

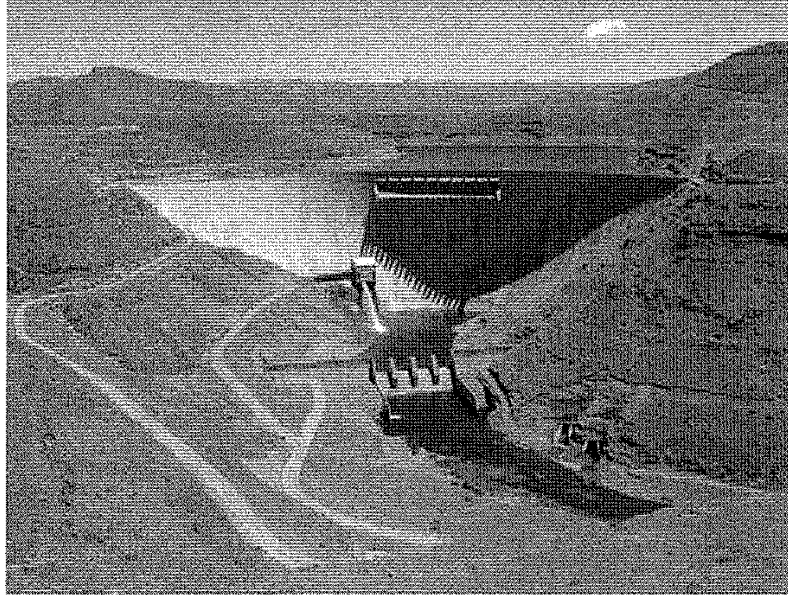
India's a perfect example: India's a nation which has, like Australia, a fairly large portion of the world's available thorium resources. Therefore, if we wish to save the population along the coasts of southern India, from this kind of threat there, we have to charge up thorium reactors—and the Indians are prepared to produce these reactors—charge them up, and use these as a way of *increasing* the potential productivity of a population, which does not have, inherently, present skills needed by the population of that nation, for the 63% of the lower-income brackets of that nation.

So it has a right—that nation has a right, other nations have a right, to have the thorium cycle, as well as the uranium cycle, fully utilized, like fourth-generation nuclear reactors, utilized to ensure that we're able to deal with such a simple thing as the fresh water resources which humanity requires.

So, we have to junk all this anti-nuclear nonsense. We have to go to higher-technology. There are some people who think you can count energy in calories—you're an idiot! You don't measure energy, you measure power! And it's the energy flux-density cross-section of the power source, which determines the potential productivity of that application of energy to production. Therefore, we have to go to *high-density nuclear power sources*, if we're going to develop the kind of sources required to take a population, now, of over six and a half billion people, rising towards seven, and even to provide the freshwater and other elements required to sustain these populations of the world.

If you're not willing to take on the world, you're creating a situation of warfare and conflict: Therefore, you have to act in the *common interest of mankind*, but through assembling the independent *sovereign nations* of mankind, in their common interest, in the same sense that the 1648 Peace of Westphalia got Europe out of over a century of religious warfare. We have to come to an understanding.

Therefore, for example, in this case alone, we have to take Russia, which is a Eurasian nation; that is, it has



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Get the British out of Africa, LaRouche demanded. We must assist the nations of Africa to develop infrastructure, to vastly improve the condition of life for their people. Shown: The Katse Dam in Lesotho.

a combination of European history, and an Asian cultural component, which is largely dominant in the northern part of the Eurasian continent. We take China, with 1.4 billion people, estimated, as its current population, which is now threatened with a crisis beyond your imagination, unless we fix it. We take India, which is 1.1 billion people.

Get the British Out of Africa!

We take the other, relatively smaller, but largely populated nations of Asia. Then you look at Africa: We get the British out of Africa! The British are perpetrating *genocide* in Africa!—they and their accomplices. *Get them out of Africa!* Give Africa back to the Africans. Repeal decisions made by the United States in the middle of the 1970s. Restore Africa to its right, as a collection of sovereign states. Which means we must assist them, assist them in developing the infrastructure which is needed, to take a population in Africa, which is largely unskilled, in a modern sense, and to utilize infrastructure and other features, to increase the productive powers of labor effectively, per capita and per square kilometer.

Africa has a great agriculture potential; but disease and other factors destroy that. The lack of infrastructure

means that the utilization of improvements needed to realize that, are not there. Africa has large sources of natural resources: Enable Africa to use its territory, its agriculture potential, and its related resources, to become a positive factor in world economy. The world needs it!

Africa is one of the major sources of raw materials required for humanity; as is South America; as is Asia, particularly in northern Russia. These resources must be mobilized, through high technology, to, in many cases, take populations which are poor, poor in skills, but committed to productivity, and by use of infrastructural features, such as mass transportation systems, especially magnetic levitation, by high-density power sources, by large-scale water management, and so forth, and use these as factors to increase the effective productivity of people, who in their present conditions, are not too productive. And that's the way we can solve the problem.

This means, again, as was often said, during the earlier times, earlier decades: We speak of the "common aims of mankind." We think as Roosevelt did, Franklin Roosevelt, about building a world *free* of empire, a world of sovereign nation-states, which are united in common cause, by the Westphalian principle. And build a world of *no empires*, but a world of sovereign nation-states. And bring forth our greatest resources: And those resources are cultural resources, the resources of people who came from Europe, into North America, to create a nation free of the worst political diseases and social diseases of Europe!

And we succeeded to a large degree. We were corrupted by European influences, but at the same time, we represented the kind of nation-state which does not exist in any other part of the world. We've betrayed that in large degree; we must return to that.

And as I say, specifically, we must, beginning on Monday-Tuesday, we must hope that the President of the United States will emerge as committed to the kind of perspective I've indicated here, and will reach out to nations, in particular, such as Russia, China, and India;



FDR Library

President Franklin Roosevelt intended to build a world free of empire; a world dedicated to the "common aims of mankind." Here, FDR, campaigning for the Presidency in 1932, meets a miner in West Virginia.

China and Russia have immediate crisis problems. India has a longer-term crisis problem, of one kind, but also threats of instability, coming out of Southwest Asia today.

We must bring these nations together, representing a great part of the world population, and use that unity of cooperation—of *Westphalian* cooperation—among these four powers, and others, *to break the power of empire, which we must destroy*, if we're going to finish off this financial system which is killing us, now.

We have to change our ways in that sense. We have to have a President who has the courage, and that President must be defended, and supported, as if he were Franklin Roosevelt. We have to go back to what Roosevelt had intended, before he died: We have to rip up the corruption, which Harry Truman and others introduced—to betray us, and to betray our great mission!—which we had going into World War II, and get back to fulfilling that obligation, now.

We Have To Change Our Ways

That means, we've got to change the way we talk about economics: We've got to stop talking about money, as such, and realize that money is merely a means of exchange. We must regulate it; we must regulate banking. We must go back to the kind of banking we had under Glass-Steagall. We must get back to that! We must separate the banking, in which *you* put your money, if you have it, for deposit, which the local com-



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The area around Washington, D.C., like every urban area, is choked with auto and truck traffic; commuting takes hours out of normal life, each day. It's time to turn to efficient mass transit. Shown left: The Washington, D.C. metro; right: traffic gridlock outside the city.



munity depends upon for its lending practice and so forth: We must put this section of banking back into business! As *chartered banking*, under the kinds of protectionism which Roosevelt, for example, exemplified. We must take the other part of banking, the high-risk part, *separate it*, look at the garbage, and put the garbage through cancellation. Financial derivatives don't contribute anything to a world economy! It's gambling debts, and the policy of the U.S. government is, "We don't pay gambling debts. If you lost, you lost. You gambled, and you lost."

But we must protect those banks, those state and local banks, which are chartered banks, which are banks of deposit, which are the reference point for investment. We must provide the credit, generated by a *Federal credit system*, to ensure that those banks which are now mostly bankrupt as a result of recent policies—especially the policies of the U.S. Congress!—under George W. Bush, since the Summer of 2007: Those banks have been bankrupted. But we must save the *chartered bank element* within those banks! Restore it! We must *freeze* claims of other kinds, and probably cancel them, because they're simply gambling debts, and we are not

obliged, as a nation, to pay other people's gambling debts. Let them go bankrupt.

We then, in turn, having cancelled these claims against the economy, must create a new flow of credit, *under our Constitution*. And that flow of credit must ensure that the local chartered bank, and the local national bank, are able to perform their traditional function, in cooperation with government, for creating a system of long-term credit, to generate the rebuilding of our economy: agriculture, industry, infrastructure.

We have a population which has largely lost skills. People who have not worked at skilled labor, over the past 40 years nearly, certainly are not very productive. They know how to push a pencil, they know how to play with a computer, and play with other things: But they don't know how to produce, in the way we used to produce. Therefore, we have a largely unskilled population, with a shrunken section of the machine-tool-sector skills, and we have to amplify the productivity of an *unskilled* population—which is what most of our

population is, in terms production—we have to amplify their productivity by increasing the infrastructure which affects productivity. We must *increase*, we must concentrate on *high-energy-flux-density power sources*, which means nuclear power largely!

We must go to mass transportation—forget the automobile as a mass transit unit! Automobiles are for local transportation. High-speed rail and similar kinds of transport are the way to go. We overuse air travel, for relatively short-term travel. Air travel is strictly for long-term. We can produce, now, we can produce systems of over 300 miles an hour. Efficient systems for mass transportation. We're using too much aircraft travel. We're using too many cars on the street. Too many cars on the highway. We should have efficient mass-transit systems of various kinds, where people can be transported.

For example, I've spoken of this before: You have, outside of Washington, you have an area around Washington, D.C.—it's a market area. You look at it as a market area, it's an area from which people come as far as two and a half to three hours each way commuting, into the Washington area, or that approach. Now, just think of what that means: Suppose we're talking about three hours; that's six hours a day, five days a week. Now what does that mean? If you're taking a person who's working eight hours a day, and not being paid for lunch-time and things like that, and now has five to six hours a day spent on commuting time, what kind of a family life do they have? What kind of a society do you have?

We need efficient, high-speed mass-transit systems. We need to go back to much more distribution of production away from a few large centers of mass industry, into regional development; smaller industries, more emphasis on closely held corporations, on smaller, high-tech corporations in industries. We need to rebuild the idea of a community, where you can walk to work in a quarter-hour or half an hour each way, at most, each day, which is what we used to have, years ago. That's the way we were organized. And leave these extra hours we're now wasting, sitting in a useless car, smelling up the gas fumes from the other guy's pipe, and getting sick, and having no family life, and leaving children, if you have any, at home, without much cultural backing and development. We're crazy!

A Mission Orientation

So, we have to go now, to a shift toward long-term investment, in high-technology, mass-transit systems,

power systems, water systems—remember the time you could safely take a drink of water from a faucet? In an average home? In an average community? Can you do that now?

We have to reverse those trends which have led us to that effect. We have to go into long-term investment; we're talking about 25-year investment for industries; we're talking about, for power systems and things like that, you're talking about 50-year investments. For larger systems, you're talking about 100-year investments. We in the United States, and other nations must cooperate with our credit systems, to assure that the technology is mobilized, and that the credit is created, low-cost credit is created to fund these changes, for the better—back, for the case of the United States, to what we used to think, back while Kennedy was still alive, President Kennedy; and back to those standards which most of us accepted in this country, then. And that's all we have to do, is go back to the kind of mentality which built the space program. Which we can't do any more! When did we last put a man on the Moon? We lost the capability to do that.

We have to invest again, with a mission-orientation, which is multi-generational: 25, 50, 100 years. And we have to mobilize the credit, at low interest rate, and commit to improvements in technology, to do that. We have to enter into cooperation, with nations such as China, Russia, and India, and other nations, as a bloc, to create the kind of world that Franklin Roosevelt envisaged before he died: To rebuild a world, free of imperialism, and he meant British imperialism—free of imperialism, which is what our destiny was, and commitment was, among many of us, going into what became known as World War II. We have to think that way. And we have to have leaders who will think that way, and will talk that way. We need above all, a President, who will think that way.

Thank you.

Dialogue

Freeman: This is a question from the [Obama] Transition on the question of jobs and infrastructure, and this one is likely to cause some excitement. The questioner says: "Mr. LaRouche, one of the biggest problems you're going to face as you try to rescue this economy, will be finding enough job-creation projects that can be started quickly. Traditional WPA-type pro-

grams, spending on roads, government buildings like schools, ports, and other kinds of hard infrastructure are without question our most effective tool for creating employment and for creating wealth. But, America probably has less than \$150 billion worth of such projects that are 'shovel ready' right now. And what I mean by that, is projects that we could actually start in six months or less.

"So, one of the things we are faced with is, we have to be creative. We have to find lots of other ways to push funds into this economy. Yes, as much as possible, we want to spend on things of lasting value, things like roads and bridges; they make us a richer and a better nation. But there are other things that we are looking at: upgrading the infrastructure behind the Internet; upgrading the electrical grid from the standpoint of computerization; improving information technology in the health-care sector, which is a crucial part of any health-care reform; as well as providing aid to state and local governments to prevent them from cutting investment spending at precisely the wrong moment.

"It seems to us that as we do this, all of this spending will do double duty. It serves the future, but it also helps the present by providing jobs and income to offset the slump. Obviously, some of the jobs that we're referring to, are in areas that are not traditionally defined as hard infrastructure, but they are, nevertheless, necessary and beneficial. In the past, you seem to have been very skeptical about the benefit of job creation in this area. Would you please comment on this?"

Get Serious: We Need Nuclear Power!

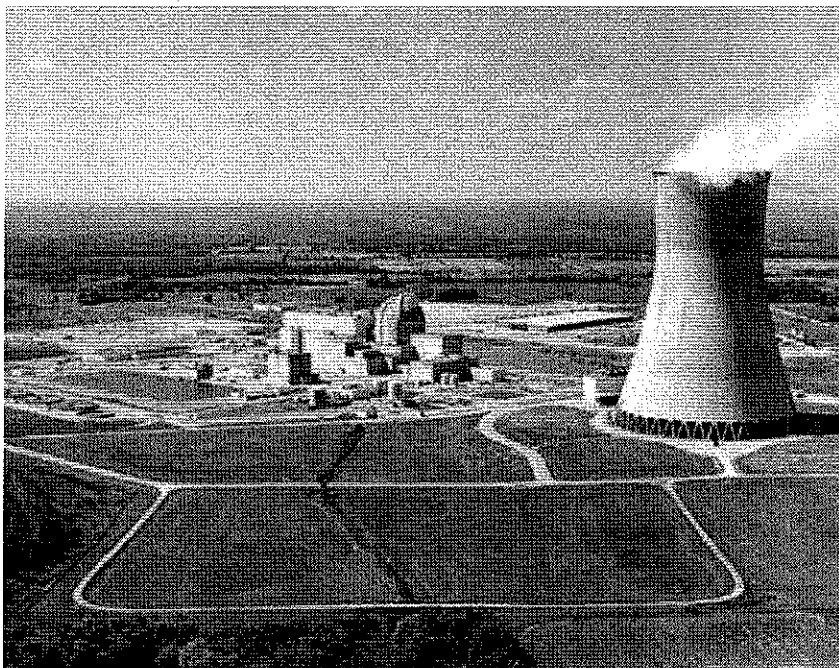
LaRouche: The problem is, when you start talking about these concerns in monetary terms, rather than physical scientific terms, you come up with mistakes, serious mistakes. The kind of jobs I have deprecated in the past are worthless jobs. They create nothing, no net benefit to the economy in terms of growth. Now, if you want to get serious, then get serious. How many fourth-generation nuclear power plants are you willing to commit yourself to build? Now, you're going to do that by obvious methods of the type we used for production in World War II. Fourth-generation nuclear is it. If you're going to use a lower energy-flux-density source of power, cut it out; you're wasting your time, you're babbling. The so-called "green" sources of power—crap! Solar energy as power—crap! You want to benefit from solar energy? Give it to the plants!

I mean, how idiotic people are, who accept this "green revolution" nonsense. Take chlorophyll: Now, to describe it in simplistic terms, what does chlorophyll do? Chlorophyll is a molecule, which looks like a polliwog. It has a long tail, which is really a kind of antenna, and it has a head with a magnesium atom in the center of this head. Now what this thing does is, it takes sunlight—solar radiation—which is captured by tuning by this tail, and it's not actually an individual molecule, but it's a plaque of a whole group of these things, working together. It's not sexual, but they work together. And what happens is, this power comes in at a low energy flux-density, because when the sunlight hits the surface of the Earth is it's poor crap. You get a sunburn out of it, you can get sick, you can destroy the environment and create deserts, but it's lousy.

If you want anything good out of sunlight, *grow a green plant*. If you want to have a good effect, it's good to have grown grasses, it's good to have bushes—not George Bushes, but real bushes. It's very good to have advanced forms of tree life, because what happens is, when the green of the chlorophyll transforms the solar power, which is captured by the antenna and transforms it to an increase in energy flux-density; the equivalent of a higher temperature. It is this increase in energy flux-density which results in the normal process of cooling the environment, providing the conditions of life for growing vegetables and animal life, and so forth.

So, therefore, your measure of performance is not calories! Calories are things you wear, especially when you've gotten very fat. What you want is, you want higher energy flux-density. You want to go to a higher order of organization of living things. With solar energy, you produce deserts. With green, with trees, through chlorophyll, which transforms sunlight from a low energy flux-density, to a higher energy flux-density, the whole life cycle of the planet is generated.

Now, the problem is, that most of this so-called stuff that I have deprecated, I've deprecated for that reason. Do you want a desert? Then create a nation covered with solar reflectors. You will produce a desert. You will starve people to death. Stop this solar collector nonsense; it's insane! *There are no green alternatives to nuclear power*. None! If you don't want nuclear power, then get out and commit suicide now. Get it over with! You want to kill your neighbor? Kill nuclear power. It's the best way to do it; you don't even have to get your hands dirty. That's all it takes.



"If you don't want nuclear power, then get out and commit suicide now," said LaRouche. "Get it over with! You want to kill your neighbor? Kill nuclear power. It's the best way to do it; you don't even have to get your hands dirty." Shown: The Callaway Nuclear Power Plant in Missouri.

The Science of Creativity

So the point is, is, it's the issue of creativity. And the problem with most economists and most economic institutions, they don't know what creativity is. They've never understood the science of creativity, from a physical science standpoint. And therefore, the secret of power, is called energy flux-density. The equivalent of higher temperatures. And you're talking about thousands of times greater power in nuclear power than in any other form of power, such as petroleum or natural gas, and so forth. And that's what you need.

Now, if you are increasing the productive powers of labor in this way, that's the way to go. And if you want to get this effect, give me the auto industry. Let me reorganize it. Let's produce a national rail maglev system. Get people off the highways and move them more efficiently. Cut out these short-haul flights, which are a waste of time, and dangerous. Build nuclear power plants, lots of them! And see how soon you've made a capital investment which will transform this economy. Think of ways of increasing green, and we have knowledge of how to do that. Improve the environment, improve water systems—desalination—improve water systems. Take the Western Desert, these large projects,

take the American Desert in the West, and save it; as in northern Mexico, too. You're going to change the environment, you're going to increase the productive powers of labor, the output per capita.

And it's *creativity* which is specific to human beings, as opposed to monkeys. How do you think a human being, who looks like a gorilla, or looks like a chimpanzee, and sometimes acts like one—how do you get a population in a few million individuals, in the case of these higher anthropoids, and how do you get a human population of six and a half billion people? Through *creativity*. The creative powers of the human mind—which most economists don't admit to exist—these applied to development of society, increase the power of man per capita, per square kilometer, as expressed in growing things and these other things. All of this involves scientific and related

progress, and it's capital intensity, in terms of science intensity, which is the secret of productivity.

If you want to get people occupied, and assume that they do some good, because you employed them, that's nonsense. You have to think in terms of creativity. And you're going to find all these civilizations in the world, which were against technological and scientific progress, and look at them: We call them the undeveloped people, undeveloped nations, undeveloped territories. The advantage of European civilization, and particularly in its development since Westphalia, has been that, when we didn't have wars caused by the British Empire and similar things, human civilization—the power and quality of life of the human individual—has increased more greatly than ever before in all human existence. And every problem we've had has been something that distracted from that objective, or suppressing it.

And there's nothing more deadly, anything to humanity than this green anti-nuclear, etc. technology. This is the most inhuman thing currently existing on the planet. Because it's the thing that stands in the way of the kind of investments we need and we could make, which would save humanity from the terrible crisis it faces today.

LaRouche's Jan. 22 Webcast: 'The Issue Is Bankruptcy'

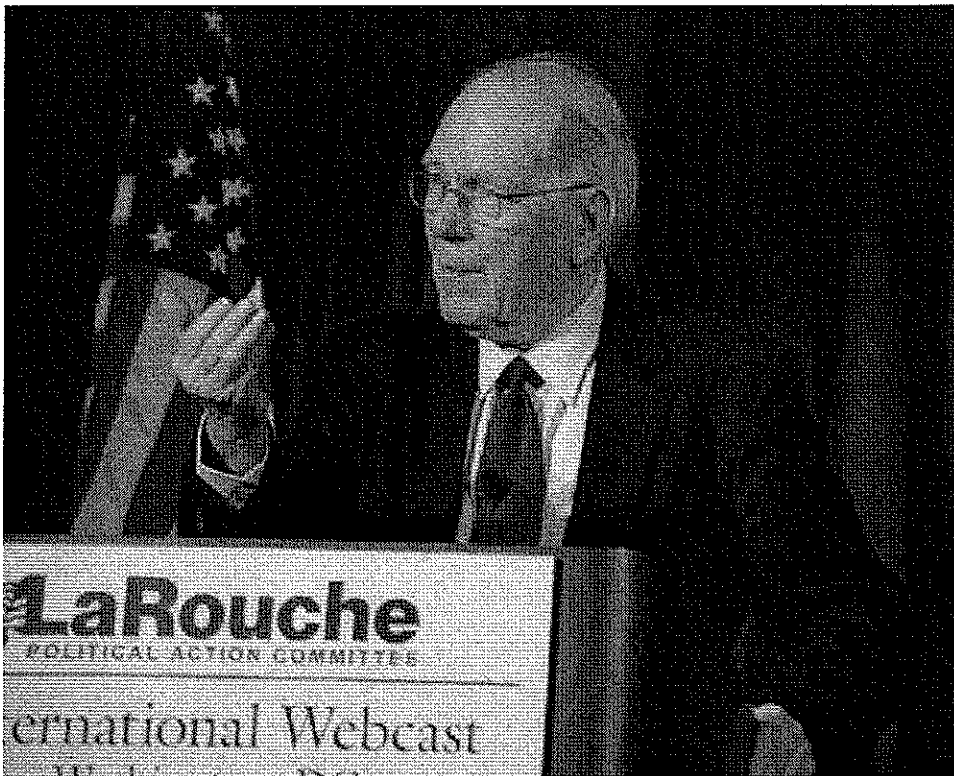
Lyndon LaRouche gave a webcast address to an audience in Washington, D.C., and internationally, over the Internet, on Jan. 22, just two days after the inauguration of President Barack Obama. Here is an edited transcript of his opening remarks, and the two-hour discussion that followed. The event was moderated by LaRouche's spokeswoman Debra Freeman.

Debra Freeman: Good afternoon, ladies and gentlemen. On behalf of LaRouche PAC, I'd like to welcome all of you on this bright, sunny day in Washington, to today's seminar and webcast.

As you know, this webcast is being broadcast internationally, in capitals around the world, as citizens everywhere, both inside and outside the United States, share in the sentiment that, in the words of one very wise man: "We might be out of the Bushes, but we are very far from being out of the woods."

There are many things that we will address in the course of today's proceedings, and much discussion that we can have. But given the urgency of the international crisis, given the urgency of the domestic crisis, what I would like to do, really without any further discussion or introduction, is to present to you, Mr. Lyndon LaRouche.

Lyndon LaRouche: Thank you. I shall devote the presentation preceding the question-and-answer discussion period, to the most crucial issue facing the United States government now, and the world as a whole. And the issue is: bankruptcy. The fact of the matter is, that the United States is bankrupt. The U.S. system is bankrupt. The U.S. government is bankrupt.



Lyndon H. LaRouche, Jr. addresses the Washington webcast on Jan. 22, 2009. "The U.S. system is bankrupt. The U.S. government is bankrupt. And every part of the world is also bankrupt." Accordingly, LaRouche gives "essential ground rules" for how to assure the success of the Obama Administration in dealing with the emergency.

EIRNS/Stuart Lewis

And every part of the world is also bankrupt.

Not only does this state of bankruptcy exist, but the moment at which the decisions have to be made to bring this problem under control is *now*. That's why the priority.

The other aspect of this thing, is that very few people, including the present administration of the United States, the current President's administration, know how to deal with this problem. And therefore, that's the hole that has to be filled, immediately. And therefore, I shall indicate some of the essential ground rules under which the emergency policy of the United States must be crafted to assure the success of the Obama Administration, and in the process, to ensure, that nations such as China, Russia, and others around the world, do not tumble into a collapse in the meantime.

Before a Dark Age Closes In...

We are on the verge, not of a simple bankruptcy, but of a general chain-reaction collapse, globally, comparable in form to the breakdown crisis in the middle of the 14th Century, the so-called New Dark Age. Only this time, the threatened dark age, while immediate, is

not merely in Europe: It is worldwide. There is no part of the world which could escape a dark age, *unless*, the United States itself, the United States government, takes the actions now, under the leadership of its President, which put the world through bankruptcy organization before a dark age closes in.

China is ready for chaos. India is somewhat behind that, in time schedule. But a general collapse of the planet will hit India, too. Russia is on the verge of general bankruptcy. Every part of Europe, including the British Empire—thank God—is on the verge of bankruptcy. And the time has come, therefore, to understand what to do.

Most of the proposals which I hear from around the U.S. government itself, that is, from influential circles around government, as well as those who are coming into government, is that they really don't understand the problem. They understand many aspects of the problem, but they don't understand the problem, and therefore, their tendency would be to make a mistake.

Now one of the big mistakes is this: We have a President, who's just been elected and installed, inaugurated. He must act, now, because he's at the high point of his ability to act. If he postpones these questions, or

tries to approach them gradually, certain evil things can take over, and remove from his hands the ability to take the kind of action which he might be able to pull off now. If he's not able to pull it off, if he doesn't get the support to pull it off, then we're all in trouble, and the world as a whole is in trouble. But if he takes the right action, takes it promptly, and proceeds with resolution, as I think he would, then we can make it, as a planet. And what the United States does in that direction, is crucial and will be decisive.

First of all, the policy has to be, to put the United States system into bankruptcy reorganization. Don't fool around with this reform, that reform, this adjustment, that adjustment—forget it! Put it through bankruptcy reorganization *now!* That means, put the Federal Reserve System into bankruptcy reorganization: That's one of the first necessary steps. Put the Federal Reserve System into bankruptcy reorganization. And it deserves that, after what it did under Alan Greenspan, and what this poor schnook, who now is in his place, is doing or not doing. The system is bankrupt.

What has happened recently, under the Bush Administration—and under the Congress! Remember, the leadership of the Congress is the place that made this a real chaos: Back on July 25th of 2007, when I forecast a general collapse of the system, as coming on immediately, we still had room to get out of this mess, without too much drastic action. That is now no longer possible. Due to what happened in the Congress, including when poor Barney Frank, who is the scapegoat of the century—I think he wanted some success, and he's made it, as "Scapegoat of the Century." Everything that was done in terms of dealing with this crisis, was wrong. What was bad was made worse. We bankrupted ourselves with this bailout policy. The bailout policy was, in my view, unconstitutional and illegal, and warrants impeachment actions against those who are responsible for initiating it, and misleading and panicking the population into getting their representatives to vote for it. This was a crime against humanity. There should have been no bailout.

What's the alternative? The banks are bankrupt! Financial houses are bankrupt—so what? If you engage in gambling and you incur a gambling loss, you're supposed to eat it! You don't get to go to the government to get a bailout. You don't get a second life. Where else—? I mean, a guy says, "I got good news for you, Mother—I'm bankrupt." "Why's that good news?" she says. "Because the government's going to bail me out." What

kind of law is that? It's going to take away the pensions of our widows and orphans and so forth, and that's going to bail us out. No!

That's immoral, it's unconstitutional, it's insane.

No Bailout!

So therefore, what we have to do, is immediately, put the entire system through bankruptcy reorganization. The best way to do it, is to act on the Federal Reserve System, because we created the Federal Reserve System, and we want to keep a separation, as Hamilton laid it out, between the functions of the Treasury Department and those of banking. Our affection is devoted to state and local chartered banks, under bank rules which we had with Glass-Steagall. That's the way it should be.

Now, what's happened is, in this corrupt mess, which the Congress has created—remember, the majority of the Congress is responsible for this! They did it! So don't say, the Congress says, "Mr. President, you trust us"! The President can not trust the Congress, after what they did. They voted for this swindle! You're going to trust them? It's immoral! They voted for it!

No, the President has to take the leadership, as the Chief Executive and leader of the nation, in the action, from the Presidency, which must *demand support* from the Congress, with the support of the people, and ram through an immediate reform: a reform of the U.S. Federal Reserve System, among other things.

What we have to do, is, we have to protect legitimate claims in the banking system, the legitimate functions of the banking system, and forget the illegitimate functions. Cast them aside: Cancel all bailouts! Cancel! No bailout! The only thing you do, is you put the Federal Reserve System through bankruptcy, and by putting it through bankruptcy, you put it under *bankruptcy protection*—not bailout, bankruptcy protection.

Then: You conduct an assessment of the situation of the bank, like a bank holiday procedure. Those elements which correspond to legitimate functions of chartered banking, will be protected. Those functions which are, because of the repeal of Glass-Steagall, included in this, will be cancelled. They will be simply put into a freeze, through assessment. Because we must save the chartered banking system, which is, in a sense, with its history, a constitutional feature of our system. National chartered banks and state chartered banks of the type which take deposits, and make reasonable, secure investments on behalf of those deposits, which are en-

trusted with money passed through the Federal government, through the creation of a currency, under the authorization of Congress, will go through that.

We have to, then, rebuild the U.S. economy.

A Hamiltonian National Bank

Now, for example, take a point: We have a fraudulent measure, now in force, in what is, and what is not valuable. The economy is *not* productive, now. We're in a collapsing economy, in general; it's true also in Europe; it's in the world at large. We have to force investment into areas which are productive.

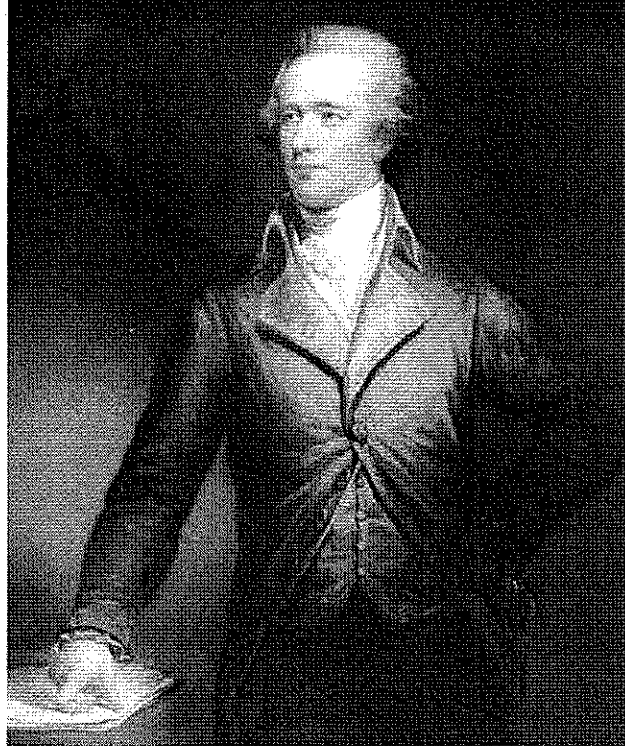
Now, Greenspan's standards of productivity are fraudulent. Forget Greenspan's standards. We're talking about *physical* standards. We're talking about standards of performance in production, in productive values, per capita per square kilometer. We're talking about health care, we're talking pensions, we're talking about production as such, physical production; essential services, health-care services, this kind of thing. And those things have to be protected and promoted. We are now operating, in point of fact, as a nation, we're operating below breakeven, in physical terms.

We're a bankrupt nation: We need bankruptcy protection. We go to our Federal government for bankruptcy protection. We put the banking system under *protection in bankruptcy*; we put the Federal Reserve system into bankruptcy. We take, and proceed to enact, a national banking act where we put all the essential functions of banking under protection of a national banking act system: a Hamiltonian National Bank. We use the National Bank as an instrument of credit, which *absorbs* the Federal Reserve System. Because the Federal Reserve System is bankrupt! And it needs bankruptcy protection. We put it in bankruptcy protection under the creation of a national banking act, a Hamiltonian National Bank.

Then we take national credit. We take what is worthless, and we *call* it worthless; we classify it as worthless, as in bankruptcy. We put it out of its misery. And banks which are bankrupt, but which are useful in their function as chartered banks, we'll keep their doors open, we'll maintain their functions, and we will generate *Federal credit, as a source of lending power, to get the economy moving again*. We will build agriculture, we will build infrastructure—especially infrastructure.

Now, the other problem we have here, in trying to solve this problem, is the fact that over the past period,

Alexander Hamilton, in his "Report on a National Bank" (1790), argued that his Bank would mean that "by contributing to enlarge the mass of industrious and commercial enterprise, banks become nurseries of national wealth." As such, he noted later, "such a Bank is not a mere matter of private property, but a political machine of the greatest importance to the State."



especially since 1968; since 1968, the United States has been functioning at a loss in terms of basic economic infrastructure. That was the year where—well, let me explain this: Because, again, you're dealing with an area of economics, which most economists know nothing about. That's why they call them economists, I guess.

The modern economy is based in its progress on two things: It's based on technological progress, scientific and technological progress, number one. Because, if you don't increase the productivity of a population, per capita and per square kilometer, the human population uses up some of its resources and becomes poorer and poorer and poorer! And therefore, you have to compensate for this, with large-scale investments in scientific and technological discoveries and progress, in order to

increase the productive powers of labor, per capita and per square kilometer, in the total territory.

This requires scientific progress. As you go to scientific progress, you're going to capital intensity: that is, you make investments in machine tools, and scientific technologies, in agricultural improvements, and so forth—that sort of thing—which have a life, a useful life where you use these investments up by wear and tear. And these periods range from a period of a few years, in terms of relatively short-term investment, to up to, in industry, about a quarter-century; in terms of basic economic infrastructure, you're going up to a half-century; when you go to some major things, like total national water systems, water-management systems, you're talking about a century investment.

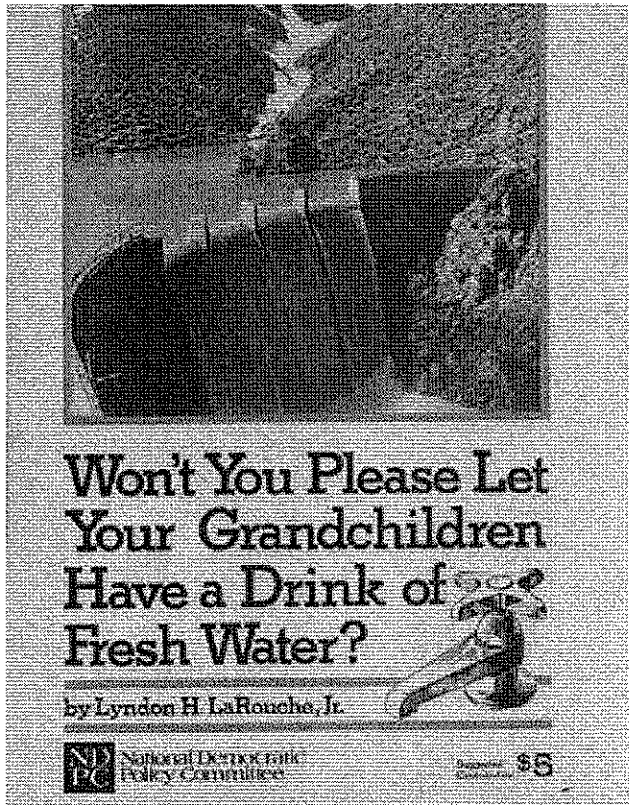
We Have Become Poorer

So therefore, you have to look at an economy, in terms of the rate of growth of its unused-up part of investment in this sort, capital investment. And you have to promote more of that, but you have to also take account of the fact that you're *wearing out* some of your investment, as in mass transit systems, as in power systems, as in water management systems.

For example: *Where* could you, if you were alive then, and could get a drink of water, from a faucet, safely, in where you lived—say, back 40 years ago; in how many of locations would you dare drink water from a faucet, today? And similar facilities?

What happened to your health care? What happen to your ability to get health care before, and now? We have used up our investment in infrastructure. We used up our capital investment in these kinds of improvements. And since 1967-68, fiscal year '67-'68, the United States has been operating on a *negative* rate of growth of investment and useful basic economic infrastructure. We have become poorer, and poorer, and poorer. Our productivity has collapsed! Because we counted relatively useless services, which were largely make-work, to give people some kind of fake employment to keep them busy, instead of giving them productive employment, where they're producing something of physical value, or some service, which is of especially human value.

So what we have, is, since '67-'68, the date of the arrival of the Baby-Boomers, when the Baby-Boomers were rioting, and becoming disgusting, hmm?—from that period on, the United States' economy, per capita and per square kilometer, *has been degenerating!* Now,



NDPC
This LaRouche movement pamphlet in 1982 already focussed on the infrastructure crisis in water management that was well underway.

what we've done, is we've made up a lot of so-called services and other forms of employment, alternative employment, and ways of keeping people alive, which are *not* productive! They do *not* contribute to the increase of the production of physical wealth, per capita and per square kilometer! So we've been investing in things we should not have invested in, and we have been failing to maintain the level of productivity in things that we do need.

Therefore, look at prices: Go back and take the cost of a typical wage, the weekly wage of a typical person, not some guy who flew out with a golden parachute, but a typical working person, in society. Look at the purchasing power, as measured in dollars, and measured in physical equivalents, before and now. We have been going through a long range of inflation, in this period. Why? Because we've been robbed. We've been robbed, because other means, other forms of employment, other forms of activity, such as Wall Street gambling, have been used in place of investment in production!

Why Save the Auto Industry?

For example: the auto industry. People say, "We must save the auto industry." Why do you want to save the auto industry? Where are you going? Where's anybody going these days? They're not going to work! We overbuilt the auto industry anyway. It was a fake! We shouldn't have! We should have relied more on mass transportation.

For example: Go back to my young years, even in the post-war period. How many hours did it take you to commute to work in a typical area in the United States? In many communities, it was 15 minutes. In other communities, a half an hour. What are people doing now? In the area of Washington, D.C., you can commute two and half to three hours from parts of this region into work within the region, each way. How much of family life does that involve? That's what we're being put through, through this kind of process.

So, we have *lowered* the productivity, the *actual, physical* productivity, per capita and per square kilometer, of the United States. And we've done similar things in Europe. We have exported our highly productive capabilities in the United States, as outsourcing, to other parts of the world.

We have now created a really interesting problem for China: The Chinese economy is now in a phase of collapse. We ripped up our industries, from the United States and from Europe—we ripped up those industries, and we shipped the production to China, for us. We then go bankrupt, and China, which now depends upon these industries and this production assignment we deployed to *them* over the past nearly 40 years—suddenly that market collapses! And China's going through a grave crisis, as a result of *our* exporting *our* industries, for production, to China as cheap-labor sources. And paying the Chinese prices which are not adequate for them to maintain the development of their economy as a whole, when it would have been more rational, to give China the opportunity to develop its infrastructure, and to develop its industries on the basis of infrastructural development, and thus have a stable situation.

Compare, for example, the case of India. Both countries are countries with a lot of poor people, say 63% of the people in India. But India does not have the crisis that China has, because India is not as dependent upon foreign exports as China is. China's *highly* dependent upon foreign exports. And the collapse of China's export market, which is part of a collapse of the export market of everybody, these days, is now a social crisis

and political crisis for China.

Russia is in the process now of collapse, as a result of similar kinds of bad thinking. Europe as a whole, is bankrupt, and in a state of collapse. And what's the reason for it? It's largely *green*—green thinking. We have stopped producing physical values; we have stopped capital-intensive investment; we have dropped nuclear power. And nuclear power is the *essential* remedy for much of the economic problems we have today.

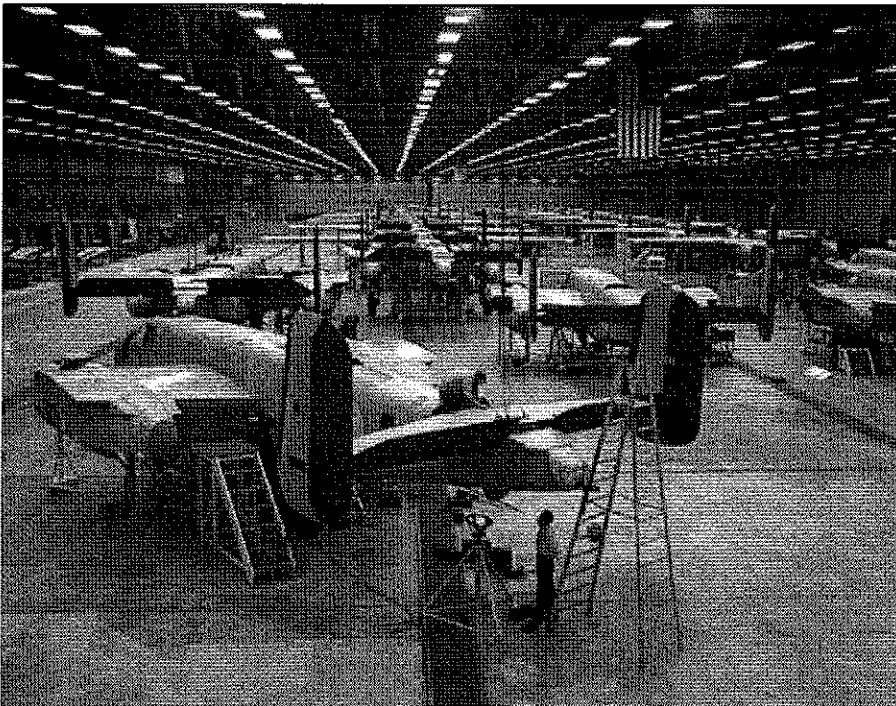
If you try to go with a green policy, and anti-[nuclear] policy, you go with this crazy, lunatic, "free energy" policy—which is the idea of a complete, unscientific, anti-scientific lunatic—the planet's not going to make it! We have to go, *heavily*, to nuclear power. We need to charge up more thorium reaction plants, and more uranium plants, in order to meet the basic power requirements of this planet, and many of the productive requirements as well.

We Did It to Ourselves

So therefore, what we have to do, is we have to recognize that this crisis is not some kind of "spontaneous" market phenomenon, or this and so forth, or what most people have said. We decided to do the wrong thing, especially from 1967-68 on: We decided to shift away, to a green perspective, away from a high-technology, productive perspective and agricultural perspective. As a result of that, we lowered the productivity per capita and per square kilometer of the United States, in physical terms, in terms of physical needs. We did similarly in Europe. We relied on exporting our production at cheap wages to other parts of the world.

So *we* created the cycle! *We* created the collapse. This was not a "market" phenomenon. The market reflected the insanity of the government and many other institutions, in changing the policy away from the policy we associated with Franklin Roosevelt's Presidency, in mobilizing for World War II, into this kind of policy—the "green" policy, the post-industrial society policy, the globalization policy which we have today. And therefore, *we*, in the process of allowing ourselves to *use up* the capital investment, to *use up* the resources for scientific and technological progress in productivity. *We* created the cycle. *We* created the pattern of *using up* the means we had to become as wealthy and powerful as we had been as a nation earlier.

And this cycle of decay—it already began under Truman. Truman was no asset to the United States.



Office of War Information, Alfred T. Palmer

The industrial mobilization for World War II (here, assembly of B-25 bombers in Kansas). Without U.S. logistics and industry, the Allies would have lost the war. We dismantled these capabilities ourselves, moving toward a "post-industrial" and "green" economy.

Truman ruined the United States. But we didn't notice it as much. It was after '67-'68, in that fiscal year, where the net infrastructural investment, physical investment in the United States went onto the negative side. And similar things happened in Europe. And then, after '89, worse happened worldwide.

There was no "business cycle"; there was an insanity cycle, an insanity in terms of policies, in the post-war period, where we should have learned something from the experience of rebuilding under Roosevelt. We turned it in the other direction, and we decided "there's another way to run an economy! People would like it better this way! Or, they would like it this way, better: We didn't like to get our hands dirty, any more. And so, we adopted policy, where we dropped our productivity, we dropped our productive potential. And we've found, we've reached the point where it has run out, and the system is collapsing.

Now, what we have to do, is invest in ourselves. Invest in our commitment to a future. Our commitment to *change* from a counterproductive mode of society, to a productive mode: And that means, government must intervene, and freeze these things, and force investments which will, in the long term, over 25 years or so

forth, rebuild this economy to the kind of relative standard it represented a long time ago.

So we are going to have to create credit, a lot of credit, and the credit's going to be partly in the form of the U.S. dollar.

An Anti-British Empire Coalition

At the same time, we have to do something else: We have an international problem on our hands: In taking steps to prompt the recovery of our system, we have to take a look at the rest of the world. We have to take a lead in doing that.

Now, most of our problem, that we have, comes from the British Empire. The British Empire has been the big influence, the British influence in leading us down the pathway toward this destruction. What

we have to do, is we have to look now, having decided that we're going to solve our own system, reorganize our own system, at the same time, at a partnership with other nations in rebuilding the world system on a cooperative basis. This means we have to go to, say, the big nations, big nations such as China, Russia, and India. These are our natural partners. They're not the only ones—you have Korea, South Korea in particular, you have Japan; you have other countries of Asia, other countries of Europe.

Europe doesn't function right now, because Europe has been destroyed by this European system now operating. And Europe will have to free itself, and get back to a nation-state system, away from this present European common market system, the way it's developed under the British influence.

The main problem we have is the British, and in anything we do, generally, you have to disregard the British in making policy. Let them sit off by themselves, the British Empire, and let it do what it wants to. And treat them as a nation-state, but don't take them into your counsels in making international policy. They've already done too much of that—they made a wreck of us.

So you have to unite the United States, with an *anti-British coalition*, in a sense, an *anti-British Empire coalition*. And the anti-British Empire coalition, since Europe is not ready to do that—that is Western and Central Europe. You go to Russia, you go to India, you go to China. And you then organize a world system of cooperation, to bring the other nations in and to long-term investment in building up the world economy.

And that's the way we have to go. This kind of decision.

A Credit System, Not a Monetary System

Now, one of the real problems, here, is the idea of a monetary system. No sane person should want a monetary system, but Europe has one, and we're a victim of one. What we need to do, is return to a credit system. Now, re-

member what a credit system is in the United States: Under our policy, money can not be uttered in the United States, without the initiative of the President, and without the consent of the Congress. Similarly, no international treaty can be reached, except with the initiative of the President and the consent of the Congress. Therefore, our creation of what we called a "credit system," is based on that consideration.

So what we have to do now, is put the whole system into bankruptcy reorganization, defend the dollar, and create an agreement with Russia, China, India, and other countries participating, for a fixed-exchange-rate system of the type which Roosevelt specified in connection with his Bretton Woods conference in 1944. Not the 1945 procedure, which was a change from Roosevelt's, under Truman.

Because, remember what President Roosevelt's intention was, at the end of the war: Roosevelt's intention was—we had a broken world, a war-torn world. Russia was in a mess; Europe was ruined; England, too, was ruined. Other parts of the world were ruined. Roosevelt's intention was to eliminate the British Empire, to create a system of cooperation under a fixed-exchange-rate system, under which the United States would take



National Archives

At the Bretton Woods conference in July 6, 1944, Lord John Maynard Keynes (shown here) was chairman of the U.K. delegation. President Roosevelt's conception of economics was nothing like that of Keynes, who wrote: "If the Treasury were to fill old bottles with banknotes, bury them at suitable depths in disused coalmines which are then filled up to the surface with town rubbish, and leave it to private enterprise on well-tried principles of *laissez-faire* to dig the notes up again... there need be no more unemployment... It would, indeed, be more sensible to build houses and the like; but if there are political and practical difficulties in the way of this, the above would be better than nothing." (The General Theory of Employment, Interest and Money, 1937)

the vast productive potential which we had mobilized in the form of a military, wartime capability, and take that vast potential, and utilize that to assist two things: One, in eliminating empire, eliminating colonialism; *freeing Africa*, in particular, *freeing China*; *freeing India*; *rebuilding Russia*, *rebuilding Europe*; and to use the vast machine-tool and related capability we had directed for winning the war—and we did win the war. We didn't win the war because our troops were better trained than the Germans. We won the war because we had the logistics to do so, where they did not. And it was American logistics, American mass production of airplanes and everything else: where we had materiel with us when we were serving overseas, we had it *in tons*, where they had it in pounds. And we had that superiority in productive power, to win the war. Without that American productive power, we would have *lost* the war!

Roosevelt's intention, in the post-war period, was to take this productive power, and the policy of developing it, which he had utilized under his leadership, under wartime conditions, and say, "We're now going to use that same power, to rebuild the world; to provide the machine-tool capital goods and things of that sort,

which will feed the world. *We're going to break up the British Empire! We're going to eliminate all empires on this planet!*"

But under Truman, we reversed that process. Truman went with Churchill! The United States tolerated it. The British restored a colony in Indo-China, where we—the OSS included—had freed Indo-China from colonialism. We backed the Dutch, in conducting a war, to reconquer Indonesia! We assisted the British in controlling India, assisted the process of splitting India between Pakistan and India, which has turned out to be quite a mess these days. And similar kinds of things.

So, we allowed the British to continue crimes against humanity in Africa! We, in the 1970s, with Henry Kissinger and others, made it U.S. policy as well as British policy, that the Africans would not increase their population, would not invest, would not have access to use of their own raw materials: Because the British—and the United States, of the 1970s—agreed that the natural resources of Africa “should be preserved for the benefit of future generations, of the English-speaking people”! And that goes on today; what do you think goes on today? If you want to talk about humanity, and you're not going to kick the British out of Africa, you're not serious about humanity.

Then we have the drug problem. The British have been operating on the basis of the international drug traffic since the 1790s. In the 1790s, the British, including some of our Wall Street types, were running the African slave trade into the United States. And then they discovered, in the 1790s, that this was not profitable for their ships. So what did the British do? The British went into the opium trade: And they went to India, and to Turkey, for supplies of opium and other drugs, and they opened up the market in China, for opium and opium products.

And guess what? It's still running today. The Queen of England—not herself, but the institutions—runs the international drug traffic: Take the case of George Soros. George Soros is a British agent. He controls the drug trafficking, much of it, the principal part, from Asia into Europe; he controls the drug trafficking in South America; he controls it through the Caribbean; he's behind it coming across the border into the United States from Mexico; and he's a leading political influence inside the United States. But he's a British asset.

So, Roosevelt understood this. And understood that in order to have a safe world for humanity, which is not going into things like the two world wars that we'd just

gone through, both of which were organized by the British—in order to avoid that, we had to kick the British out of that business. We had to eliminate all traces of imperialism and colonialism. We had to help build up these economies, with our American methods of concentration of machine-tool and related power, to create industries, to increase the productive powers of labor on this planet. And that was our policy.

Truman went the other way.

So, we went into a great recession in the late 1940s, because the Truman Administration, in alliance with the British, went back to a pre-Roosevelt policy, and in the process *shut down* a vast amount of the potential for production which we had built up as war materiel potential during World War II. That's how we went into that trouble.

The Only Successful Economic Forecaster

Then you look at the 1950s, where I began doing some consulting work then, and had a chance to come up with a forecast about a 1957 recession. Well, how did I do that? Because I knew what was going on. And I looked at the way that the industries were behaving, and that Arthur Burns' influence was working inside the administration of Eisenhower. And what was happening, is, I was able to forecast; I said, inevitably, this thing is coming down. I knew it from consulting.

Take the auto industry, which was one of the industries which I forecast was going to collapse—and it did, in 1957, along with others. How did it collapse?

Well: They were trying to build up an expansion of automobile sales and production. So what they did, is they increased the life-span of automobiles being sold, and this went from 12 months to 24 months to 36 months, and 36 months with a balloon note at the end—a big note at the end, the last payment. And this happened, not only in the automobile industry, it happened in virtually every other aspect of that kind of industry. And so, I simply knew the calculations. I knew that *physically*, the physical values for which credit was outstanding, and paper credit, had nothing to back them up. So, I said, “Well, we're going to have a recession by February of 1957.” We had a recession by 1957.

So that there was never a case in this period, where some kind of statistical forecasting, or market forecasting, explains why these things occurred—recessions and depression occurred, as now. It occurred precisely because we, with our system, accepted policies—first

of all, we accepted the shutdown of our productive potential, which was bequeathed to us as the product of the war production, during the war. We shut that down to a large degree—had a serious recession in '47-'48 as a result.

We came back under Eisenhower, and we went through another credit expansion, this time under Arthur Burns' advice, which resulted in the deepest recession in the post-war period, 1957-58. On the basis of looking at the policies, then, I said, "Well, this system is going to collapse, some time during the second half of the 1960s, if it continues this way." And it did! In 1967-68. And then the whole thing collapsed in 1971-73.

So, I've been in the business of forecasting, and the only successful forecaster, of this kind of forecasting, in the entire post-war period, in Europe or the United States. Why? Because I understood these problems. And I understood that the monetarist policy is the one that leads to the kind of disaster *which has hit us, right now.*

As a result of these policies, beginning with the shift from Roosevelt's policy in 1945-46, the split from there; the switch again, after 1957; the switch again! The killing of Kennedy, which cleared the way for the Indo-China war, which was also used as another way of ruining the U.S. economy! In '67-'68 we had passed the zero point, where the amount of infrastructure we were *losing* from wear-and-tear and other causes, was greater than the amount we were gaining. So we were heading on a long-range road.

Then we went to a *green* policy. A so-called solar policy, of shutting down nuclear power, which was the one chance we had, to rebuild our industries, and rebuild our technology. And we were getting worse and worse. And under Carter, with the Trilateral Commission, *we destroyed* the U.S. economy! We limped along with the remains of that during the 1970s, and we went into the recession under George Bush I, or the Emperor George Bush I, and developments in Europe.

We destroyed the productive power of the world in the way we dealt with the Soviet collapse. If we had dealt rationally with the Soviet system's collapse, as I had proposed, having warned of this thing: I warned of the Soviet collapse in 1983; warned of it publicly later. The Soviet system collapsed exactly as I forecast it would collapse, and at approximately the same time I



Bankers Undertake Support of the Dollar

New Solidarity/Ginny Baier

From the LaRouche movement's newspaper, New Solidarity, Feb. 17, 1975. LaRouche recognized—where others did not—that the system would eventually collapse, because its conceptual foundations were incompetent and becoming more so. His analyses and recommendations were widely ignored by officialdom, until the present catastrophe made it impossible to deny that he was right.

said it would collapse! We still didn't change! I forecast the '87 recession: They *still* didn't learn their lesson! I forecast what would happen under George Bush I, the Emperor, and they still didn't pay attention. And so it went, on and on and on.

So there has been no mystery to this process. Nothing has descended from the sky upon us, unless it's from God Himself. And that, as punishment for what we've done in our policymaking!

So what we have to do, is recognize that *we have made the mistakes*, by allowing our governments to be so stupid, or so corrupt as they've been. And we're not the only stupid jerks on this planet, thank God. Or whatever, the other way around. The Europeans are stupid. And what they did to the Russians, was criminal. The Soviet Union represented a great productive potential. Instead of cooperating with what remained of the Soviet