

LaRouche on the Economy of Big Projects

The following is an answer given by Lyndon LaRouche in the discussion period after his speech at a webcast in Washington July 25, 2007.

Freeman: The next question will come from the audience: Michelle Rasmussen, one of the leaders of our Danish organization.

LaRouche: A Great Dane.

Q: Your associates in Europe, in the Schiller Institute, are organizing a conference on Sept. 15th and 16th on the subject of getting a Bering Strait connection built. And we in the Schiller Institute in Denmark have been proposing, that Denmark lead Europe in building the first commercial maglev line. These proposals have really sparked the imagination of the population and of some of the political institutions, some of the press. And the only real significant opposition so far has been people who say, "Well, it costs too much money!"

You addressed some of this in your speech, but I just wanted to ask you, how you respond to those people. And what more can you say about the importance of the Bering Strait Project, to help inspire people to participate in the conference?

LaRouche: See, the problem with most economists, especially accountants, is they think like monkeys. And therefore, they don't know how to do these things, because they think like monkeys.

Now, human beings are not monkeys. Some people fool us and pretend to be, quite successfully, but people are not monkeys. Now, the difference is, human beings change the productive powers of mankind, through the assimilation and generation of discoveries of principle, and the discoveries of applications of those principles. That's the difference between a human being and a slave. A slave is not allowed to invent anything. A slave is told to do as they're told. And most people in society today, in the United States, are slaves. They're told not to think—and they do that very well. They don't think.

So therefore, the key thing here is, economics is based on a principle which is unknown to virtually every professional economist in the United States. That principle is the human mind, the creative powers of the human mind. Those of us who are old enough to remember the time that we were actually productive; in all kinds of jobs, you would have factories that would have production suggestion boxes. Now, they were not junk; a typical suggestion for a company that had some high technology in it, would be something that would have been crafted over a period of probably some months, by one person or a number of persons who were employees in that plant. And they would work out a plan, a detailed plan for a device or a tactic or something; they would work it out in great detail, with essentially the equivalent of scientific precision, or a machine-tool like precision. They'd work it through, and it wasn't—you know, "Give a Kleenex to the something or other," but something really serious of that type which would affect production.

In World War II production, under those kinds of conditions, even in the postwar period, you would have this kind of re-lofting of an aircraft. For example, Grumman at one point, in the immediate postwar period, was making innovations in its aircraft. And they made the mistake of having this pile-up of revisions. At first, they would say, "Well, let's make each revision in order." That is, they would take revision #1, revision #2, revision #3, and the problem was that when they put these series of revisions through, they were cutting holes in all kinds of things, in making these different kinds of attachments and arrangements. So, they realized they had to re-loft the whole thing from the end result, rather than trying to do it step by step. And what we would have, is you would have people who would make these kinds of suggestions in these kinds of industries, who actually would go through that process and say, "This is the mistake we're making. Here's how we have to do it," and that kind of re-lofting idea would come out of that sort of thing.

So, you had, in the idea of high-technology production, especially coming out of World War II, where we brought a lot of people into war production and similar things, we had a high premium on innovation. This continued in the so-called Cold War period, where innovation was important. But as the effect of the right-wing turn into suppressing the mental agility of people in production, they became less and less creative, and a smaller and smaller number of people were working.

We had a convergence, where the launching of the manned Moon landing, actually on the authority of [President] Kennedy, was the last great step we made in net effect in this direction. By the 1970s, we were already destroying that power of innovation in the population, and people were becoming less and less creative, and what's called "innovation" today, tends toward crap more often than it is something useful.

So, that's the problem. But we have the ability, if we organize properly, to stimulate this creative power in people. Look, we're doing it in the Basement out there, in a sense, in getting people to go through a certain sequence of their own self-development.* What's important is not getting the result which they produce for somebody else to look at. What's important is the *self*-development of going through this exercise, of working something out more or less independently, and developing their own mental powers. And that's what's important.

So if I say, we take a mission-oriented approach to management, as opposed to what's called a "management approach" today—and you give people a mission-oriented assignment, with some freedom to express this mission orientation, you will find that the human factor among talented young people, will cause you to generate improvements in the process, which will increase constantly, the effective, productive powers of labor. That, what you do in planning the economy, planning programs in the economy, is you play on that factor: of inspiring people to become creative in a true sense, not creative in some kind of "how to make a better paper clip," but really—and you get that creative factor; if you have a high science content in your drive, that sort of thing. You know, the farmers, for example, in the 1950s, the farmers in the United States, were coming out of the World war II experience, and you had young farmers going to agricultural institutions, and they were becoming

agricultural scientists, agronomists. And they were making innovations in crop design and in methods of production, faster than the Agriculture Department or anybody else could keep up with them. This was killed in the 1970s, this impetus. This is the same thing, in the history of war production during World War II and immediately after, the same thing that I referred to before.

So therefore, if you plan development properly, if you plan it from an economic standpoint, to activate the human factor, of human creativity, in this way, in productive efficiency, then this is the source of the gain which is the net physical gain in productive output that you get by an investment. It comes from the human mind. The activation of the creative powers of the individual human mind, those innovations are the margin, by which the increase in the productive powers of labor is generated. And the key thing to successful economy is to organize an economy around that kind of motivation and method. And we know that you can take a 3 to 5% average gain in productive powers of labor in society, by simply approaching things with that kind of understanding. It's automatic.

That's why we insist that the rate of interest on loans for production should be less than 2%. Because at less than 2%, we can create a significant margin of gain in productive powers of labor, so that we can easily afford the 1 to 2% interest rate on the loans, if it's not compounded.

So, that's the way it works. And we know that works, we know how that works (at least some of us do), and therefore, when you plan how the economy should go, that's the way you do it. You look at these kinds of factors, you know how you can get the gain, and you're getting the gain by what the innovation factor is that you're getting from the people who are doing the job. *It is the productive powers of labor*, not the shrewdness of management! It's not money that earns profit: It's people that create it.

The webcast in full can be seen at:

<http://larouchepac.com/media/2007/07/23/webcast-party-leaders-are-faking.html>

or read on:

<http://larouchepac.com/news/2007/07/26/party-leaders-are-faking-webcast-transcript.html>