

‘The U.S. Economy Has Become a Scandal’

The Moscow financial monthly Valyutny Spekulyant (Currency Dealer) came out April 12 with a new interview of Lyndon LaRouche, headlined “The U.S. Economy As a Whole Has Become a Scandal.” LaRouche’s answers were provided in written form on March 1, to questions from VS correspondent Ivan Zakarian, who had attended the Schiller Institute Presidents’ Day conference in Reston, Virginia, on Feb. 14-15.

An introductory note identifies LaRouche as pre-candidate for the Democratic Party Presidential nomination, noting that “John Kerry, the leader in the primaries, is not yet the only Democratic candidate for head of state; the final decision remains to be taken by the Democratic Party convention in July.” The fact that LaRouche’s views are supported by many Americans, it says, is demonstrated by his having more campaign contributors than Kerry does.

Zakarian reports that the conference was held simultaneously in Reston and Los Angeles. “It should be noted,” he writes, “that all of the speakers, including the youth, demonstrated remarkable erudition, of a sort not often found in America, and deep involvement with LaRouche’s ideas about the economies of the world and the U.S., politics, and the future of mankind.”

The interview was slightly abridged in its published form. What follows below is the original text.

Q: The readers of our magazine are traders and financiers, who surely understand the significance of the American financial markets for the entire world and for Russia in particular. So, what do you think about relationships between Russia and the U.S.A.?

LaRouche: Hopefully, the expected re-election of President Putin will open a new phase in the post-1989 history of Russia, a phase of greater nationalism and sense of a mission-orientation toward reconstruction and progress from the ruinous developments of more than a decade. I see signs of the reawakening of the memory of Russia as a great power, politically on a level of equality with other great powers. This would be of crucial strategic importance for a crisis-stricken U.S.A. which understands its own vital self-interest in a new form of productive relations with the nations and economy of continental Eurasia, in particular. A partnership with a more confident Russia is crucial for reviving the

presently shattered economies of western and central Europe, and for the urgently needed partnership between all of Europe and, especially, the nations of the populous rim of south, southeast, and east Asia.

Such cooperation will require the immediate reform of the world’s presently, hopelessly bankrupt, floating-exchange-rate monetary-financial system. This requires putting the strategically significant, but failed monetary and financial institutions into receivership for reorganization in bankruptcy by the relevant sovereign states. We require rapid expansion of productive employment, to break national and regional economies back up to a currently operating break-even level. For this, we require a fixed-exchange monetary system, with primary interest rates in the range of 1-2%, to make feasible long-term capital formation through aid of corresponding treaty-agreements among relevant sets of nations. This must be supplemented by long-range scientific-technological mission-orientations, in which Russia’s aging science-establishment must be fully reenergized to the level it is able to play its part in a continuing, expanding role in support of the global effort for mankind as a whole. We require, above all else, the replacement of the destructive forces of “globalization” by the development of a community of principle among perfectly sovereign nation-states.

A Russia and the U.S.A. which will each refuse to liquidate their nation’s sovereignty, must serve as the great cornerstone of present history, around which the other sovereign nations of the planet can build the needed edifice of consensual cooperation for the common good. That is my policy. I believe that Russia would be prepared to accept such an offer. I intend that offer shall be delivered.

A world witnessing such a partnership between the two former superpowers, would be a world encouraged to consider building the kind of order among sovereign states which I am committed to bring into being.

Q: Stock market traders around the globe were very concerned about corporate scandals with big American companies like Enron, Adelphia, Worldcom and so on. What did America do, or should it do, in order to improve confidence in its business institutions?

LaRouche: We must not be excessively occupied with the individual scandals as such. The U.S. economy as a whole has become a scandal; the scandals involve only some of the overripe, already rotten fruit dropped by a mortally sick tree. The problems of the U.S. and European economies are not those of individual enterprises or merely groups of enterprises. The economic and moral crisis is systemic. It is the result of the combination of two leading factors, as follows.

First, there was a right-wing turn in Anglo-American policy, after July 1944, in which a powerful faction within the financial circles of those countries adopted the policy of

seeking to establish what Bertrand Russell proposed as “world government” achieved through the threat of airborne nuclear-weapons bombardment. After the Soviet development of an experimental thermonuclear weapon was discovered, Russell’s policy of preventive nuclear warfare-attacks was put on the shelf, and a policy of detente through mutual thermonuclear terror prevailed, until the revival of the preventive nuclear warfare doctrine by U.S. Secretary of Defense Dick Cheney’s incumbency under President George H.W. Bush, Sr. Since Sept. 11, 2001, Cheney’s policy has been openly revived as hegemonic, although there are signs Cheney and his policy might be defeated soon.

In the meantime, through aid of the 1963 missiles-crisis, the Kennedy assassination, and the launching of the official U.S. Indo-China war, the U.S. and U.K. led much of the world in a plunge into “post-industrial” utopianism accompanied by increasingly radical “free trade” policies. This turn toward a Roman-style society’s imperial bread and circuses at home, was accompanied by the consolidation of the relative supremacy of an assortment of more or less radical, nuclear-utopian factions. This cultural-paradigm shift was spread, through the effect of the so-called “68ers,” from the U.K. and U.S.A., into continental Europe and other parts of the world.

Today, while we must not blind ourselves to the many evils which did exist during the 1944-1964 interval, there is a profound, systemic difference between the U.S. of 1964 still committed to its role as the world’s leading producer society, and the plunge into moral and economic decadence which has produced the bankrupt world system of today. While we must not ignore the earlier roots of the catastrophic net effect of the past four decades cultural-paradigm downshift in the world economy, these four decades represent a distinct phase in world history. What we are seeing in U.S. corporate life, and related places in government, is not an increase in isolated cases of criminality; this is a symptom of that underlying rot of the system as a whole which has brought such morally criminal and destructive practices into more and more of the board-rooms and governmental agencies of the U.S.A. It is the systemic rot, the epidemic, not the individual cases of corporate mortality, which must command our leading attention.

Q: What do you think about dollar-euro rates in the near term future and in 2-3 years?

LaRouche: No one could competently predict any trend over an interval that long, not even six months. We must accept the fact that any attempt to define medium- to long-term statistical trends is a fool’s errand. We are now at the point of a global phase-shift of the entire world monetary-financial system. One of two choices of general phase-shift out of present trends is available. First, if we try to defend the present world monetary-financial system, as the leading financier oligarchs are determined to do, the planet as a

whole will be plunged into a prolonged dark age, comparable to what the continuing policies of the infamous Holy League unleashed in Europe during the middle of the Fourteenth Century. Under those conditions, a collapse of world population to less than one billion during the course of the next generation, or even a shorter time, is virtually inevitable. Or, second, we may scrap the present world monetary-financial system through reorganization in bankruptcy conducted by sovereign governments. This, the leading financier circles of today will resist virtually to the point of death, preferring other people’s deaths to their own bankruptcy. In the case we succeed in our preference for the lives of our people, we can survive and prosper, but the conditions and trends will not be those adduced from the factors affecting the attempted continuation of the observed statistical trends today.

Q: Do you think that the main competitor of the United States in the 21st Century is China? And what can you say about dollar-yuan rates? What would be desirable rates?

LaRouche: China is extremely vulnerable to the effects of present U.S. trends. The dependency upon the U.S. internal market, a dependency conditional on very cheap labor in China, threatens a deep cut in China’s foreign earnings at some point in the immediate period ahead. For a while, China’s monetary reserves and related factors would be a cushion against the impact of the currently onrushing U.S. collapse; however, the physical realities would soon outpace the ability to maintain the monetary cushion as a protection against successive waves of international shocks. China’s secure future is thus dependent upon what I, for example, am able to do in leading the effort to bring about the needed political-economic changes in the U.S.A. itself.

Q: What should our countries do in order to completely remove consequences of the Cold War and Hollywood stereotypes?

LaRouche: Any effective steps to that effect will depend upon a U.S. President doing the kind of thing which Franklin Roosevelt did in changing Russia policy from the outset of his first Administration. A sense of long-term common interest among peoples, is the foundation of well-built, durable improvement of a therapeutic sense of the actually existing common interest.

Also, one may have observed my efforts to afford leaders and others in the U.S.A., and other places, to throw away some popular myths in favor of knowing some of the crucial features of the real history of European civilization since its birth, in the shadows of the pyramids of Giza in ancient Egypt. When the mortal individual is able and encouraged to know his or her immortal place in the continuing historical process which is mankind, the love of one nation for another nation finds its place in each sentient individual so affected.