the crisis coming?" It's here! It's here right today; you can get it all over the world; it's now! It's not something that's about to happen. And there's no recovery in sight, and never will be, under the present policies.

How did this crisis happen? How did we get into this mess, in Europe, genocide in southern Africa. . . . How did we get here?

### Degeneration Since 1964

In 1964, the United States began making a number of concrete changes—cultural changes and policy changes which led into this disintegration. It started in the United States with the official launching of the U.S. war in Indochina. That was crucial. That had psychological effects on the U.S. population; it had psychological and other effects on the world. At the same time, we had a dangerous idiot put in charge of the United Kingdom: the first Harold Wilson administration in the United Kingdom. And he destroyed the shambles of the British agricultural and industrial economy, and destroyed the people in it, too, as a result of the process.

We then—especially in 1971—began to spread some of the effects of what we had done here, into the rest of the world. And we destroyed Western Europe. We destroyed the Americas. We were especially hard on sub-Saharan Africa, so-called Black Africa; and we've been increasingly murderous. What we're conducting there is genocide; plain, intentional genocide, as I shall indicate.

In the United States itself, we transformed this society, which had once been the world's leading *producer* nation—that is, the greatest rate of production of wealth per capita and per square kilometer, on the planet; the greatest power on the planet—we turned it from a producer society into a *consumer* society. We changed the values with the rock-drug-sex youth counterculture. We did everything else to destroy, to say industrial society was bad, consumerism is good.

And how did we do that? We did it the same way the Roman Empire did, actually before it became an empire, while it was in the process of becoming an empire at the end of the Second Punic War. Rome, which had relied, up to that point, largely upon the production of people in Italy, for its wealth and for its armies, suddenly changed; and changed at an accelerating rate. Until, in the course of the civil wars and so forth in Rome, it established itself as the first Roman Empire under Augustus. The Roman Empire in that form, as a consumer society, extended slave occupation in Italy, and sustained the Italian population by looting subjected countries; and maintained its power by conducting what Brzezinski

has proposed—together with Bernard Lewis and Sam Huntington—as his war against Islam, his Clash of Civilizations war. The Romans ran what was called a *limes* policy: a clash of civilizations policy of running perpetual genocidal wars against nations on the borders of the Roman Empire—which is what Brzezinski is pushing today; what Sam Huntington is pushing today; what Bernard Lewis, of the British Arab Bureau, is advising Kissinger and Brzezinski and Huntington to do.

### We Set the World To Work for Us

That's the policy. So we came to the point that we said, other countries will produce for us, cheaply, by virtual slave labor. We set the world to work for us. How'd we do it? We rigged the prices. We regulated the values of currencies. We actually have been conducting a system of slavery against other countries, to supply us with what we eat, what we wear. Where do you find a shoe factory in the United States? Where do you find clothing factories? How many? How many automobile parts in the automobile you're driving, are actually American-made? Why'd you get things at these prices?

Because we decided we were going to become a Roman Empire. Or, some of us. We were going to turn our people into parasites, what the Romans did to the Italian population, the citizens of Italy in their time. And loot the rest of the world. And regulate the world by methods of tyranny, military tyranny.

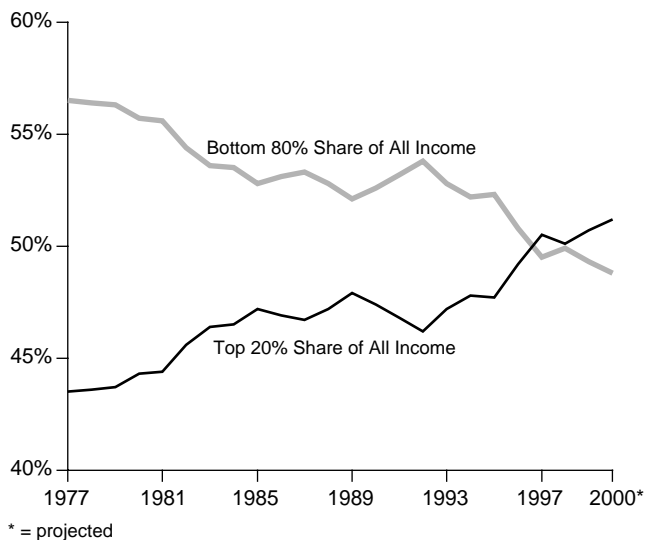
This intention already began back at the end of World War II, with some people who said, "We must imitate"—Sam Huntington—"We must imitate the Nazis." He wrote a book called *The Soldier and the State*, published out of Harvard. It's a policy of creating a *Waffen-SS*, an international *Waffen-SS*, of stone killers who will go out and slaughter people. A new kind of military, like the Roman legions, with a Roman legion policy. There's no inconsistency between Sam Huntington's conception of a new military, an international *Waffen-SS* military, a Roman legion military, and his policy of pushing for war against Iraq, Clash of Civilizations war, and so forth.

So here we stand. Now look at what happened to us. What happened to the lower 80% of the family income brackets of the United States under these conditions? (You have the chart on it—there—**Figure 1.**) You see what happened. It's very simple. The figures are more or less self-explanatory. You go back to 1977, about the time that Brzezinski took over the U.S. government. Take the lower 80% of the family-income brackets of the United States. What has happened to them? These are just official figures. The actuality is much worse.

So what we did, is we created a new policy. The lower 80% were largely people who worked, middle- to lower-income producers; farmers; manufacturers; even people who have small businesses, or manufacturing businesses—pushed out! Large, giant corporations or similar interests, controlled by financier interests, looting the nation at home, destroying

FIGURE 1

## Top 20% of Population Have More Than Half of All After-Tax Income



Sources: Congressional Budget Office; EIR

our population, and destroying the health-care system.

So we had this two-fold process of going from a producer society, where the image of the citizen was that “I am a producer.” Or “I represent a family that produces wealth, in agriculture.” Or “I teach things that are necessary to people that do produce wealth.” “I provide medical services to people who produce wealth. I help citizens in the community survive. I produce *wealth*. I am important; I am justified, because *I produce wealth*. I have nothing to be ashamed of before the eyes of the world. I earn my way. And I take care of those who aren’t capable of doing so.” And that’s it.

We’ve changed that society to a society of parasites, increasingly, in what we consume. We destroyed our industries. We destroyed our infrastructure. Right now, we do not have a railroad system in the United States. And if the Congress does not act, in about this week, we won’t have Amtrak. The last of it’s about to go. Look at the air traffic system. United is in bankruptcy. American is in similar condition. United is the largest; it’s crashing. Under the present bankruptcy rules, what is left of United is going to be forced into a price war against other airlines in the nation. The entire air traffic system’s about to go.

Now look at this from a manufacturer’s standpoint, or a producer’s standpoint. How can you get from one place to the other in the United States, in a regular way, through mass-transport passenger and freight transport? The system doesn’t exist! We are a disintegrating nation, as a producer nation.

And that’s the root of this.

## What’s Ruined the Democratic Party

Now there’s another aspect of this, a political aspect. Why does the Democratic Party, for example, allow this to happen? Isn’t the Democratic Party supposed to be for people? Against those mean Republicans? How people-oriented *is* the Democratic Party?

Let’s take the case of Michael Steinhardt, the founder of the Democratic Leadership Council, and sort of the den-mother of Al Gore, the guy who actually elected George Bush. What is Steinhardt? Steinhardt is a son of a key member of the organized-crime family of [Meyer] Lansky. What is Senator Joe Lieberman? The Steinhardt pedigree; including the old Lansky mob in the tip of Florida; remember those guys who used to work for Meyer Lansky before Castro, in Havana? (I saw them. I was down there in Havana on a consulting job before Batista was overthrown. I saw these guys, running all the gambling joints and prostitution in Havana. And they’re killers.) That’s what’s running the operation.

What is the policy of Steinhardt and people like him, who are organized crime, the guys who went “from rackets to riches,” and are still racketeers? Like Bronfman, whose family interests created the wealth and political career of John McCain; also tied to the same thing.

Who are these guys tied to? They’re tied, internationally, to Marc Rich. Rich is the key man, the key figure, of the Russian Mafia so-called. This is associated with [Shabtai] Kalmanowitch and all these other guys who are doing dirties against the United States.

These guys—these swine—are a controlling factor in the Democratic Party. It is their policies which have ruined the Democratic Party as a party. It is their policies which have condemned the lower 80% of family-income brackets to the kind of policies which have ruined them. Look at the homelessness in the streets. Look at Marc Rich’s friends: There’s your homelessness; there’s the cause of it.

How did our policies change? Look at your lost industries. Look at all the other things; look at what happened to your health-care system; all the same thing.

This is another part of that factor. No longer have the parties, in their majority—even though there are many people in the parties who object to this as I do—they will not fight Steinhardt. They will not fight what he represents. They won’t fight organized crime. They won’t call Joe Lieberman what he is! They won’t call John McCain what he is.

## The Case of Murawiec and Marc Rich

I’ll give you some background on this connection. Back in the early 1980s, I had a man I knew, who was a very frightened man; his name was Laurent Murawiec. He’s of French extraction. He was about to go to jail. His problem was that he didn’t want to have to do his French *service militaire*, which was still compulsory military service in France at the time. So, in a sense, I kicked his rear end, and bailed him out at the same time, and got him shoved into his French *service*

*militaire* in time to avoid complications. He rose to the high rank of company clerk.

He is now being featured by Richard Perle; by Wolfowitz at the Defense Department; and by the Hudson Institute; as a top international strategic expert! How did this strange trans-mogrification occur? From trash to general, super-general. He works now, actually, on behalf of Sen. John McCain, at the Hudson Institute, as part of the Bull Moose collection. It's a McCain political-asset organization, whose purpose is to have John McCain run for President of the United States, on a Bull Moose ticket together with Joe Lieberman from the Democratic Party.

But the affinities are rather interesting, which is why I mention this case. The way it happened was that in the late Autumn of 1985—Murawiec was then out of his military service, with his company-clerk certification in his pocket—and he was terrified, absolutely terrified. The man's cowardice is outstanding. It's a military record for cowardice. He was picked up as a member of the Marc Rich gang, and has continued to function as an asset of Marc Rich and that section of international organized crime, to the present day.

Now Marc Rich, of course, his connection into government is through Lewis Libby, who's the manager of the office of Vice President Cheney. Marc Rich is also the guy who did a number of dirty things to Bill Clinton, in 1996 and on. He got Clinton into much of Clinton's trouble. How'd he do it? Well, he brought in Al Gore, and Gore brought Marc Rich in. And that's how the troubles went. Our policy toward Russia was screwed up; other policies, the same thing.

And this is the kind of problem we have: the contamination of our political parties, by people who know better, who know what these guys are, treating them as respectable people when they're racketeers and corrupt! And saying, "We have to make peace with these guys, for the sake of party unity." What is "party unity" if it destroys the United States?

You have to be non-partisan on these things. Let's get those who went from "rackets to riches to respectability," out of the category of respectability, and send them back to—maybe rags.

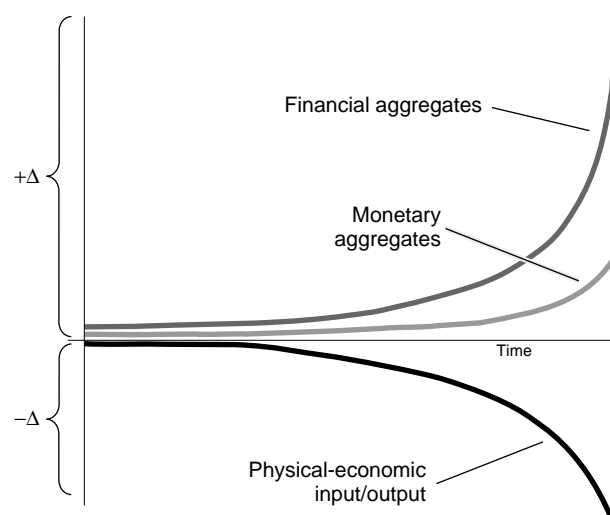
### LaRouche's Forecast of the Collapse

All right, but these are the problems we face. Now, let me explain what the problems are, here. As Debbie said at the beginning, I've been the most successful long-term forecaster in the past 40 years, essentially; actually, on public record generally—except for those who know some of the things I did earlier, especially about 35 years—I've never been wrong. Of course, I've never made *predictions*. Predictions are made by gypsies, not by economists. I make forecasts of what will happen.

Let me explain what this forecasting business is, because it's extremely important in this context, to understand what *real, competent economics* is, as apart from the "Brand X" varieties, that you're getting from usual sources.

FIGURE 2

### A Typical Collapse Function



Now, to do that, let's just take, and present to you, three figures, which I will refer to repeatedly, to summarize some arguments I'll make. Take the first of the Triple Curve figures (**Figure 2**).

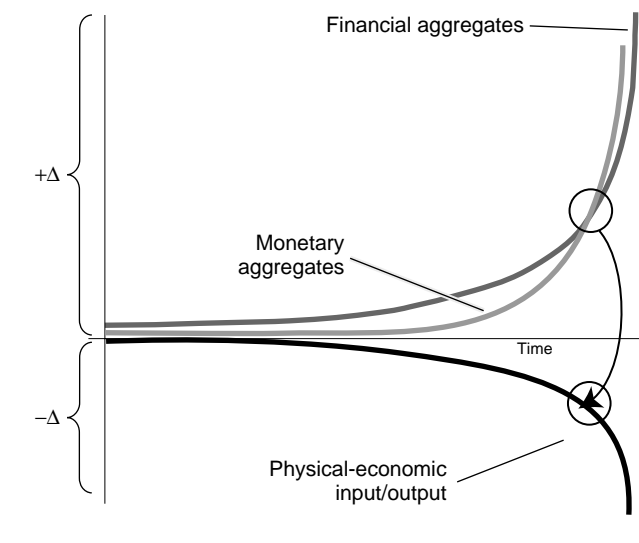
Okay, this is something I first drafted as a pedagogical device, out of a Rome conference I attended in 1995; a Vatican conference, actually, on the question of health care. Now, what this represents is an idealized expression of what has happened to us—at that time, what *was* happening to us. This goes back to about 1966, when these changes began to kick in, under the 1966-1967 U.S. Federal budget, in which there were deep cuts in the space program, the advanced technologies of the space program, which started the first ratchet down, in terms of the kind of growth we had from earlier periods.

What this represents: The top curve is called, simply, "Financial Aggregates," the equivalent of financial assets in the system. Second, is the money aggregate, "Monetary Aggregate"—money and similar things, which are put into the system, to push and supply, and keep the financial aggregates growing. The third curve represents the physical economic output of the economy. That is, measured in physical values, per capita and per square kilometer. This has been *down*, going down as a trend line over this period.

Now, take the second one (**Figure 3**). This shows what happened, as you'll see in one to follow. This actually began to happen, as a result of something that happened in 1998. Now, you may recall we had, in 1997-1998, a series of crises. The first was called an "Asia Crisis," which almost wiped out Korea and destroyed Indonesia, to a large degree. The second one, in 1998, was called the Russian "GKO crisis." Again, Al Gore was a key part of this. Al Gore, in 1996, as part of the Yeltsin re-election campaign—and in association with people

FIGURE 3

### The Collapse Reaches a Critical Point of Instability



like Marc Rich, again—got involved with the Yeltsin re-election campaign of 1996. And, he got involved with a group called “Golden ADA,” many of whom are dead, to cover up the story. And, they ran a great swindle.

Now, in the phase of the Yeltsin Administration, to try to keep this swindle going—not just the Golden ADA, but some other things, which all involved Marc Rich and his friends—they created this GKO system, which collapsed; as a hedge-fund collapse, which almost sank the U.S. dollar, in August of 1998. At that point, when that happened, Bill Clinton was thinking about changing the system, taking action against the monetary system, to reform it. Then he quit. We went into the Washington monetary conference of October 1998, and Bill and the others went the other way.

Now, at that point, we were looking at October 1998, at the expectancy of a Brazil crisis to hit, in February, approximately, of 1999. They were terrified, by the prospect of the Brazil crisis coming on top of the GKO crisis, which the United States had just barely escaped. So, they came up with an idea, in consultation with George Soros, the swindler and drug-legalizer—otherwise known as drug-pusher. George Soros proposed a “wall of money” policy: That vast amounts of money should be created, and pumped into the system artificially, to keep the financial system from collapsing.

As a result of that, we got indications in 1999, that the rate of wall-of-money expansion, to try to postpone the collapse, had reached a critical cross-over point. In the year 2000, it became apparent to us, that what we saw as a sign then, was not episodic, but was permanent. And therefore, I issued the announcement in the Spring-Summer of 2000, that the system was going.

We’re now actually in a process of the final stage of the collapse. Which is why I was able to foresee what would happen to Bush, coming in as President, which I announced before he actually was inaugurated—that is, before “43” was inaugurated. Because of what I’m showing, here.

But, this is an idealized form. It is not the actual statistics, but I’ll show you the actual ones later.

What happened was, in that period, it was clear in the year 2000, that this was now a permanent feature of the system: that the amount of money required—as a wall of money poured into the system, to keep the financial system from collapsing, in a chain-reaction collapse—exceeded the amount of money that we’re bailing out. In other words, you have to put more money into the system to bail out the financial markets, than the money value you’re bailing out. The system is finished.

This is what happened in Germany, in June of 1923, when the Reichsbank was printing money, to try to roll over the German debt—the war reparations debt. It reached the point, that suddenly, there was an explosion of hyperinflation, which started in approximately June of 1923, and resulted in a blow-out of the reichsmark in October-November of that same year.

This is the same kind of phenomenon.

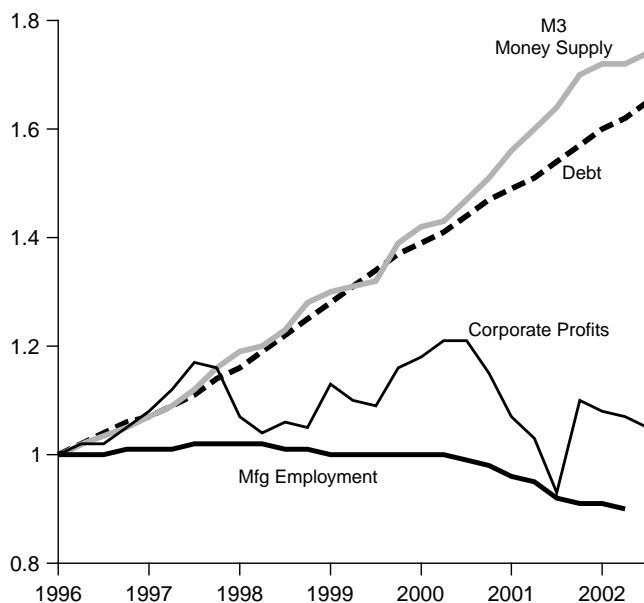
Now, the United States has a larger relative monetary and financial base, than Germany did in 1923. Therefore, the reaction was not quite as fast, but that’s it. So, at this point, when these characteristics show—with this change in relations, under the conditions of a continuing and accelerating plunge in physical output, real output—this means the system is finished. You’ve got to change the system. There is no bounce-back; there is no recovery. Never! Germany recovered from 1923, because of the U.S. intervention of the Dawes Plan, to bail the German economy out. Then, in 1928, with the collapse of the Müller government, over the question of the Young Plan, this led to an unfolding situation in Germany, which led into the United States and British putting Hitler into power in January of 1933.

So, this is the kind of phenomenon we’re looking at. We’re looking at a kind of crisis, a terminal crisis of a system, which is the most *dangerous* kind of thing you can have, where a system can blow out, and wars and all other kinds of terrible things like Hitler, can happen, if you don’t deal with this thing, in a timely fashion, as Roosevelt did in the United States.

So, let’s get the third chart (Figure 4). This is a reflection of the actual statistics from this period, from 1996 on. And you see exactly the same thing. You see that the amount of the aggregate—the physical product is collapsing, and that the amount of money being printed and issued by the U.S. government or by the Japanese government, in the form of overnight loans, is now galloping ahead of the amount of financial assets that are being rolled over. *That’s* what’s happened. And, the attempt to maintain that system, is what is the immediate cause of the present collapse we’re experienc-

FIGURE 4

### The U.S. Economy's Collapse Function Since 1996



Source: Federal Reserve; Bureau of Labor Statistics, U.S. Dept. of Labor; Bureau of Economic Analysis, U.S. Dept. of Commerce.

ing this month, in the United States, Europe, and elsewhere. Okay, these are the facts. I'll come back to this again.

### Accounting Fraud Against Physical Economy

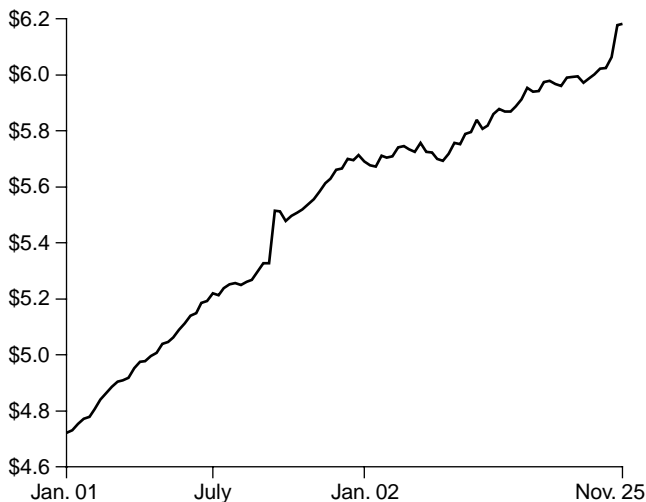
Now, let's get into this: How did I forecast? I do not believe—as these charts should illustrate, there is no necessary relationship between money, monetary emission, and real economic value. That is, any system which is based on money—money does not determine, automatically does not pre-determine the amount of wealth produced. It does not determine the health of the economy. An apparently healthy market—that is, a stock market, financial markets that are booming—does not mean that the economy's healthy! It may mean that the economy is dying, as it happened to us.

The point is, a healthy economy is one, in which money and financial relations are *regulated*, by government, and by custom, in such a way, that this kind of thing doesn't happen. That is, the growth of money should not exceed the growth of real wealth produced. That's called "protectionism." That's called "regulation." To make sure that the financial system does not become cancerous! Does not have a runaway growth of money! And, to keep the money in circulation, the money accounts, within the bounds of relative, physical reality. That is: If the financial accounts are to show that there has been growth and profitability in a national economy, in a year, you must show there has been a *physical improvement*, to do that.

FIGURE 5

### U.S. Money Supply: 'Money of Zero Maturity,' 2001-02

(\$ Trillions)



Source: Federal Reserve.

Now, what they do in the U.S. government today, they commit a fraud. It's called the "quality adjustment factor." I first attacked this in 1983. The Reagan Administration was having a problem trying to impress people that their system was good, their financial system. So they put a fakery in, which was done by the Federal Reserve System, and the Commerce Department, and the Council of Economic Advisors. They called it the "quality adjustment factor." It's a fraud! It runs through a very large denomination; it runs into tens of percentiles, or even up to 40 percentiles in categories. They keep telling you, the market is better, because the "appetite" of the customer for the product is improved. Therefore, if they take away three wheels of your automobile, and the customer likes it, that means it's an improved one. Or, if you like the food, even if it poisons you, that's an improvement in the economy. The "quality adjustment factor": It's based on a marginal utilitarian doctrine in economics.

So, you have to define an economy, as I do: You go to the *physical* considerations. Now, an economy, a modern economy, has two basic elements. One, is basic economic infrastructure, such as transportation, water development and management, power generation and distribution, health care, education, and so forth; urban development; these conditions are the conditions which are necessary to maintain what is approximately the other half of the economy, what we call the "private sector."

Now, we have an overlap between the private sector and the public sector, under our system. We create, at the national

level and the state level, we create public utilities, chiefly at the state level. These public utilities are *regulated*, and we allow people to invest in these public utilities, as a way of having secured, saving income, for pensions and so forth. In other words, the basis of a pension system, the basis of a private system, is to have a *savings* system, which is so regulated, that the “average Joe,” so to speak, can count that the money deposited in that system, is going to be relatively safe. He’s not going to lose too much, and he probably will gain something. This is the kind of thing you tell people, who have relatively lower incomes, to save in: put their money prudently in things that are more stable. Don’t look for the big buck. Don’t try to get rich quick.

What we create, as part of the recycling of the accumulation of wealth in the society—a good society provides safe areas of saving, and will generally concentrate saving on things like public utilities, power systems, mass-transportation systems, large-scale water systems, educational systems and so forth. So, put your savings there, where they’re protected. The government will protect them. Not by subsidizing them, but by protecting them. Also, again, the same thing is true, in terms of private investment. Government should try to encourage, with its tax policy and lending policies, and credit policies—should encourage things in private investment, which are useful to the society as a whole; and make it more profitable to invest in those things. And that’s what we’ve gone away from.

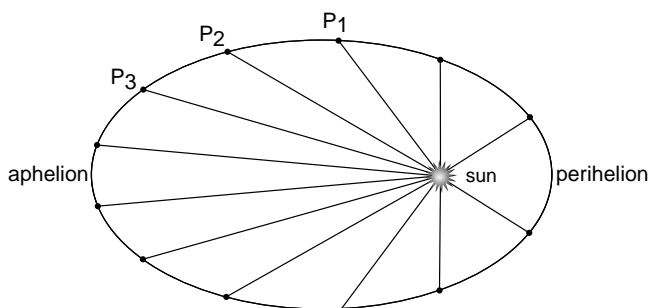
## Universal Physical Principles

But now, let’s go to another aspect of this thing: Let’s give the Earth a chance. Now, what you’re looking at, is a mathematically accurate, but clever, shall we say, depiction of the relationship of the Earth to the Sun (**Figure 6**). And what I’m referring to here, is what one of the greatest mathematicians and physicists of modern time—Johannes Kepler—discovered, about the beginning of the 17th Century. Before that time, in ancient times, it was understood by the ancient Greeks, that the Solar System was organized such that the Sun was orbited by the planets. Now, in this period of ancient Greece, we’re talking about the period from Thales and his student Pythagoras; through Archytas, a student of Pythagoras, Plato; all the way to the time of Eratosthenes and Archimedes; a period, in which the method of constructive geometry, was the method of scientific and mathematical thinking in that period, not algebraic thinking. And, in that period, this was understood—not how it worked, but it was understood, that the Earth orbited the Sun.

In come the Romans, who begin to take over about the time of the death of Eratosthenes, and the time the Romans murdered Archimedes. At that point, there was a change in thinking to Roman thinking, from Classical Greek thinking. And we entered into a new phase, typified by a great fraud, which was done under the Romans in the Third Century A.D., by a fellow called Claudius Ptolemy, who created a fraudulent

FIGURE 6

## Kepler’s ‘Area Law’



Source: *Fidelio*, Summer 1998.

*Mr. LaRouche displayed a computer animation showing the Earth traveling in its elliptical orbit around the Sun—the universal physical principle discovered by Johannes Kepler. This diagram conveys the same idea: that in equal time intervals, the areas of the curvilinear sectors swept out by the planets will be equal, even though the distances traversed on the orbit are constantly changing. P<sub>1</sub>, P<sub>2</sub>, and P<sub>3</sub> are three successive positions of the planet.*

rescheduling of the work done by Aristarchus, and created the so-called “Aristotelian” or “Ptolemaic” system.

Then, you had later, in the 16th Century in Europe, you had the emergence around Copernicus, who copied, in a sense, the image of Aristarchus, but he didn’t know what he was talking about; because, the thing was, again, based on the same Aristotelian/Euclidean methods, which were used by Ptolemy.

Then, you had a great astronomer, Tycho Brahe, who also dabbled in this area, and came up with the wrong answer. Then, Kepler found the right answer. The point of this, is to illustrate, what a principle is: That means a principle in physical science; it means a principle, also, in economics.

Here’s what you’re looking at, in this case. Kepler discovered that the Earth orbits the Sun in an elliptical path, not a circular one—that’s number one. Number two: As represented on this diagram, the Earth’s speed, along this orbital pathway, which is more or less repeated from year to year. There are some long-term trend changes, but that, essentially, is it: That the rate of motion, along the pathway, is never uniform. It’s always *non-uniform*. Therefore, any statistical interpretation of this pattern, is false.

Furthermore, the way the pattern is determined, as Kepler discovered, is, that if you draw a line—from here, follow it around—you’ll define an elliptical arc, between the Sun, which occupies one of the centers of an ellipse; that, around that particular part, as opposed to the other [focus] over here (which isn’t there), that for the Earth to move through that pathway, is such that the area in the elliptical sector and the

time are equal.

Now, from this, Kepler said that Aristotle and Euclid were wrong; and that there is a hidden hand in the universe, which we don't see, called "gravitation"; and, that this gravitation is the hand of God, which determines how the universe works. It's a principle you can not see; you can not taste; you can not touch; you can not put in a box; you can't sense it; but, it's there. And, you can prove that it exists. Now, those things in physical science, those things that we can prove exist, as principles, which are efficient, but you can't see them; you can't taste them; you can't touch them, but you can prove they work, those things are called "universal physical principles."

In the case of man, as opposed to animals, man's peculiarity is, that we not only can discover and master universal physical principles, but by doing so, we increase the power of the human species *to exist*, and to improve the quality of its existence. Thus, where if you take the conditions on this planet of the past 2 million years, only several million individuals could have lived on this planet at any one time, if they'd been apes, higher apes, or like higher apes; we have, estimated today, about 6 billion-plus people on this planet. How did we get 6 billion-odd people (and some of them are very odd), with a species, which, if it were an ape, or like an ape, could never have exceeded a population of several millions, at any time? Because, man has a quality, which is different than that of any animal, and all economics, all competent economics, is based on this conception: that man is capable of discovering, *sharing* the discovery of, and utilizing, universal physical principles, which enable mankind to increase man's power, per capita, per square kilometer, on the planet. That's how the population increase is possible.

## Human Discovery, and Profit

That is the only way, that true profit, physical profit, can be generated: is by the discovery and use, in a social way as well as in an individual way, of processes, which enable mankind to increase his *physical power in and over the universe. That is the only true profit.* Therefore, when you're measuring, to go back to the other one, to go back to the Triple Curve—the idealized one—what you're seeing therefore, you have to measure the real physical value first; the physical economic input-output. That should be your primary measure of economy. And, you measure that against the total population, per capita and per square kilometer of surface area. *That is economics.* That is *physical economy*, a branch of science, first discovered over a period between 1671 and 1716, by Leibniz—called "physical economy."

Therefore, you should design the way you structure and regulate financial and monetary systems, to make sure that they reflect the real values, which are physical values, as opposed to financial values.

*That's the way I forecast:* I concentrate on the physical values, and I concentrate primarily on, growth comes from generation of the discovery and application of universal phys-

ical principles. Therefore, the primary function of economy, is to foster *capital growth*, in terms of applications and discovery of universal physical principles, useful for man. What we did is, we went to a consumer society from a producer society; we tore down our infrastructure; we tore down our health-care system, with the HMO legislation of 1973; we tore down all the things that made us productive. We were destroying the physical basis, for successfully maintaining our population, and that of the world. And, that's where the gray arrow is.

So, this lesson of man, the nature of man: The problem with economists, generally, is the economists keep trying to interpret things in terms of financial systems. They try to think like accountants, rather than physical scientists. And therefore, what their work has been—every forecaster, that I know of, in the past 30-odd, 40 years, has been wrong. Not only are they wrong, but they're viciously wrong: That is, they can not help but be wrong, as long as they believe what they teach, about economics. That's what our problem is.

Therefore, the other question is this: that, if we wish to solve a problem, we must do a number of things—both of which are essentially the same thing: First, our objective must be to increase man's power, per capita and per square kilometer. That means, that we must promote, in our schools for example, the discovery, re-enacting the discovery of universal physical principles. We must not ask children *to learn the formula!* Or learn the procedure. They must go through the experience of actually discovering the principle. They must develop their powers to discover principles, and therefore, know how to apply them. That's our first objective. That's why we do it that way. Because, we must increase man's power, per capita, over the universe.

We must educate people longer. We have to educate people to the ages of 20-25, as opposed to 15 or 16, as we used to in a former time. We sustain them longer. We make a capital investment, in children. Say, today: To produce a university graduate, who's employable, you're talking about 25 years of life; that, largely, is a capital investment by society, in that individual. If you make the capital investment wisely, educate the pupil properly, develop them, provide them the opportunities, they will increase the wealth of society.

Therefore, when you cut health care, when you eliminate health care; when you eliminate a youth's education, to make it only "learning"; when you say there's no truth in education, no truth in ideas, there's only opinion: then, you're destroying the society.

## Great Projects of Infrastructure

What we've had, as I've indicated already, is the general collapse of infrastructure. People say, we've got to balance the budget, the financial budget; they don't realize the system is already bankrupt, and they're driving it further into bankruptcy. And the point comes, at which you have to stop, and go back, and re-do, revisit, or reverse what you did, over the past 35 years.

Now, there are some solutions. As I already indicated, in 1931, a number of German economists—some meeting under the auspices of what was called the Friedrich List Gesellschaft in Berlin, which represented the top banking circles of Germany—said, that austerity was insanity. What is being done in the United States today, by the Federal government and by the state governments, is insanity. This does not work. You're simply causing the society to try to survive by eating its own legs, and you're not going to continue walking around that way for much longer.

Therefore, what you have to do is, increase employment. It is the function of the state, *not* to balance the budget, in terms of fiscal austerity, but rather to create large-scale employment of the unemployed or the misemployed, in projects of national interest, especially in basic economic infrastructure, to build the economy up to the level, that the income of the population in general, enables you to balance the books. As far as the government is concerned, you bring the income of the population up to the point that your tax-revenue base is adequate to balance the economy.

Now Lautenbach, and an economist called [Wladimir] Woytinsky, were among the leaders who made this proposal at that time. If it had been carried out, in 1931, at the time it had been made, *Hitler would never have come to power*. FDR carried forth *precisely that program, and saved the United States*. That's what we have to do, now. No more Kemp-Roth tax cuts! Go back to Kennedy investment tax credits instead.

Now, there are legislative categories to be considered. We need, first of all, as I proposed in what was published in a pamphlet form, in part, a Super-TVA program, of essential projects to get the nation's economy moving. These are largely infrastructure. We need to rebuild the rail system. China now has the most advanced rail system in the world. It's a small segment from Shanghai city to the newly built Shanghai airport. A job done in two years, over very difficult terrain, and it worked. It went from Shanghai city to Shanghai airport, at speeds of up to 431 kilometers per hour. Smoothly, without tipping over roses and the flowers that were sitting in front of the Chancellor of Germany and the Prime Minister of China. That is a technology which exists. China intends to extend this from Shanghai to other nearby cities; and is working on similar railroad projects of the type for China as a whole. China is building the great Three Gorges Dam system, one of the largest engineering projects in the world. China is bring water from the high level of China, northward, to the



*China now has the most advanced rail system in the world, with the inauguration of the world's first commercial magnetic levitation train (maglev), on Dec. 31, 2002, running from Shanghai to its airport in Pudong.*

low level, where there's water insufficiency. And so forth, and so on.

China has responded to the collapse of the world economy, by moving, currently, to large-scale infrastructure projects, as a substitute for the lost earnings from exports to the United States. China has to expect a 40-50% loss, in income, from exports to the United States. China had to face the reality, and said, "Now, we'll go to internal improvements, as a source of stimulus for the economy as a whole." They're doing it quite successfully.

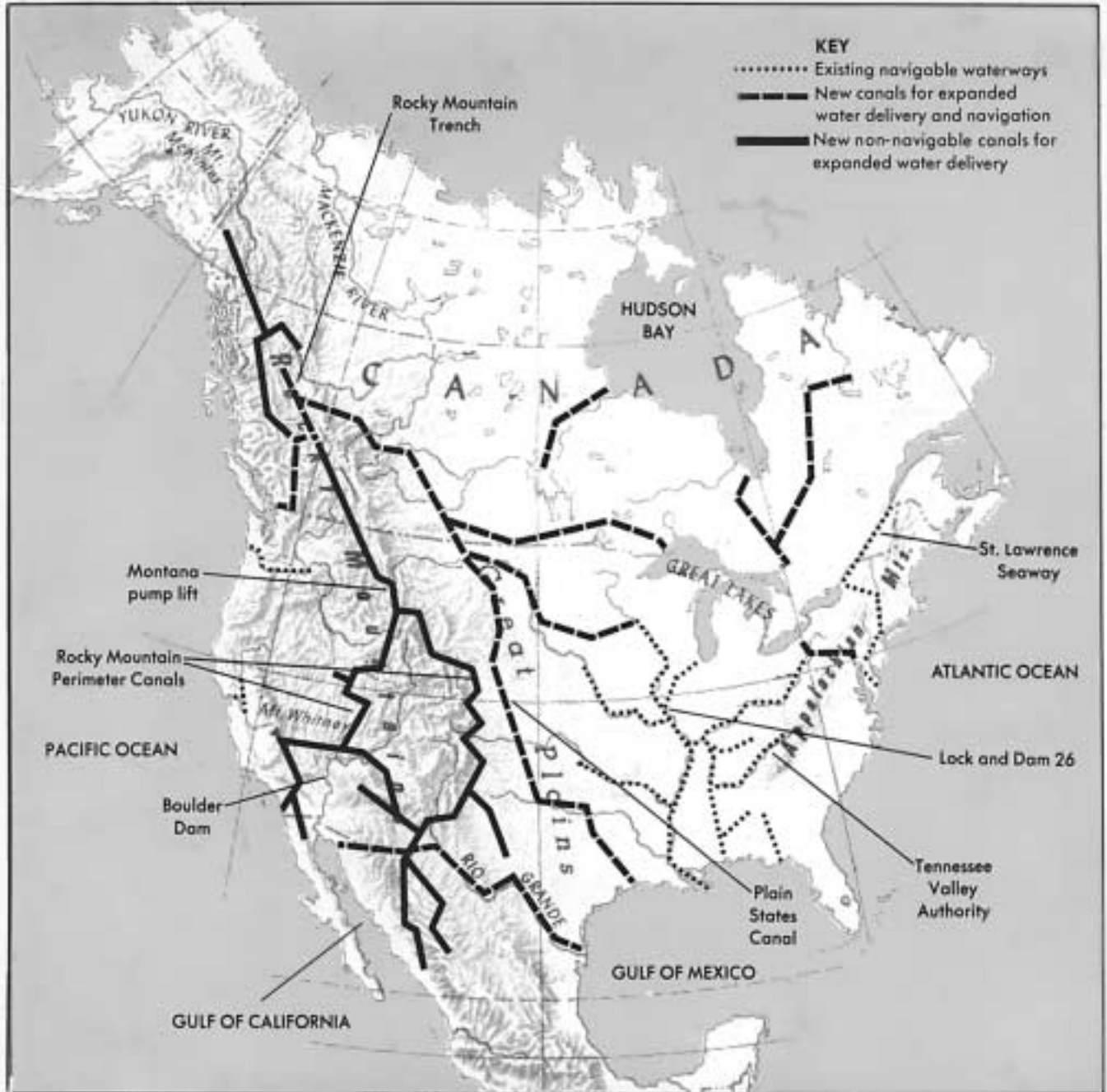
There's also a project on the Brahmaputra River, one of the great rivers of the world, which comes out of Tibet. It comes down through India, into Bangladesh, and into the Bay of Bengal. Here, a great project is planned: one of the great hydroelectric and water management programs of the world.

## U.S. Economy's Physical Breakdown

These kinds of things—we need them in the United States. We have, from the Arctic Ocean, down into the water-rich part of southern Mexico, we have a Great American Desert area, or large pockets of it; where we're dumping water into the Arctic Ocean, which should be coming southward into the so-called "Great American Desert," within the United States, and on to Mexico (see **Figure 7**). Mexico has surplus water, which is located in the mountainous southern area, which is a great source of hydroelectric energy. If that water is moved along the coast, then it will go up to areas like Sonora, and there, it will build agriculture. So, if we have the two lines of a water-management project coming southward from the

FIGURE 7

# The NAWAPA Plan for Bringing Additional Fresh Water to the United States, Canada, and Mexico



Arctic Ocean, and coming northward through Mexico; if we combine this with rail lines, which would, say, connect El Paso, Texas with Mexico City—this sort of thing—we now have changed the United States.

Look at the water levels in California! Look at the Southwestern United States: the water tables, the aquifers. They're collapsing! *We need major water projects.*

We don't have a competent transportation system for the United States. Our rail system and air-traffic system are either out of business or endangered. We need these things.

We need power. We're running out of power. Partly the result of Enron. We need large-scale, integrated, non-deregulated, systems of power production and distribution, based on regional distribution and regional requirements. This is in the

Federal interest to have this, and it should be primarily work done, on the basis of the states. These are gigantic projects. We're talking about billions of dollars of investment for these kinds of complexes.

We need, again, large transportation systems. We need to connect the United States as well, coast to coast. Look, for example, I was in Los Angeles. I'm looking at the port area in Los Angeles—looking out across the Pacific. The greatest area of growth in the world today, potentially. What have we got there, in Los Angeles? What do you do? You've got a port, to handle this freight: What do you do with this freight? How do you get it there? What do you do with it, when you get it? What's your rail system? What kind of a transportation system do you have, to *move* this stuff?

We have a breakdown, a physical breakdown, in the U.S. economy, in transportation alone. We're insane on air travel! We depend upon air travel for relatively short hauls. We can build magnetic levitation rail systems, which have speeds of up to 250 miles an hour, or higher. We can build, on the East Coast, for example, from Bangor, Maine or Boston, all the way down the traditional line, down through Washington, Richmond, and so forth. Why do we need air travel, when we can travel more efficiently from city center to city center, by train—by maglev—than we can by air? Why do we put all this load on short-haul traffic, in high-density population areas, on air travel, when we should have high-speed rail-equivalent transportation? We can have it. That's one of our needs.

We also have a breakdown in our health-care system. Here, the thing is very simple: Simply take the HMO law, and destroy it. [applause] Return to Hill-Burton! It worked. And, with the objectives of Hill-Burton. The point is, to provide for the citizens, in every county of the United States, an objective of approved health care, guaranteed to the citizens, by cooperation among public, private, and semi-private facilities—like voluntary hospitals—a pool of capability, which ensures that anybody who falls in the street, in that particular area, is going to be cared for. And, we'll worry about the money afterward. It worked! It was cheaper than what we have now, relatively speaking. Go back to it.

We have to have a new approach to urban renewal. We have this area out here: It's going to collapse. An area of bubble, created by Fannie Mae, Freddie Mac, and poor Sir Alan Greenspan. They've created a financial bubble, it's about to collapse. Look along this corridor, the Dulles Corridor, from Washington to Dulles Airport. Look at the empty things—this is lost jobs; these are lost incomes, of people who are liable for mortgages in these areas. What are you going to do? You have created, with this real estate bubble, this crazy suburbanization, you've created insanity in the economy. The idea of the old city was better. What's the advantage of suburbanization, if you're doing so much time commuting, that you have no time for your children?

The idea of the urban center, was to have an efficient relationship, of habitation, public services, and places of em-

ployment. We have to go back to that orientation. We need an urban renewal program, for dilapidated parts of the country, which enable us to do that, to restore this. [applause]

## Science-Mission Programs

We need national mission-orientation projects. For example, let's take the space program: The United States made money on the space program. We made money in space! Not bad, huh? Better than over real estate! How'd we make it? What we did is, we generated, especially when Kennedy moved the thing ahead, with the pre-existing space program, and giving it a mission-orientation: We got to the Moon! We put a man on the Moon! The benefit, of what we spent to do that, was several times the cost of doing it, in terms of the spill-over of technologies, which improved the economy. So, we need technology-driver programs, not merely as prestige programs—they're not prestige programs. When we force science, investment in science, and the development of science for investment, we create the technologies, which we then, in turn, apply to other aspects of the economy, which increases our productivity and our wealth.

Therefore, the United States must have a series of mission-orientation programs. I proposed, when I proposed what Reagan named the SDI, that be the purpose of the SDI. That we try to get the Soviets to agree to this program, which would take the threat of the missile crisis, away from us, simply agreeing to cooperate on it. And then, use the technologies which we would develop with that program, to benefit all of humanity. Ed Teller, who happened to agree with me at that point, said, in late October of 1982, "*for the benefit of the common aims of mankind.*" And for the common aims of humanity in the United States, mission-orientation is necessary.

We need investment tax programs, for the private sector. We must provide credit through the public sector. But, we must, by increasing the amount of income, in the private sector through public-sector stimulus, we must recycle savings from the private sector, into things of national importance. And, the best way to do that, is to take things that we know have to be done, that are important, and sponsor that development with investment tax credit programs, of the type that Kennedy introduced, back during the early 1960s.

## The Principles of American Government

There's one fundamental conceptual change that must be made. And this goes back to the question, as I said, of the nature of the United States. At the time the United States was coming into existence, in the 18th Century, Europe was divided, chiefly, between two large forces, one, the Hapsburg-centered interests, of Spain—Spain was pretty much a piece of wreckage at that time—but Austro-Hungary, and so forth, in one part; and in the North, a neo-Venetian development, in the Netherlands, and later in England, which became known as the Anglo-Dutch liberal system, associated with the philos-

phies of Hobbes, and Locke, and David Hume, and Adam Smith, and so forth.

This system, which is the characteristic today of the European parliamentary system, is a key problem. The fact that with the introduction of the Federal Reserve System, we introduced something similar in the United States, has been a chief cause of our problems over more than a century.

The Anglo-Dutch liberal system, the so-called parliamentary system typical of Europe, is a fraud. You have a system of government, of a state apparatus and a parliamentary system, but you also have something which is outside government as such: It's called an independent central banking system. An independent central banking system is a concert of financier interests, not necessarily banks, but financier interests, a concert which controls, a joint institution, called a central banking system. This central banking system, by virtue of its independence, exerts control over the government, over the finances of the nation, and so forth and so on. Therefore, no European government today is really free. They are all victims of so-called independent central banking systems.

What's been done to weaken the United States, done at the behest of the then Prince of Wales, King of England, Edward VII, was to impose the Federal Reserve System on the United States, which was done by joint action, in the end, of Teddy Roosevelt and Woodrow Wilson. Woodrow Wilson's administration installed it, Teddy Roosevelt made it possible.

What we have to do is end that, and go back to the original intention of the United States, the characteristic of the United States, which makes us beloved by those who observed our good things over the past.

The United States was founded on principles expressed by the Preamble of the Constitution. The Preamble is the absolute law, the Constitutional law, of the United States. The other parts of the Constitution are subordinate. Any amendment to the Constitution is subordinate to the reading of it, in light of the Preamble.

The Preamble contains three essential principles. One, the general welfare: that government is legitimate only to the extent that it officially promotes the general welfare of the people. Secondly, the government is sovereign: that there is no agency outside government, and the people, the people's government, which has any authority in the territory of that nation. No independent central banking system. Third, that the government is responsible, not to the will of the existing population, as much as it is to the general welfare of the *future* population. In other words, the Constitution is a future-oriented institution, dedicated to the well-being, primarily, of our children, grandchildren, and great-grandchildren's generation. That is our responsibility of government.

We have to restore that, these deep principles, again. We have to eliminate things like the Garn-St Germain, and Kemp-Roth bills, which are totally against that philosophy, and, as I said, go to the question of what I've indicated.

## World Mission-Oriented Recovery Programs

Now there are several national, international mission-oriented recovery programs which should be part of this.

First of all: I've mentioned the case of Mexico, water, transport and power. We have an immediate relationship along the Arizona-New Mexico-Texas border, with northern Mexico, and with Mexico as a whole. This is one important area, a very specific area, a very immediate area, where immediate action is required, and where cooperation is crucial for us. Also, because we have a very large Hispanic population inside the United States, or people of Hispanic backgrounds. It's important for our internal security, our internal peace, and internal integrity, that that part of our population be reflected in this policy.

The big factor in world history today, is reflected by the Land-Bridge program. That, in 1988, in an address I gave on Columbus Day in Berlin, which was later broadcast on the national network here in the United States, I warned that the incoming President of the United States would be faced with the principal problem of dealing with a disintegration, which is on the way, of the Soviet system. And I expected that we would have, in the immediate future, a collapse of the Comecon system in Poland, which would be followed soon by prospects for the reunification of Germany, and the re-establishment of Berlin as the capital of a reunified Germany.

I said that this issue—and dealing with the collapse of the Soviet power and Soviet system—would be the primary concern of the coming Administration. In that connection—obviously that was not what was done. Something else was done. But, in that connection, we began to propose things for Europe, and Asian development, which we started pushing in 1988.

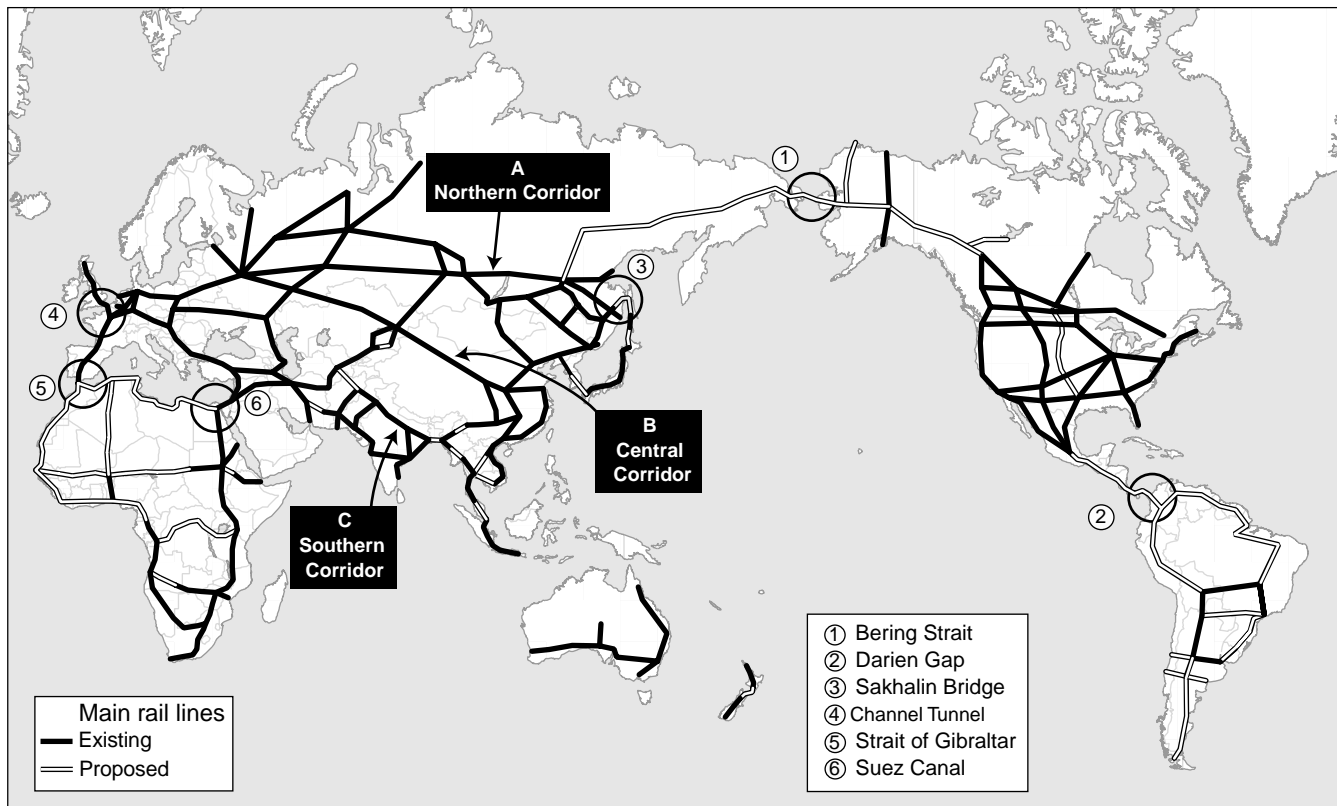
The first was to promote the development of a power-transportation, etc. complex within Europe, which I called the European Triangle, the Productive Triangle: Paris-Vienna-Berlin, the heart of western Europe. And that this part of Europe should be oriented toward dealing with the requirements of dealing with the collapse of the Comecon and the Soviet Union.

Later, my wife pushed this, in 1992-1993, as a Eurasian Land-Bridge development, on which I did some work. (You've got this Land-Bridge—**Figure 8**.) All right. What we proposed is this.

Starting from what I described as the Triangle in Europe, the Productive Triangle, is to move across certain routes across Eurasia, which would not merely be transportation routes, but would be actually combined corridors, of transportation, water management, power production, and so forth, and urban development, which would be a productive process which would link the Atlantic to the Pacific Ocean, in such a way, that it would be cheaper to transport goods by rail, across Asia, than it would be by ship. A fundamental change in the geographical orientation of the planet. We also extended this to include a tundra-related rail link across the Bering Straits, into the Americas, and down through the Americas.

FIGURE 8

## World Land-Bridge



## The 'Strategic Triangle', and Korea

This is now reality in part. I proposed in 1998, in conjunction with the GKO crisis, that the United States should support the creation of a Russia-China-India Strategic Triangle of cooperation. The idea being that you have three cultures which are very large, which are very powerful, relatively speaking, and which are different. They don't necessarily agree in cultural impulses. That if these three large nations can agree on common interests of Eurasia, then we can bring together a security, a common security and development bloc for Eurasia. That Europe should participate in this, as a vendor, a partner, with these countries of Asia, because here you have over a billion people in China—probably 1.2, 1.3. You have a large population, a billion or more, in India. You have Southeast Asia. This is the largest area of growth for the future of humanity before us. This is the great market for Europe. Cooperation with this part of Asia, Eurasia.

This is in our interest in the United States, to have that kind of system which is stable, because, with that kind of system, and by building up the Americas, we can tackle the problem of Africa, and justice there.

Take the case of Korea. Why is Korea strategically important? If you link the rail systems of Northern and Southern Korea, divided Korea, together, with a modern rail system,

you have linked Pusan, at the southern tip of Korea, which is, of course, relevant to Japan, to Rotterdam, by two routes. One, the Siberian route, one, the so-called Silk Road, both as depicted on the charts there.

That means that the unification—I don't think that the government of China *likes* the government of North Korea. I don't think the Russian government likes the government of North Korea. But that's not important. Whether you like a government or not, is not important! Whether you think it's troublesome or not, is not important. You have to pick your long-range mission, in terms of what you're going to do, in effect of the next generation, and a generation after that. You must take a strategic long-range view.

*Our interest* is to unite, in cooperation, if not immediately unified, North and South Korea. *That's the vital interest of the United States!* Anything that threatens that, or impairs that, is a nuisance; it is not a cause for going to war. We have to learn that kind of thing.

Cooperation among Russia, China, and India is in the vital interest of the United States. We recently had in Phnom Penh, a meeting on the subject of the development of the Mekong River Project. This goes, [from] southern China, all the way through Southeast Asia. It's one of the largest water projects in South Asia; it's extremely important for future develop-

ment in that area. It is in the interest of the United States that it occur.

This is something in which China and India are both involved; that is, by commitment. And something that Russia and Japan are involved in by implication.

### Pestilence of IMF Usury

In Africa, we've got a special problem, especially in Southern Africa. In 1974, Henry Kissinger issued a memorandum, through the National Security Council. It was called National Security Study Memorandum 200. Under this proposal, Kissinger argued, that the raw materials of South America, Africa, and elsewhere, must be preserved for the future benefit of the United States. Therefore, we must not have these resources being used up by the inhabitants of those countries! Therefore, we must keep them poor, and backward.

Also, we must reduce their populations, so they don't consume those resources. That is a policy which is not original to Kissinger, but it's one he expressed. It's the same policy that Brzezinski put forth as Global 2000, and Global Futures. It's a policy of deliberate genocide against Southern Africa! Which has been the policy of the United States since that time. It is the reality of so-called population policy. There must be no development; there must be no technological progress to speak of, except for military power, or similar kinds of domination of the world. We must not allow the population of world to eat up the resources that we may want in the future. This is oil, this is mineral resources, and so forth.

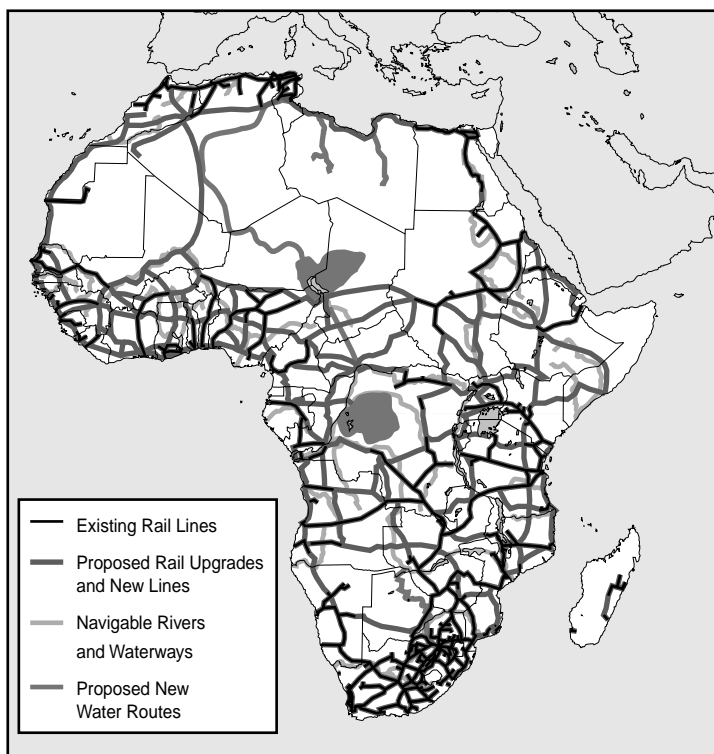
This is why the United States, Britain, and Israel are heavily engaged in genocide against the populations of the southern part of Africa. And until the United States changes its policy, that will continue. So therefore, the government must change its policy. We must be against genocide. [applause]

Within the Americas, I've already said, what the situation is generally. I proposed in 1982, which was a critical point in the history of the Americas, at the time that the 1971 looting began to kick in, and this (**Figure 10**), on this bankers' debt issue.

All right. What happened is, as a result of 1971, the London market, together with the United States, pulled a great swindle against many countries, including those of South and Central America. It's a debt swindle. What they did is, they would have a run on a particular targetted currency on the London financial market. The currency would be driven down in value, exchange value, on the world market. Then people would go to the country which had been targetted, and say to the government, "Well, your problem can be solved, you know. Call in the IMF or, in some cases, the World Bank. And if you accept those terms, I

FIGURE 9

### Africa Rail and waterway Development



*These transcontinental rail and water projects show the vast potential for African development—a potential that has been deliberately blocked by those in the United States, such as Henry Kissinger, who are determined not to allow Africans to consume the resources that “we” may want in the future.*

think your problem will be solved.”

What did the IMF and World Bank propose? Well, they proposed that the value of the currency be sharply reduced. But, then, the country said, “Fine, okay, we’ll do it.” “Oh, but you have to incur an additional debt, to compensate your creditors for the devaluation of your currency.” So, what happened is, if you take all the actual debt owed by the nations of South and Central America, from 1971 to the present, they don’t owe a nickel. Because all of the actually incurred debt, has been paid off many times over. And now, the IMF and World Bank are trying to collect, and destroy, Argentina, Brazil, and other countries on the basis of debt. The debt was artificial.

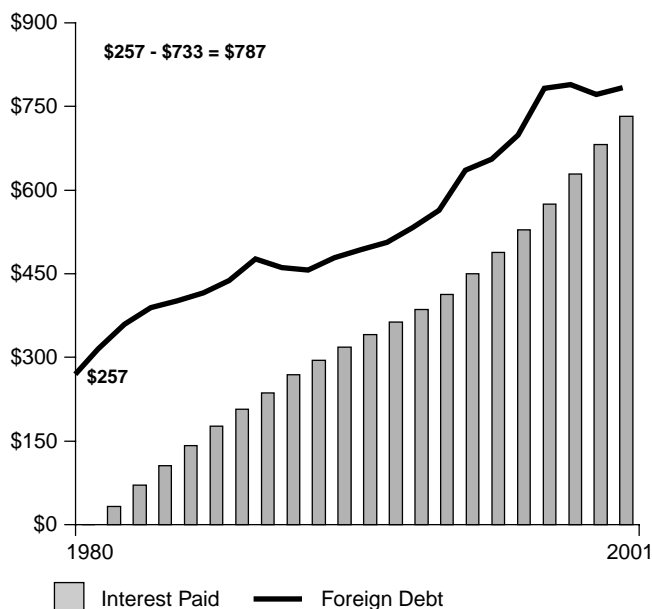
In 1982, I got in the middle of this thing. I had a meeting with the President of Mexico, to discuss a number of matters, and he said, “What are they going to do to my country?” Referring to the United States. I said, they intend to destroy it. And you’ll be hit by a major crisis orchestrated out of New York, by September.

Well, he was hit in August.

FIGURE 10

**Ibero-America: Bankers' Arithmetic**

(Billions \$)



Source: EIRNS.

So, in the meantime, I wrote a paper, reflecting my concern about the situation in South and Central America. It was called *Operation Juárez*, so named because of the relationship between Lincoln and Juárez on freeing Mexico from this Hapsburg looting operation that was run against Mexico while the United States was engaged in a civil war.

And this laid out exactly what we had to do: how to reorganize the then-existing debt of the countries, and to create a new institution of cooperation among the countries, a regional institution, which would bring some kind of coordination and order into this area. That, what I proposed then, is appropriate for today.

If we don't do it, as we say in the case of Argentina right now, if we try to collect this debt, on the terms that these swine from the IMF and World Bank propose, they and other countries—what are we going to do?

Go back to the 14th Century. Go back to the time, the 1330s, when England declared a moratorium on its debt to the Lombard bankers, especially the House of Bardi. At that point, politically, the countries were helpless to defend themselves against the usury of the Lombard bankers, who were the dominant financial power in Europe, Venetian-based. As a result of that, the debt-collection enforced by the Lombard bankers and their friends, in Europe, resulted in a few decades, in a reduction of the population of Europe by 30 percent, in genocide. And the elimination of 50 of the parishes of all

Europe. *Genocide!* And what the IMF is proposing, for Argentina today, and for other countries, is nothing other than straight genocide of the same type. We can not murder people for the sake of bankers' pleasure. [applause]

**Strategic Defense vs. Utopian Insanity**

Now, let's take the military question. Let's be very plain about this stuff.

The policy of the United States should be—and essentially was—at many points, the strategic defense concept introduced by Lazare Carnot, a great military genius, an engineer and scientist, one of the key figures associated with the so-called Ecole Polytechnique of that period.

Carnot is also famous, between 1792 and 1794, at the time that France was being invaded by virtually every power in Europe, and was about to be carved up, that Carnot was given the unlikely position of being the Minister of Defense in the field, for France, when everybody in Paris assumed that France was going to be dismembered. He, within that period of time, defeated all of the enemies of France, and built the most powerful military machine in Europe, on the land. Then, they got rid of him. But he continued to hang around.

But he developed this idea of strategic defense, as a policy. He based his concept of defense largely on a study he did of the work of a famous French military engineer, Vauban. A couple of years ago, I happened to get into that area. It's opposite—the other side of the Rhine, in France—from a place called Breisach, in Germany, near the Rhine. On the other side of the Rhine, there's a city, which is still a functioning small city to this day. It's a fortified city, built by Vauban in the earlier part of the 18th Century, at a time—given what military artillery could do at that point—a very formidable construction. As a result of a similar fortification, Velfours, which is also famous for its role in the Franco-Prussian war—that the Austro-Hungarians never dared to attack France on that quarter at any time. Because the effectiveness of this principle of fortification, of strategic defense, was so effective, they didn't dare. And therefore, from this, he generalized a concept of strategic defense.

This was then amplified, later, in the same general period, by a young man, who was studying at a military school set up by a Graf [Count] Schaumburg-Lippe. The school's program was one designed for Schaumburg-Lippe, by Moses Mendelssohn—the famous Moses Mendelssohn—and this produced Scharnhorst, who was one of the greatest commanders and military thinkers of that period. And the German concept of defense, was based on what my dear friend, Congressman Rangel, would approve of, an idea of using an in-depth reserve of the population, as a trained reserve, as the defense of a nation.

It's what Creighton Abrams did in terms of the lessons of the Vietnam War. Is to take—military units for warfare, should be, in a sense, skeleton units, filled in by reserves. Therefore, in order to fight a war, the military would be



*Rep. Charles Rangel (D-N.Y.) has introduced a bill to restore a mandatory draft for universal military or alternative service. Rangel's legislation has stung the Utopian advocates of "professional armies" and imperial wars, like the invasion of Iraq—which Rangel opposes.*

obliged to call up a trained reserve, to fill the places assigned to them, within the ranks of these units. In that way, you would not go to war, as we did in Vietnam, you would not go to war without challenging the willingness of the population to fight that war.

That's the principle.

The problem we have today, is we have three ideas of global conflict at hand.

The first one—the first two—are bad. The first one is the baddest. This is a concept developed by the circles of H.G. Wells, and Bertrand Russell, which became the idea of nuclear weapons as a road to world government. Russell's argument was—and this is why the bombs were dropped on Hiroshima and Nagasaki, and for no other reason. MacArthur had won the war. There was never a need for the United States to invade Japan, never. No "million lives" were saved by the bombs, none. The whole thing's a hoax. As MacArthur had already indicated to this staff, that Japan was already defeated, and there was no prospect for invading Japan.

It's also a classical principle which was taught by Machiavelli, for example, in the 16th Century. You don't pursue an already defeated enemy into its hiding hole. You may start another war. Sit back, and let him surrender.

Because the object of war is not war. The object of war is peace—when you can't obtain it by any other means. And

therefore, that's the idea of strategic defense, is to have a *peace* policy, a policy for establishing peaceful relations, which are acceptable among nations, and fighting only to ensure that that is not jeopardized. Otherwise, don't fight.

But these guys say, "No, we want to create a new Roman Empire. What we're going to do, is we're going to use nuclear weapons, as weapons of terror, to intimidate nations into accepting world government." This is the policy which is expressed by, specifically, Brzezinski, most emphatically, and by the crowd associated with Marc Rich, in both the Democratic Party and Republican parties. They are the "go to war, now" party.

You have a second policy, it's an old policy, the old British policy, called liberal imperialism, which is expressed sometimes in the pages of the *Washington Post*, by Michael Ignatieff, or by Cooper, the advisor to the British Prime Minister.

The third model, which is mine, is, I would call, the community of principle policy. This is a traditional American policy, which was first articulated explicitly by Secretary of State John Quincy Adams, in connection with the formulation of what became known as the Monroe Doctrine. The objective of the United States, in the hemisphere, being proposed at that time, in his letter to Monroe, is to keep the damn Europeans, colonialists, out of the country, as much as possible.

But we, the United States, did not have the power at that time to do it. But nonetheless, it should be our policy. Our policy is, when we are able, to defend the right of independence of sovereign republics of the Americas, and to establish a community of principle, among what are respectively, perfectly sovereign national republics—our policy for the hemisphere.

I would propose, that should be our policy for the world, today.

In taking an assessment of the situations that I know, there is *no reason* for the United States to plan major war, in any part of this planet. There's no situation on this planet, as a major war situation, we could not control, if it were just, because we could find support from other nations to make it effective. There is *no need* for our seeking war. [applause]

We require a policy of strategic defense. I support Rangel, his proposal, for precisely that reason. It's a sensible, traditional American policy. We must be able to defend ourselves, adequately and efficiently. As President, I would ensure that, and I don't think anybody would dare challenge me on that if I were President. We wouldn't have to bother fighting. I would just wink. [laughter and applause]

## **Leadership and Immortality**

We have reached the stage—and this international financial crisis, and all the other crises, like disease crises, and so forth and so on, show us—that the planet really has one common interest, or is coming to an understanding, that

we have but one common interest. However, the problem is that, in order to have the participation of the people, in the exercise of government, and common interest, you must operate through the *culture* of a people. You must engage the people's, their culture, in participating in making the policies.

You don't expect the people to secrete the policies. Today, we still have very backward people, who are concerned about their little affairs, and very little about things about major affairs. We don't have many Jeanne d'Arcs among our populations, who are willing to lay down their life, if necessary, for the sake of a principle. Or Presidents who would even risk their impeachment for the sake of a principle.

But we have people who are desperate, who need leadership, and will *turn* to people who have this quality, which Schiller called the Sublime. Who are dedicated, who have a sense of immortality. Let me repeat that one time; I've said it before, but it's important.

This image of, what we do we mean by a sense of immortality? What does Shakespeare mean, in that Third Act soliloquy, of *Hamlet*. When Hamlet says, he's willing to go to war, he's willing to die. That doesn't bother him. He's a swash-buckling killer anyway, contrary to Lawrence Olivier, one of the worst actors of the century [laughter]. But he says, "what happens when I shuffle this mortal coil?" What he's afraid of, is immortality, not death.

Therefore, he'd rather die than face immortality. Seems like a contradiction, but that's exactly what most people are like. Most people say, "I've got to get pleasure in my lifetime. I've got to git what I'm goin' git, in my lifetime. You know how I git when I don't git it." [laughter]

They think about little things. They don't think of themselves as having any real significance for coming generations, or for past generations.

I mean, we have people who suffered. Take the case of slavery in the United States. We had people who suffered slavery. It was not an economic problem, for people of African descent. This was a denial of the right to be human, to be treated as human. We *owe* them something. Now, we can't give them anything; they're dead. But we owe them something. We owe them justice. We owe them, the assurance that their descendants, because of this struggle, their descendants will now have that justice assured to them. [applause]

The problem with politicians, like with the incumbent number "43," is simple. He's concerned about the next election. He doesn't have to worry about the next election; I'll take care of that. [applause, laughter]

What he should be concerned about, is the fact that he's going to die. Now, he says he's a Christian, probably a fundamentalist. Well, fundamentally, he's not on the right track there. [laughter] Because, according to everything we know about morality and the nature of man, our interest in life is to treat it as the parable in the New Testament says. Life is a

talent, it's given to us. We're going to lose it anyway. We're all going to die. You have a talent. The important thing is, how do you spend it?

What's the result of spending it? That's the sense of immortality. If you have a sense that what you're doing is spending your talent, your life, to make as important a contribution to the future of humanity as you can make, and to justification of the past, you don't have any problems! Since you're going to die anyway, what can they take away from you? A President of the United States in a time of crisis, must *have that sense of immortality*. They must have confidence in what they're doing. It's going to shine, in the memory of coming generations. Very few people in this society have developed to the point that they have that kind of sense of honor.

When they're up against injustice, they will say, "What do I have to do to get out of this?" They don't say, "It's wrong, or right." An honest man, who has a sense of immortality, will say, either you're right or you're wrong. He says, "Well, we've got the power, you'd better deal with us, or we're going to crush you." "Well, crush me, as you did Jeanne d'Arc, and other heroes. Crush me, but I will not betray what I am. I will not contaminate my sense of immortality." And when the citizens have that sense of determination, it can't be crushed. They'll win in the long run.

The function of leaders is to adopt that sense of responsibility: "I make no deals." [applause] If it's right, you get it, but I don't make any deals.

So, that's our problem.

## Homeland Defense

Now, we have a little problem to worry, for the final point: Homeland Defense. *This is a real piece of trash.* [laughter] Someone says, white trash.

Northern Virginia, for example. Now, what happened with this cockeyed thing that came out of the Administration on homeland defense? Does this contribute to our security? No, it does not. It's absolutely worthless. You have to understand what the problem is, and obviously, the incumbent Attorney General is not very long on competence. He's long on opinions, especially of the racist variety, as we know, but on competence, not.

Let's take the case of terrorism, the name terrorism. What does it mean?

Well, you have two types of terrorism. One is the terrorism which is opportunistic, which may operate in an area on a lower level. The other is a very sophisticated operation, which can be done only by powerful governments, with special agencies of powerful governments.

In the case of the U.S.-Soviet conflict, that was there. You had the Soviet apparatus, had very powerful capabilities, they were running against the United States, and others. And the United States was returning the favor.

But what's your first line of defense against terrorism?

Law enforcement, local law enforcement. For example, let's take Northern Virginia. What's the major security problem in Northern Virginia? Drug gangs! You want to organize crime? You want some cooperation in doing something funny? Try the drug gangs.

What they've done is, they've stripped away, in the name of homeland defense, they've stripped away that first line of defense, which is ordinary law enforcement, and law enforcement intelligence.

The second line of that is cooperation vertically, as well as horizontally, and to special state and Federal agencies, which cooperate with local agencies in certain areas. If you clean up and control drugs in an area, actually control it, you're going to cut a dent in the capability of crime, as well as providing general security. Most nasty things that will happen in an area, the worst of them, will generally come through the channel of the drugs—if not the drug pushers as such, it'll come through those dirty channels. And if you have good control over this problem in an area, you've got the first level. If you have good levels of control in the Federal, state and local agencies—intelligence, criminal intelligence—you will find that you get the map of the situation fairly clearly, and you're going to minimize the opportunity to run something dirty in that territory, or to have something happen that you won't know about—mysterious crimes.

Now, the problem here is, the U.S. government has been

completely hypocritical and dishonest on the question of drugs. We've had laws against drugs, but we've been running drug pushing! How do you think Brzezinski got the Afghanistan war going?

Afghanistan is one of the traditional areas of drug production. It's a polluted area in a sense, where local gang lords control drug production. The principal area to which the drugs are channeled, is out through Pakistan.

Now, Pakistan is a semi-destroyed country, which has not been functioning effectively since the breakup of Bangladesh and Pakistan back years ago. So Pakistan has now become a drug country; that is, the Pakistan military are essentially drug lords. They became this, largely because of the United States and Britain, which, beginning with Brzezinski, used Pakistan as a way of running what became known as the Afghanistan War of the 1980s—1970s, 1980s. This was done by agencies, in part, of the Federal government.

In assistance of this, the United States went to various Arab countries, with the thesis that, the Soviet Union was a terrible atheistic state, and therefore, dedicated Islamic people, many of these who had been associated with British intelligence operations, should dedicate their lives to going to Pakistan, for invading Afghanistan, to conduct this war.

How was it financed? Drugs.

So, we created Osama bin Laden! We created what is called al-Qaeda. The British had already done it, but we moved in a big way. Now, we have a mammoth problem in Central Asia. Afghanistan is not going to be pacified at present. The United States accomplished net-nothing in Pakistan. The United States is drawn off someplace else, what's going to happen? The Pakistan military, which lives on drugs, is going to re-create the Taliban, who will come back out of the soil and take the whole place over again. So what did they accomplish? Some dead people?

What's the map look like? Has the map been improved? Not at all. The map has been made worse. Why did they attack the place? No reason. Nobody ever presented any proof, of any substance, of who actually did Sept. 11, 2001. No government has ever presented any proof of who did it. Now I know there are some people in our government, who are still investigating that matter, quite seriously. But there's no expectation of something that can be reported, with a year or so.

So, we did it. It was done for the sake of Brzezinski-style policies, this other type of policy.

Now, now let's look at South and Central America. Let's take Colombia. The United States is not serious about cutting drugs in Colombia. As some of you may know, I was running an operation—Guatemala asked me to come down, and assist them, in assessing a terrorist problem they had up in the mountain areas there in Guatemala. So I did an assessment. They gave me some facts, I gave them my interpretation of the facts. They said, "Well, we agree. What shall we do about it?" I said, "Well, I'm not going to do anything. You have to decide what you're going to do."

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So, we sent a piggyback group of people down there, to just sit by their side, while they planned the operation, and watched them when they did it. They did a test operation, which confirmed exactly what I thought.

In that period, I made a presentation on dealing with drugs in the Americas to a Mexico City conference, and I found out it wasn't going to work, because some of the Colombian generals, government factions, had cut a deal, together with George Bush then—according to them—on, maybe he'd give them some drug money, to support the Contra operation. That's never been settled. "41" should probably talk about it some time, or something. But, we created the situation.

We overthrew a government in Peru, because it was the most efficient anti-drug force in all South America! We created conditions under which the cocaine generals, which they got rid of in Bolivia, are in the process of trying to come back, and take over Bolivia. We have an operation in which the Moonies, which are not exactly pure on the drug question, or arms-trafficking question, have bought up large territory in Brazil, on the border of Bolivia, and also on the Bolivian side of the border, are setting up an operation, under the cover of the World Wildlife Fund, to destroy Brazil.

And so on, and so forth.

The major problem here, is that *we* are not serious about fighting drugs, or fighting the drug problem. Worse, that our government has knowingly used this, just the way the United States government used Saddam Hussein for the war against Iran. So, we create the problem.

We have similar types of problems around the world. The technical name for this is, variously, irregular warfare, special warfare, or low-intensity warfare. We run these kinds of operations as governments. Various governments run these kinds of operations. They run them in the form of strikes, they run them in all kinds of forms. We've written about this thing—it's well known. People in intelligence—competent in intelligence, and competent in police intelligence work—can understand these things, and take the proper precautions to detect them in operation, and find ways of dealing with them.

But that requires that you don't want a bunch of Nazi-like blockwatchers in every area, saying, "My neighbor's a terrorist!" This is the most stupid thing ever conceived. [applause]

More could be said on that, but that's the general nature of the thing. We have to get serious about realizing what security really is, and stop inventing mythical enemies, who really are not our enemies, because we want to have somebody to shoot at, for some crazy, cockeyed reason.

Therefore, I would say, there's no need for the problems we have today. There's no need for their happening. But if we understand why they shouldn't have happened, as I've tried to indicate as succinctly as possible, we can fix the problems now, and perhaps prevent them from recurring again in the future.

Thank you very much. [applause]