

LaRouche Discusses World Crisis With Peruvian Engineers

On Oct. 2, Democratic Presidential pre-candidate for 2004 Lyndon LaRouche addressed the Peruvian Society of Economist Engineers by video-conference. While LaRouche's presentation was directed toward the ongoing crisis in the nation-states of South America, a wide range of strategic and economic issues which face all nations in this time of crisis, were addressed, from the standpoint of universal principles, in terms which all nations must grapple with.¹ Presiding over the event were Dr. Luis Macavilca, the president of the chapter of Economist Engineers of the Society of Engineers of Peru; and Luis Vásquez and Sara Madueño of EIR, who also moderated the question period. LaRouche's remarks follow:

Several things we should go through in series.

First of all, the crisis: We're in the final, breakdown phase of the existing world monetary and financial system. Not one part of it, but, essentially, all of it. That means the Americas, it means Europe, it means most of Eurasia, it means the world. Nothing can be done to save this system in its present form. It will go into a phase of disintegration during the present and next quarter, before the beginning of the year. It may limp along in some form after the first of the year, but the system is, essentially, finished, and can not be preserved in its present form, with its present institutions.

This is also, because of this crisis, a very dangerous period in history in other respects.

1. This *Feature* should be read in tandem with other recent speeches or interviews by LaRouche: "LaRouche Speaks On Surviving The Global Financial Crash," *EIR*, Aug. 3, 2001; an interview which LaRouche was giving to Utah radio host Jack Stockwell on Sept. 11, at the very moment that the news was breaking about the attacks in New York City and Washington ("LaRouche: Calm Leadership Needed Against Attack on U.S.," *EIR*, Sept. 21, 2001), and an interview with Mexican Radio ABC, in the same issue; "LaRouche On Dominican Radio: 'Hysteria Is The Worst Possible Thing' " (*EIR*, Oct. 5, 2001); and an interview given Sept. 18 ("A Conversation With LaRouche In Time Of Crisis," *EIR*, Sept. 28, 2001).



Lyndon LaRouche visits an aeroponics plant in Italy, July 2001.

We have now the threat of generally spreading warfare throughout the world, particularly since the Sept. 11 terrorist attacks in the United States—largely, an internal operation, but, obviously, may have involved elements from other parts of the world, as participants in the operation. We have not seen the end of it. No one has stopped the terrorists. No one has identified yet the terrorists, the actual ones, so, they're sitting there, ready to strike again.

And, this is not unusual in history, for times of great financial and economic crisis. For example, 1932-1933: We had a world crisis, which, at that point, centered on Germany, because Germany was a pivot, strategically, of the effects of the crisis. At that point, you had in Germany, an effort to stop Hitler from inside Germany. This effort was led by a Chancellor of Germany, Kurt von Schleicher. At that point, certain bankers in London, headed by the former Bank of England head, Montagu Norman, and by groups in New York City, including the Harriman interests, including the grandfather of the present President of the United States, Prescott Bush—these people with Norman, with people like Schacht in Germany, with the von Schroeder banking interests, with von Papen, conspired to overthrow the von Schleicher government, which was done on the 28th of January, 1933. On the 30th of January, at the instigation of U.S. bankers, Norman, and Schacht, Hitler was put into power in Germany, as a Chancellor. His power was not complete at that point.

A month later, the Reichstag, the Parliament of Germany, was burned down, in what would be called a terrorist incident. Immediately, the Nazi Party took measures to declare emer-

gency laws, and then, through the Parliament, enacted new laws, extending the emergency. Less than a month later, Hjalmar Schacht became head of the Reichsbank, and became the controller of the arms drive of Germany leading toward World War II, which was already planned.

We're in such a time of crisis now: danger, coups d'état, overthrows of governments, revolutions, violence, terrorism—of the characteristics of a period in which a financial system collapses. Because, it's a time of desperate men. You have men who have dominated the world with the present financial system. That system is now doomed. They're desperate. They're blind to reality, and they're determined to hold onto their power by any means possible at this time. They don't care about the future. They care about what they consider their way of life, their power, their commanding position in world affairs. So, therefore, there's a struggle between some of these financial interests who refuse to face reality, because they don't wish to, and the interests of sovereign nation-states and peoples. It's a dangerous period.

Reform The Monetary System

My concern is to do several things: First of all, to try to bring together forces which, as *political* forces, internationally, including governments and others, will bring this danger to an end.

Second, we must have a reform of the international financial and monetary system immediately. This means bankruptcy reorganization. Now, most of you probably are familiar with the procedures for bankruptcy reorganization

applying to corporations, to large firms. But, the bankruptcy of a government—and we're going to have many bankrupt governments around the world in the coming period, in South America and elsewhere. It's inevitable. It can't be prevented. The debts are beyond any possible means of paying the debts; therefore, a state of bankruptcy will exist. But this is bigger than a bankruptcy of government. This is the bankruptcy of a world system, a world financial system. The IMF system. And therefore, we must have a concert of power, of political power, which has the authority to put an entire international monetary and financial system into bankruptcy reorganization.

The principles are not much different than they are for the bankruptcy of an important firm, in a nation. There are certain firms you do not want to have collapse at any cost, because they're too important to the country. And therefore, somehow, you will arrange that these firms will continue to function, because they perform an essential function for the nation. When you're dealing with the bankruptcy of a nation, the authority of this principle is even stronger. *You can not bankrupt a nation. You can not foreclose on a nation.* That would be mass-murder.

You must keep the essential institutions of the nation functioning. You must keep the levels of employment high. You must keep all the central institutions functioning. You must have a program for recovery. When you have an international crisis of this type, of the international financial and monetary system, you have a similar situation. *You can not liquidate countries;* you can not decide which country is going to survive or not; *all nations must survive.* And they must survive together.

But, most of the debts will never be paid. And, really, they shouldn't be paid, because most of the debt was not earned honestly. With the system established in 1971, with the collapse of the old Bretton Woods system, the debts of many parts of the world—as in Ibero-America—for example, the nations of Central and South America have paid more on the debt they owed, as of 1971, far more than they owed. And they have far greater debts today, than those they owed at the beginning!

Much of this debt was absolutely fraudulent. In an attempt to maintain the system, vast amounts of credit have been poured into things that should not have been subsidized. And this now is dead. We have the international derivatives speculation: more debt! We have hundreds of trillions of dollars of above-board, and secret or hidden, debt around the world, which can never be paid at the present level of about \$42 trillion equivalent of total world product. *You can't pay the debt out of that amount of total product.* And, the amount of total product produced is collapsing. In the United States, we have collapse, collapse, collapse. Every day, new firms are cutting back 10%, 20%, 30%—unemployment. It goes on and on. In Europe, it's the same. Around much of the world, it's the same. So, the means to pay this debt does not exist.

So, we will have to put the entire financial system into bankruptcy reorganization, cancel whole categories of debt, freeze other kinds of debt, that is, suspend any kind of interest accrual and so forth, on this debt. But, nonetheless, keep banks open, because they're essential; keep governments functioning; keep pensions paid; keep the economy moving. That we can do.

We did something similar in the United States in 1933, under Franklin Roosevelt, and beyond. That's a precedent. We know how to use that precedent for today. We formed, at the end of World War II, a monetary system, the Bretton Woods system, which *worked*. In the parts of the world, for which it was working, it worked. Not perfectly, but, it succeeded. The world, under the IMF system that was part of it, grew. The incomes of people grew; the economy grew; conditions became better—despite all the things that were wrong—it worked. We can go back to that kind of thinking, starting from scratch with a new monetary system, and a new financial system. And we can live.

A Growth Program Needed

But we need something else. We need a growth program. The system made a lot of mistakes. The system is now bankrupt. In fact, in most bankruptcies, somebody in the management made a mistake. So, you reorganize the management, bring in competent management, and use, as a model, things that did work, as a way to start the economy of the firm or the country going.

What are these problems? Well, first of all, we must create large amounts of public credit, in most parts of the world, which will have the effect of increasing employment. That is, the *state* will use the sovereign authority of the sovereign nation-state to create sovereign state credit, which will then be used to create employment in essential areas of employment that can be organized. This will be, to a large degree, infrastructure. It will be, as much as possible, reviving industries that have been closed or partly closed, which should be reopened. Because we can not collapse the level of production of wealth in countries. We must do precisely the opposite: We must *increase* the production of wealth, in every possible way. We must manage it, of course, but, we must increase employment and production. Fiscal austerity methods are *suicide*. They're *murder*. Fiscal austerity, as a method, *must be cancelled*. No more bleeding economies to try to roll over debts. It won't work. You'll destroy civilization, if you try. And, we need special projects that will do this.

Now, we have one class of project which is immediately available to all governments. It's called basic economic infrastructure. There are always water systems, transportation systems, sanitation systems, health-care facilities, and so forth. These things are always needed. Governments have well-defined projects—every government does—of things that need to be done, that should be done, including the increase of production of power.

In Peru, for example, we have potential for development of water resources, which is crucial for the country and its future. These things can be done immediately, as we used to do it in the United States with the military-civil Corps of Engineers. To launch large-scale projects, conducted by engineering groups, sometimes as military employees, sometimes as civilians working with military groups, and so forth. We built large-scale infrastructure. By building the large-scale infrastructure, we put people to work, useful work. These people were paid. They bought goods for their families, communities, prospered as a result of the infrastructure works. Subcontractors, that obtained contracts to assist and participate in large-scale infrastructure, and the economies would grow.

But, we also need something more. We need two other things: First of all, we need the obvious. We have, in Eurasia today, a program which I've called a Eurasian Land-Bridge, and my associates and I called it this. It is now, in a sense, being adopted, or in the process of being adopted in Eurasia. That is, Russia, China, other countries, are coming together in cooperation on large-scale development projects, including transportation projects: modern types of rail transport, including in China; magnetic-levitation rail systems are now being introduced. The idea is to create, from the Atlantic to the Pacific, a system of communication and development, which enables us to take the areas of Central Asia, which are wealthy, in terms of natural resources, but poor in development, and by introducing development across this area, and transportation, we can make this an area of growth. This would mean that countries such as Japan, or Western European countries, which normally were producing high-technology capital goods, will find in this arrangement, a market for increasing flows of production of goods, into countries like those of Central, South, and East Asia. China, for example, is a great market, if the proper kinds of assistance are given to it. A great internal development. This area contains the largest population in the world, the largest part of the world's population. So, this is the great opportunity.

If, as is also being proposed—if, from Eurasia, not only do the Americas participate in the market in Eurasia; not only if Americans participate in the market which will also develop in Africa, for development, but, there will be the building of a bridge, a tunnel-bridge, from Siberia to Alaska. That bridge will come down to the Americas, through Central America, into South America, all the way to Tierra del Fuego, Cape Horn, to unify Eurasia, in that way, and in other ways, with the Americas. [See maps, pages 11 and 12.]

We have, in South America, in particular, large areas which are undeveloped—lack of infrastructure to develop them—with vast resources. Patagonia, for example: vast resources. Other parts of South America: vast resources. Undeveloped. We have to convert the opportunity of development of these areas, with their resources, to divert that into a great market for investment.

Science-Driver Programs

Now, we need to do something else. We need to have some science-driver programs for the world as a whole. We need to set some objectives, in terms of scientific objectives, new technologies, breakthroughs, new forms of energy, higher-density forms of energy. These kinds of things, we must have. We must use our universities, and develop our universities to produce the cadres for these projects, to produce the skilled people, to implement them. To do the scientific research, which will feed these kinds of scientific projects. In that way, we can create a new kind of national economy. Not really new, but a qualitative improvement.

If you look at the history of mankind, especially modern European civilization, the history of mankind is based on something, where man differs, absolutely, from all animal forms of life. Man is the only creature which can discover a universal physical principle, can replicate that discovery in the minds of other people, can cooperate to use those principles to increase man's power over nature. Through this means, man is able to increase the productive powers of labor, to improve the demographic characteristics of population, to increase the potential size of populations that can be supported, raise the standard of living, and conquer areas that could not have been conquered beforehand.

Why don't we just take that lesson, especially of modern society, and use that to reform our economies? That is, mobilize our universities and educational systems as science-driver institutions, where old discoveries are reenacted for the students, where research is done on new principles, where the research work on new principles is done together with engineering programs, to test new principles, to convert them into new technologies which can be used, to connect our economies—the productive sector of the economy—with these university centers; in order to create an economy in which we are increasing the percentile of the labor force which is employed in fundamental research and in engineering, in creating new technologies; to increase the percentile of the population employed in industries, which are of high-technology operatives, who are able to assimilate an outpouring of new advanced technologies, to make them real and to bring them into general practice.

Unify The Human Race In Cooperation

So these, I think, are the things which we should do at this time. These are the things which can lead us out of the world mess. What we need, essentially, is the political will to understand that this has to be done, to bring nations together, and other forces, to say, we are going to put the system into financial reorganization, into bankruptcy reorganization. We're going to generate masses of public credit, by governments and by cooperation among governments, to expand employment, especially productive employment, on a world scale, in each country. We're going to take other measures to promote the expansion of employment in useful forms of production.

We're going to maintain social stability and the general welfare. Now, we're going to reach out beyond that, to *pioneer* in great infrastructure projects, which will be transcontinental in their significance, to unite the continents, to unify the human race in cooperation.

We must mobilize our population around the theme of education, of scientific education, to elevate the meaning of the nation-state, to sovereign states which are concentrating on developing their populations through education, to become science-driver economies; to upgrade the quality of work for which people are employed; and to create a kind of world which we've been trying to build ever since about the 15th Century in Europe, with the great Renaissance there.

I think that we have to say, we've come to a time, where humanity faces the greatest danger that the human race has ever faced, in all known history to date—right now. We're in a period where, if we don't do something to correct the problems, we could go into a New Dark Age of all civilization. We're vulnerable now. We don't have the resources we used to have, to live through a depression. The rate of deaths which will result from a continuation of this collapse, with no solution, would amount to a New Dark Age for humanity.

But, looking at the danger of great wars, a New Dark Age, and great convulsions, and chaos, perhaps this will alert us to the fact that we can not behave as children anymore. We have to become adults. We can not think about our convenience, our personal interest in a narrow way, or a silly way. We've got to think about what are we doing about a future humanity, our children, our grandchildren, who are threatened by this great crisis.

We're becoming older. In the course of time, we'll die. What are we going to leave to those who come after us? Are we going to leave a Dark Age, or are we going to be the giants, who created the opportunity for not only a revival and preservation of civilization, but who, *in our time*, did something of which we can be proud in the eyes of our deceased ancestors? Something in which we can be proud in the eyes of those who come after us.

We must use the great crisis, and the fear it strikes in many people, as an incentive to grow up, to grow out of small-mindedness, and to have the imagination to see solutions, and to devote our lives to the purpose of bringing those solutions into being, so that when we die, we will be able to say, *we lived, and it was good*. Thank you.

Dialogue With LaRouche

Financial Policy Of The U.S. Federal Reserve

Q: Thank you very much, Mr. LaRouche, for your presentation. While we prepare for questions from the audience, I have here a question, which, at the beginning, an economics student gave me regarding some recent statements by the Economics

Minister of Peru, Pedro Pablo Kuczynski. The question is the following.

Mr. LaRouche, the Economics Minister of Peru, Pedro Pablo Kuczynski, has just recognized that the world is in a very grave crisis, a “cosmic crisis,” is the way that Kuczynski described it. However, the Economics Minister has said, that the policies of the United States, of cutting interest rates, will be beneficial for debtor countries such as ours. We would like to know your views.

LaRouche: First of all, one must be realistic, and everyone, I think, in Peru knows this. There are only three cultures on this planet, national cultures, which, at this time of crisis, are able to think in terms of global solutions for problems. There are many countries in which leading people could say whether a proposed global solution would be good or not. But they would not propose that *their country* initiate that solution.

The three nations whose national culture permits them to indulge in thinking about making world changes, worldwide changes in institutions, are the United States, Russia, and the British monarchy. Every other part of this world—now China's a different case, but China doesn't think in global terms; India is an important country, but India does not think in global terms, even though some Indians, or some Chinese, may, but the national culture does not support the idea of the nation as shaping the planet. The national culture of most countries thinks, as in Peru, of trying to shape events, so their country survives and has the opportunity of doing something with its own destiny. But shaping world destiny: no.

So, therefore, when you hear from a minister of a country, which is not one of these world powers, you have to recognize that the minister will always speak by being *realistic*, by saying, “I'm going to say what will not get me overthrown or shot by a superpower, or its agents.”

The problem is this: To get a solution on a world scale is going to require the cooperation of a number of countries with, hopefully, the United States and Russia. These are the only two countries, outside of the British monarchy, which are capable of thinking in these terms, thinking of acting. That is, countries that would call other countries together, for a great conference to deal specifically with such things as the breakdown of the present global monetary and financial system.

So, obviously, Mr. Kuczynski, in speaking—and of course he has some familiarity with the United States, and knows what the temper is of some of the bankers and so forth in the United States—is not going to propose something, unsupported, or not likely to, which would not meet approval in New York. That's the problem. It's unfair, it's unjust. I agree it's unjust. It shouldn't be, but that's the way it is.

Therefore, my particular job, and the job, in a sense, of Russia, the job of fairly powerful countries in Europe who will not act on their own, China, which will not really act on its own, Japan will not act on its own, India will not really act

on its own on this question — there must be people who come from inside one of the so-called superpowers, or maybe two or more great powers, who say, we want to call a conference to discuss these matters. At that point, then you would find, the Germans, Peruvians, French, Italians, and so forth, would meet together and say, yes, we want that discussion. In that framework, these kinds of issues could be discussed successfully.

My job, coming from the United States, and dealing as I have with leaders in Russia and elsewhere around the world, my job, with my knowledge and my recognition around the world, is to introduce a proposal, or to sponsor proposals, which will actually represent a realistic solution to the actual crisis which faces us.

Now, as far as what Mr. Kuczynski is saying: It's wrong. The dropping of the interest rates in the United States is not an act of supremacy or wisdom, it's an *act of panic*. The head of the Federal Reserve System is panicked. We've had a meeting going on among three figures: the head of the Federal Reserve System [Alan Greenspan]; the economic adviser to President Bush, [Larry] Lindsey; and the former Secretary of the Treasury, Bob Rubin. This has been going on for a couple of weeks, with other people involved, with various institutions visited. No agreement is reached, on dealing with what they know to be, is the greatest financial crisis that anybody ever imagined. They can't reach agreement. In the meantime, Alan Greenspan, the head of the Federal Reserve System, and people around him, are *hysterical, they're panic-stricken, they're ready to jump from a skyscraper — if they can find one that will accept them!*

In this mood, they are proposing a dropping of interest rates, modelled upon the Japan zero-interest-rate policy, zero-interest loan policy, a kind of policy which is literally hyperinflationary. You have a situation in which the world is collapsing in physical-economic terms. Employment, production are collapsing in Europe, they're collapsing in the United States. It's a catastrophe, it's a depression, as bad as 1932-33, already, and getting worse.

In the meantime, these idiots are pumping money in, printing money, inventing money, new money, at rates never seen before in history. So you have a rollover of a vast amount of new money coming into an economy which has just lost in the area of the New Economy alone, in the United States, over \$3 trillion in the recent period, of asset values wiped out.

So, this is not a solution, but what is Mr. Kuczynski in Peru going to say? Is he going to say the United States is insane? Well, I'm an American. I can say that. I know it, and I can say it; and I say it. The policies of New York are insane, and that's why we're getting in the kind of situation we are.

So, as I say, the solution is, the answer is the practical answer. The practical answer is, "No, it won't work." But the responsive answer is, "Those of us who are in a position of power, either because we have power, or because we represent a nation which represents power, we have to take responsibility

for opening the doors, so that people from countries which do not have that power, are able to sit at the same table and be heard on their views on these matters, to get the kind of discussion we need to get some of these problems settled and solved."

Security And Ecology

Q: If the audience would like to ask their questions verbally, there is a microphone available. The questions we have received are quite varied. They range from global or international economics, to the Peruvian economy today. There are questions regarding national-security policy, and about the armed forces. We also have some questions regarding specific development projects on the continent, and also, two questions regarding the issue of culture. Obviously, there are quite a few, and I don't think we can deal with all of them. So, I'm going to try to synthesize all the questions, although I'm going to try to include them all, also depending on the amount of time Mr. LaRouche has.

I believe that we can start with a question that has to do with the global situation. It reads as follows: In the 21st Century, what is the importance of the issues of security, and of the ecology, and how do these issues influence the international economy and the lives of individuals in nations? These questions come from a German journalist, a correspondent for the *Frankfurter Tag*. I think that's how you pronounce it.

LaRouche: The Venetian school of ecology, which was started formally by a fellow called Botero, in the last part of the 16th Century, and continued through the last influential Venetian on the subject, Giammaria Ortes, the man who wrote the book that was plagiarized by Thomas Malthus — this Venetian school of ecology is essentially fraudulent. But it has always insisted that populations must be culled, in the way we cull cattle herds. When the population becomes excessive, and no longer desired by the cattle owner, you kill them. When they tend to breed too much, and you don't want them, you get rid of them. If they have a color you don't like, you get rid of them. If the cow doesn't give milk, you cut its throat, and so forth and so on.

These kinds of ecology, these ideas of Malthusianism, as they're called, or neo-Malthusianism, are always incompetent. But there's a real issue of ecology which is far different. The best modern definition of ecology was given by a Russian scientist, Vladimir Vernadsky, who defined the terms "biosphere" and "noösphere."

We live on a planet where there are certain conditions which are created by living organisms; that is, what we think of as resources: generally, the oceans, the atmosphere, the forests, the mineral deposits we have accessible from sedimentary rock and so forth — these things were all created by *life*. And therefore, humanity, which comes into the picture with cognition, depends upon this living part of the planet, the so-called biosphere.



A maglev system is particularly well-suited for Peru's mountainous terrain. "We need large arteries, not just of highways, but arteries of corridors of transportation and development," says LaRouche.

We're able to improve the biosphere, by use of technology. We can create fertile areas where deserts existed. We can have forests where there were no forests. We can improve the management of water. We can improve the weather. So, we should do it. So, therefore, our objective in ecology, the strategic question of ecology, *should be*: We should promote those measures of infrastructure development and maintenance, which are necessary to improve the conditions of life, the biosphere. Yes, we should do that.

We also need to spend more on hospitals, on medical assistance. We need to deal with the diseases of animals, the same way we deal with human diseases, because they spread; diseases of plants. So, therefore, we have to have a policy of *managing* the biosphere for the advantage of humanity. But the idea of ecology, of saying, let's leave nature alone, let's not tamper with nature, let's not change nature: that's a mistake. It's unscientific and incompetent. The old Venetian school. The way to approach the ecology is to say: This is the biosphere; we have to improve it, in the same way that a farmer improves raw land, which is unproductive, and converts it into productive land. That should be our policy.

The Bi-Oceanic Highway In South America

Q: We also have a set of questions regarding a subject that has been much debated here in Peru in recent days. It has to do with the bi-oceanic highway. One of the questions reads: Brazil is interested in building, jointly with Peru, a bi-oceanic highway, that would run through southern Peru. In the framework of the New Bretton Woods, do you think that this highway is feasible; and, who should be in charge of the construction of this project, the states, or the private sector?

LaRouche: Well, obviously, it should be done primarily

by governments; the governments must control it, because the building of any such highway system—and, I think a rail system is also crucial. I don't think there should be just a highway system. I think a highway system is good, but, look, for example: In this area of Peru, you have a mountainous area. Now, what are the gradients for going up those mountains? You're not going to take a friction-rail system, and go up those mountains. Nor is it efficient to use trucks to take large freight up and down those mountains. The kind of system which will do that effectively is a magnetic-levitation system, a substitute for a rail system, if you want to get into areas of Peru, for example, which are higher, which are sparsely developed, in terms of what their resources are, to get over to the other side, down toward the Amazon side, and develop that. So, we do need large arteries, not just of highways, but arteries of corridors of transportation and development.

Looking at what we did in the United States, for example, in the middle of the 19th Century: We developed a system of transcontinental railroads, which were not just transportation systems; they were development systems. We took a nation which had two principal oceanic frontiers: the Pacific and the Atlantic. We brought the Pacific and Atlantic together in the middle, with the development of development corridors, which were, initially, *agricultural* development corridors, things like that, based on the transcontinental railway system.

It is obvious, when you look at the geography of South America—you look at the vast resources which are not accessible for efficient use now, for lack of development corridors—it's obvious that it's necessary. Even the interior of Peru: It's obvious to all of us who have discussed Peru, that this is needed to realize the economic potential of Peru; this

is needed. To realize the economic potential of the hemisphere, this is needed. It's needed from the Pacific to the Atlantic. It would be, in my opinion, insane not to do it. The question is: Can governments agree on *how* to do it? But I think the direction that is needed is not really political, in choosing routes; I think the routes follow the natural geography, which indicates what the proper routes are for development corridors to connect the Atlantic to the Pacific.

I think that this is, maybe, essential, to accelerate the rate of economic development of South America; that kind of project may be something of the highest priority.

Cooperation Among Governments

Q: Mr. LaRouche, we have a question which is related to the previous one. It comes from a gentleman from the International Organization of Fujimoristas. The question is the following: How do you achieve cooperation among governments to carry out great projects? How do you standardize policies among states? The benefits from these projects would be long-term.

LaRouche: Well, first of all, I think we're going to find a fundamental change in the world political situation, for better or worse, coming very soon. If it comes for better, this will mean that, in South America, in particular, that the role of the sovereignty of the sovereign nation-state, will be much greater than it's been in recent years. That is, the tendency toward globalization, the tendency toward de-nationalization, if you can call it that, this tendency has to be reversed. Otherwise, no economic solutions are possible. People who think in free-trade terms, think in terms of: We want the lowest price. And the lowest price is had by having competition without any subsidies, or without any regulations. But that's not true.

The key way that you get economic growth, is through long-term investments. Remember, the basic investments on which an economy is based, a modern economy, is a generation. Now, this is the same generation that it takes to raise a child. You have to invest, from birth, to up to 25 years, to produce a child who is professionally qualified for work. That's a 25-year investment, approximately, more or less, to develop any kind of large capital infrastructure—again, we're talking about the period of a generation, or even two generations.

Now, how do you do things which take two to three generations to come to fruition? Where they pay for themselves? You have to have a source of credit. Now you can't have private credit, because you are doing things on a larger scale than the present economy provides for. So, borrowing money is no solution, in the ordinary sense, from private sources. The *state* must be sovereign, must use the state authority to create large volumes of credit.

Take a case in point: Up until 1982, Egypt had a large-scale project to move the populations which were congested in Cairo and Alexandria, and to shift them into new cities,

which would be irrigated locations, through large-scale water-management projects. The project was going along very nicely, until the United States and IMF stepped in, and forbade the Egyptians to continue the project. Otherwise, it would have been continued quite successfully. Now, in this project, the Egyptians actually required—5% of the total input to that project came from foreign sources. So, to do a project, for example, in Peru, or in Brazil, does not mean that you have to have vast external resources. The primary way to do these projects is by their mobilizing *internal* resources, using national credit, then turning to neighbors who are doing the same thing, and to cooperate with them, and bring in a few partners from outside of the Americas, who are interested in participating, and bring them in too. That way, this can be done.

We need *grand projects*. Grand projects require large-scale public credit. Large-scale public credit can only be organized by sovereign governments. When this present globalized tendency in government ends, the trends of the past 35 years end, and we are forced to go back to the sovereign nation-state; when the banking systems, including the IMF, are bankrupt; when the World Bank is bankrupt; when private banks are largely bankrupt, how do you keep an economy going? You go to the government; the government, as an act of sovereignty, creates a system of public credit, which maintains the essential functions of finance, including the private banks, and other institutions. You then pick large-scale projects, which are national priorities; you seek large-scale projects which are also priorities with neighboring countries. You use your own people to build the projects, maybe with a handful of specialists coming in from the outside. You build the project, thinking about the next generation, and the generation beyond that.

And when you look at South America, you look at the vast wealth, which I'm sure many of you know of, buried in South America, *untapped, unutilized*, great potential; when you see how thin the population of South America is, you realize it is precisely through great projects of that type, that you create the circumstances in which the *potential* of growth, not only growth in quantity, but the potential for rapid improvement in the standard of living, the demographic characteristics of populations, the welfare of the individual human being, is created. This is the way it will work.

It takes inspiration, and of course, intelligence.

The Eurasian Development Perspective

Q: There are two questions that can be answered together, having to do with the international situation. The first question is: What will happen in the world situation, if we go from One Worldism to bi-polarity, with Russia, China, and India, on one side, facing the United States?

The other question, which is related to this, has to do with the role China plays in the current international financial situation.

LaRouche: Well, first of all, I think that the idea of a bipolar world, is not a very workable proposition, because a bipolar world, under conditions of insanity, which threaten to break out around this terrorist incident, and terrorist matters, and what's happening in the Middle East, will be a world at war. What you would have on a planetary scale—you would have something like the 1618-48 Thirty Years' War in Europe. You would have mass slaughter. You would have a collapse of populations. The extinction of entire nations, the breakup of the United States into several who-knows-what.

Buried in South America, is untapped, unutilized, great potential. . . . It is precisely through great projects of that type, that you create the circumstances in which the potential of growth, not only growth in quantity, but the potential for rapid improvement in the standard of living, the demographic characteristics of populations, the welfare of the individual human being, is created.

So, the idea of a long bi-polar world in conflict may be a nice science-fiction fantasy, but under the present conditions, it will not happen. We will either have cooperation, or we will have general war and chaos. That's the world situation now. You can see this in the way the conflict has broken out, around the Middle East conflict, combined with these incidents of Sept. 11—the reaction to that. We're in an extremely dangerous period. The world can blow up. And the only way we get out of that, is cooperation.

What we have now, an example of that, is you have—you may have noticed recent discussions between the President of Russia and the President of the United States, and the circles of the President of the United States. That there's a very interesting dialogue going on between Russia and the United States. I've been, in a sense, walking in that territory, and know a good deal about it; not everything, but a good deal about it. The only hope, is that somehow, the United States, realizing that it has a great financial crisis, realizing that the present financial system is a *hopeless disaster*, will turn to cooperation with Eurasia, in the vital interests of the United States, as well as Eurasia.

Now, to build Eurasia: In Eurasia, you have to include Western Continental Europe, with Russia, with other coun-

tries of Central Europe; you have to include China; you have to include Japan; you have to include India; you have to do something about peace and development in the Central Asia region; you have to do something about Southeast Asia. So, you must bring in a system of cooperation on which you can *launch* a large-scale development project, in which countries which produce more high technology, will produce it and sell it, on credit, to countries which, like the interior of China, which need this supply of technology. Or, India. And that market—and the United States opportunity to participate in that market—is the best hope for the United States.

So, if we *don't* cooperate; if we *can't* cooperate—a time that Russia is willing to cooperate, that China is willing to cooperate, that India wishes to cooperate, that Europe wishes to cooperate—if we don't cooperate, *we are insane!* And therefore, if we are insane, then, what we're going to have is the price of insanity, which is a New Dark Age. That's the way it is: When humanity does not have the sense, when empires have not had the sense, to stop being insane, they have, generally, destroyed themselves, like the Roman Empire, and others before.

And, we're at the point, where—I realize that in Peru, it is difficult to think of these things, in some respect, because Peru does not have the power to walk into Washington, and tell Washington what to do, as such. But those of us who know, whether in Peru or elsewhere, should realize, this planet can not go in the direction it's now going. We can not continue this system, which is about to disintegrate, nor can we have a conflict of the type which is threatened by the Middle East conflict, or by the ways in which some people are trying to approach this terrorism question: We can not have that. Because this planet will not survive under those conditions.

And therefore, I think that's the way you have to look at it. There is no solution, except a global solution.

Under those conditions, China is not a nation which, as a nation, as a national culture, thinks about the world as a whole. China thinks about its relationship to the world as a whole; it almost thinks about the world as a whole as a neighboring planet. And it has a planetary interest in China. And I'm not suggesting that the only view in China is that of the Middle Kingdom, but China does not take responsibility, cultural responsibility, for the welfare of the planet. The Chinese, in Africa, do excellent work. Their work in Africa is the best of any nation, in terms of the charity, the honesty of what they're doing. But China doesn't think that way. There may be people in China who think that way, but China, as a nation, doesn't think that way. China does not think of itself as a global culture. It thinks of itself as a nation in the globe, with very important interests and concerns.

It is Russia, which is a Eurasian nation in its *mentality*; it is Western Europe, which depends upon Eurasia for its survival; it is the need for cooperation between Russia and Western Europe, and China, and Japan, and the United States,

which is the urgent question, among all sane people, at this time, on this planet. If that idea is *clear*, and if we can help to make it clear, in more places, that's the solution. Because—in answer to your question—the other alternatives are *unspeakable*. They are not acceptable. Just not acceptable.

Are We Already In World War III?

Q: I have a number of questions here, which express the concern of all of us here, with regard to the international situation, and its implications for our country. We can summarize them in the following way.

One of the questions asks: Mr. LaRouche, do you think we are already *in* World War III? And in this regard, what's going to happen with the debt situation? Where does that leave the nation-state? Are we heading into a situation where we'll have city-states in a world order? What's the proper role of nationalist armed forces? Are we already in the process of disintegrating?

And, in addition to this, to complement this question: What is going to happen to Latin America, given the crisis today facing the United States? What do you think we can do about it, from here?

That's a set of questions, which I'll leave up to you.

LaRouche: Okay, well, first of all, you have to think about the last century, and compare the situation now with our experience in the last century, the 20th Century.

The world went through a world war, which was actually organized by the British monarchy, by Edward VII, in particular, who organized a war between his two nephews—King Edward VII. His nephews were Kaiser Wilhelm of Germany, and Tsar Nicholas of Russia. And he organized it.

In order to prevent—Europe, at that time, at the end of the 19th Century, was moving toward cooperation throughout Eurasia, based on projects inspired by the United States, inspired by the tricontinental railroad system, and so forth. Such as that railroad, the proposal for the Berlin to Baghdad railroad, and so forth. To break up that economic cooperation, from the Atlantic to the Pacific, across Eurasia, the British moved to start a war in continental Eurasia. And this was World War I.

There was a great mobilization of economies in the end of the 19th Century, particularly after the Civil War in the United States. Largely inspired by the United States, and its success in defeating the Confederacy. Germany was built up, on the basis of the U.S. model, beginning 1877. France was built up, after getting rid of Napoleon III. Italy was built up by its reunification. Russia was being built rapidly. So you had a great growth.

Then you had the danger of war. There was a great mobilization of war. The beginning of the battleship by the British. Other elements. Vast industrial and agricultural projects. So that the world came into World War I, and out of it, with vast industrial resources. The war ended in 1917, 1918. In 1933, Hitler became the Chancellor of Germany. And we're back

at war again, or ready for it.

Now, that's a period of less than 15 years, and despite the Depression, in the Depression of 1929-33, and so forth, there was still a vast amount of productive potential left in Europe and North America. And also in Russia. So that when we went into World War II, and we went into the Depression before then, we had vast resources of developed productive capabilities, including agriculture and so forth, which we were able to call upon in the Depression, for an economic revival, and also to prepare for war.

We came out of World War II still a great power, a great industrial power. The United States was more powerful than ever before. We continued that way until the middle of the 1960s, at which point we collapsed.

Now, we've had 35 years of collapse of the economies of Western Europe, of North America, and of South America, and Central America. The wasteland that exists today in these countries, is monstrous compared to the conditions of the Depression—that is, the productive potential per capita of that period. So, therefore, if we do not have an economic revival, and if we try to fight over the dwindling resources which exist because of deindustrialization, because of globalization, what you will have is a condition under which the collapse of population, through disease, starvation, and strife, will be worse than hit Europe during the middle of the 14th Century, the so-called New Dark Age. And that's what we're looking at.

If we do not organize a global economic recovery, to reverse the policies which have reigned over the past 35 years, approximately, in the United States as a trend, if we don't do that, on a global scale, this planet is going into a Dark Age.

Now, therefore, what I said earlier applies then to much of this question.

I've always thought—and of course, I was involved more heavily in this when we had a more optimistic period in Central and South America, 1982 and the period of the Malvinas War. I thought at that time we could reorganize, I thought the United States would come to its senses under Reagan—for very specific conditions, reasons—and we could reorganize the credit of the Americas, and start a revival of the economy of the nations of the Americas. It was very possible at that time, objectively.

It's much worse now. We've lost much of the resources. Look at Mexico. Look at all the countries. Look at what has been lost! Look at Argentina! It's a basket case, compared to the powerful Argentina we knew still back then in 1982. Brazil has suffered great injury. Colombia is almost nonexistent, because of the guerrilla warfare. Central America is almost destroyed. Mexico is ruined; it's living on providing cheap labor for the United States, essentially. Its economic potential has been destroyed.

We don't *have* the potential in the United States, or in the Americas generally, that we had 35 years ago, or even 20 years. We're at a disaster. Therefore, if we come to our senses,



In South America, the military can play a positive role, not simply as a combat arm, but as a corps of engineers, a transmission belt for building works of national importance. Here, the U.S. Army Corps of Engineers works on dam and reservoir construction at Applegate Lake, Oregon.

we can get out of this. The lessons of the past show us.

Now, in this process, of course, the military plays a very important role. Remember the military — modern military science is typified by two figures of France and Germany, who came out of the 18th Century. One was Lazare Carnot, who was a young engineering officer, and probably the greatest military genius of that century, as a follower of Vauban. The second was Scharnhorst, a brilliantly educated man—he was an engineering officer, an artillery officer. You had a change in the character of the military, in the 19th Century, which came out of the idea of engineering—originally essentially a French idea. The ideas of people like Vauban, the people about Carnot of the Ecole Polytechnique. The ideas in Germany, developed around Scharnhorst and his friends. The idea that the military must be essentially a nation-building institution, which in the case of the United States, built our railroads, or a good deal of them, whether as active officers, or as retired officers. The Corps of Engineers was the typification of the U.S. military. Engineering was the basis for the military of France, under Carnot and people like him. It was the basis for the military in Germany, and so forth, and so on.

So a military force is not simply a fighting force. A military force is an instrument of the state, which, in a modern state, is primarily an engineering responsibility, in the broadest sense of the term. Major public works. Doing things on a large scale. Mobilizing large efforts which the state must have done, as the state, or as a part of a package of people who do that sort of thing. Retired military officers, who have engi-

neering training, go into service, in private capacities, and use their skills, again for the benefit of their nation, but use it in a private capacity, as opposed to being as an officer.

So, this role obviously, in a country, particularly a country which is not fully developed, like Peru, that a good military, with a Corps of Engineers kind of background, is an essential way of getting infrastructure built. Because if you take the army, the military, you use the military as a cadre, a core cadre, for nation-building projects: transportation systems, highway systems, hospital systems, sanitation systems, these kinds of things. Building new communities, fighting disease, control of problems. And that is the daily life of the military. That's the high-morale military, not a barracks military which sits in the barracks and smokes, probably marijuana or something, but a high-quality military, which takes pride in its function for what it does for the nation. And can fight if it has to.

And that role is probably more important, in countries of South and Central America today, than it was in years' past. Why?

Because we have vast armies of broken families, of unemployed, of poorly employed, of destitution, without adequate schooling. Don't you need institutions to absorb, to recruit, to train these young people? Not just to become soldiers, but to become functioning citizens. To become parts of teams which function for the nation, which take pride in what they do for the nation. Who then go from military training, and military life, into private life, where they continue that same

attitude, and that same morality.

In countries like in South America, where there's vast armies of unemployment, and underdevelopment, the military can play a positive role. Not simply as a combat arm. But its strength as a combat arm will flow generally from its function as a corps of engineers, as a transmission belt, an organizing focus, for the building of works of national importance, and dealing with national emergencies.

Take a poor boy off the street, educate him, develop him, give him a mission. Give him a sense of pride in who he is. Give him a sense of identity. Let him do a period of service, and then go into the reserves and live in a private life, and do the same kind of thing. I think that's the role of the military in this time.

And, of course, I say, in Ibero-America, it's needed. Also, the general other thing, is the rebuilding of the idea of the nation-state, of the sovereign nation-state.

That's not a way of competing, or fighting other people. It's a way of pulling people together, as if a family. You want to take certain things, then do them together, to build society. We *need* that now. We have around the world, as the nation-state disintegrates, is, you have migratory mobs of people looking for employment in different, strange countries. You have a general loss of a sense of personal identity, among the growing mass of the total population.

Monetary Policy

Q: What do you think of the role of monetary policy in the generation of public investment in the countries of South America?

LaRouche: I'm sort of against monetary policy, in general. I think the idea of *monetarism*, is the greatest mistake we've had.

Look at the reality of the situation. What's the relationship of man to nature? Does *money* determine the relationship of man to nature? Or is not the relationship of man to nature, a physical relationship? Is not physical economy what's important? Is not the productivity of wealth, is not the improvement of the environment, are these not the issues?

What you need is a policy which we used to have in the United States. It was called the American System of Political Economy. In my view, it was the best model of economy which ever functioned, for a nation-state economy. That of Hamilton, of Friedrich List, of Mathew Carey, Henry C. Carey, Peshine Smith, and so forth. This model worked! We were a protectionist model of economy. We set prices. We regulated trade. We used tariffs—these kinds of methods, which were the typical American System methods.

As an example, in South America: The great development of economy in South America came as a result, *largely*, of the success of Abraham Lincoln in defeating the Confederacy and in setting forth before he died, the economic mobilization which made the United States the greatest, the world's greatest technological power. This was picked up by the admirers

of this, in South and Central America, and became the great movement for national economy in South and Central America. Much of the nation-building, that was done in South and Central America during the 19th Century and the early 20th Century, was done on that basis.

So the idea of the American System of Political Economy, as typified by Hamilton, by Benjamin Franklin actually, by Friedrich List, by the Careys—that is the way to go. The idea of a monetarist policy has been demonstrated to be bankrupt.

For example, Russia has had very interesting experience on this count. Russia went from, in most of the 20th Century, from communism, which proved a disaster, to monetarism, which proved a much worse disaster. So, Russia has had experience with both monetarism, and communism, and found both, one worse than the other—the monetarist the worst.

We've seen the effect of monetarism as a policy, over the past 35 years, on the conditions of life in the United States, in Western Europe, South and Central America, and so forth. It's a bad policy. I think we ought to scrap it. And I think that we have to be very careful about using the word "monetary," as monetary policy, ever again. At least not for a long time to come. Because that's the policy which has done more to ruin civilization, in the past 35 years, than any other single cause.

Nations Against Financial Interests

Q: I don't know how much time we have left for questions. We really have a lot of questions, and more questions keep coming up to the dais. The questions continue to emphasize the concern that people have with regard to the international situation, and its repercussions, obviously, in our country. Among others, we have, for example, the following questions, which I'll try to condense.

One of them says: Presumably, war is promoted by great financial interests. If that is the case, what happens with nations, with the institution of the nation-state? What happens with the United States, Germany, France, and England? Why don't we close ranks, to face these economic interests? What role can countries like Peru play, in finding a solution for this problem? How can we contribute? How can we change the mentality, especially that of our governments, because it's obvious there that we're facing a problem of this sort? The problems are the governments that we face.

These are some of the questions raised in this regard.

LaRouche: On the first question: It's how can large financial interests control large populations?

Well, the large financial interests represent a limited number of people. I'm fairly familiar in the United States with a list of the names of the financial houses, and law firms, which essentially dominate the United States—which are what people sometimes call Wall Street. Boston, New York, Washington, D.C.—these people. They run the United States. They're a handful of people. A small group. How do they run the United States, with all our hundreds of millions of people?

Well, how did the Roman Empire, the dictators of the

Roman emperors, how did they control Rome—until it collapsed?

They control it by an interest called “*vox populi*,” public opinion. The orchestration of public opinion. And people accepting the idea of being like children.

You know, people, when they are enslaved, and popular opinion says they should accept being enslaved, and accept pleasure, or the idea of entertainment, instead of freedom and dignity as an individual, what they will do, will not be to ask for their freedom from slavery. They will go scratching at the back door of the slave-owner’s house, and ask for a few favors. That is the behavior that you see in populations in the United States, and other parts of the world, worse.

Today, *vox populi* in the United States is orchestrated by a vast mass media program.

Look at the United States. Think of the Roman Empire. Just the costumes have changed, but the methods are similar. See the stupid Romans, the so-called citizens of Rome, impoverished, living on bread given to them on the dole, and going in the arena to watch the lions eat Christians, and things of that sort, or kill each other as gladiators.

Now, look at the United States. Look at our vast stadiums, which are filled with bodily contact sports, and cheering crowds, insanely cheering crowds, for contact sports. Look at the amount of time that the people in the streets, in their

homes, spend discussing contact sports. Look at our entertainment industry, our television industry. Look what’s on it! Great drama? No! Almost no plot at all. Sex and violence, sex and violence, new kinds of violence. Look at the video games, which are turning young children into killers. Like Pokémon. Nintendo games are turning children in the United States into wild killers, mad killers.

This is what is controlling us.

It takes a shock to bring people to their senses.

My view in politics, is what I just described to you as a tragedy. Tragedy is never a failure, the result of a failure of a leader of a nation. No leader, by corruption, destroys a nation. Rather, corrupt nations select leaders who will destroy them—as the people demand it.

The alternative to tragedy is in Classical art, the sublime. The case of Jeanne d’Arc, who is not a tragedy. In history, as in Schiller’s play, Jeanne d’Arc was not a tragic figure; she was a sublime figure. She made possible the modern nation-state. She, a peasant girl, inspired, went to a stupid king, and said, “Stupid king, God has sent me here to tell you to become a real king.” He said, “I don’t like the idea.” She set into motion a process, which, after her murder by the British, resulted in the establishment of France as the first modern nation-state, under Louis XI. Joan’s sacrifice was key in building up the Renaissance in Italy, the revival of the Catholic Church in that period. The Council, the coming out of the Councils at that time.

So, there are two approaches to a problem like this, the corruption of the people. One, you can sit and belabor, and complain against the tragedy. You can say that people are destroying themselves. *Yes, they are.* I see it.

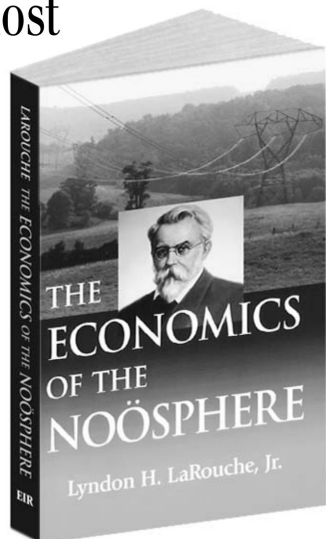
But I also see, that as in the past, if we have a sense of the sublime, we reach out to the people; we try to speak to them calmly; we present them ideas; we present them with alternatives; we ask them to think. And if we can touch them in a time of crisis—and after all, there’s goodness in every person, and if we can touch that goodness, they can rise to the sublime.

Our job is to present the poor people, who are poorly informed, poorly prepared to deal with this crisis, with a *vision* of a workable alternative. And in that case, we can win. If we don’t present a workable alternative, if we can’t approach the people that way, if we don’t approach the people that way, if we scheme and connive and try to manipulate, we will—as in every Classical tragedy—we will be doomed, by our own manipulations and our own scheming. We’ve got to come aboveboard.

The nation-state is essential.

If you look at the history of mankind, until the birth of the nation-states, in Europe, in the 15th-Century Renaissance, the condition of mankind on this planet was chiefly that of wild, or captive, human cattle. Some people hunted down people, as they hunt down wild animals. Some they killed, some they enslaved. Some killed the adults, and cultivated the children, the young animals, to become—Societies were based, the

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majority of society were human cattle, managed by a ruling oligarchy, and herded on the behalf of the oligarchy, by lackeys, a bunch of lackeys.

This was the nature of political society from the beginning of the Roman Empire, and Babylon before it, until the founding of the modern nation-state.

The problem today is that people are being driven back to the condition of human cattle. And the way to reach them, is, how?

You have to give the people this. And the Pope is the one person on this planet I really trust on this one. You have to go back to the fundamental principle upon which modern civilization was based, the principle of modern natural law. And that is, no government has the moral authority to govern, as a moral authority, unless it is efficiently committed to promote the general welfare, the common good, of all of the people and their posterity. The nation-state was created, with the first case being that of Louis XI's France, and Henry VII of England after him, with the idea of "the state must defend the general welfare of all of the people." The law must be designed to defend the people, and their posterity, the general welfare. And the state has no rightful authority except that. This is the notion of the modern nation-state.

When you take away the nation-state, then you take away the instrument of society, the nation, the sovereign nation, which is capable of efficiently protecting the people, protecting the general welfare, protecting the future generations. Without the nation-state, *there is no political morality*. And therefore, any proposal to weaken the nation-state is an action which is *evil*.

There's no reason to have war among nations. There's no justification for war among nations. We may have to fight a war, in defense. But there's no reason, there's no nation on this planet, which really has an interest, as a true nation, in warfare with another nation. For what purpose?

Our purpose is to defend the general welfare of *our* nation, and to have a community of principle in support of the general welfare, among nations.

Now, Peru's role is, in a sense, real, and it's also moral. Peru has gone through a very difficult time, in a difficult hemisphere. The sense of dignity which exists in the Peruvian population, and its institutions, is an essential resource of all of the nations of the hemisphere. And it's that sense, of that, in Peru, which I think is people's source of strength. And that source of strength is the resource from which anything good in Peru will come. As a resource which will help to strengthen the will of other countries, which, if they admire what Peru is doing in maintaining its tradition, will strengthen them to do the same.

Weak nations on this planet—and Peru is one of the weaker nations, relative to the great powers—depend upon what John Quincy Adams proposed in the 1820s. The objective of the relations among states, in the Americas, and the policy of the United States must be, as the United States ac-

quires the power to do so, we must defend all of the nations, all of the independent republics of the Americas, for the purpose of establishing a community of principle, that principle being the general welfare, the common good, of us all. And that is the only real strength that Peru has, is that its people cling to that idea of national sovereignty, as John Quincy Adams, when Secretary of State, foresaw the time would have to come, when the United States would be able to enforce that policy. That the nations of the Americas would each have their sovereignty, and would be bound together by a community of principle, of service to the common good, the general welfare.

Why The Attack On The United States?

Q: There's a question which I think is quite relevant: Mr. LaRouche, you have said that the recent attacks in the United States have been manipulated by financial interests, which seems quite plausible to me. But can you clarify for me, what are the advantages that these international forces would obtain from these latest actions?

LaRouche: Well, you see you cannot overlook the importance of insanity in politics, particularly in strategy. The people behind this—and they were largely from *inside* the United States; there were a couple of other countries involved, not Arab countries—there were some people who were part of the Iran-Contra relics, built up by Britain, the United States, and Israel, who undoubtedly were used as a resource in some aspect of these operations.

I'm not an admirer of Osama bin Laden, who's a creation of the British, the Israelis, and George Bush—the father. I'm not defending him. But they are essentially trivial.

The operation we've seen, in the United States, involves a degree of sophistication, which could not have been done by anybody outside the United States. It could only have been done by senior people, who are experienced in special warfare, and military command. That is, the minds of the people who planned this, had to be functional on the flag-officer-rank level, or the equivalent, in intelligence. This was a genuine coup d'état, run from inside the United States, probably using assets which belong to the British, the French, and the United States special warfare capabilities, which we associate with things like Iran-Contra.

The motive behind this operation is very clear. The operation was motivated by a policy which was made most notorious by a former National Security Adviser of the United States, Zbigniew Brzezinski. It's called the clash of civilizations. Brzezinski, together with Kissinger, has proposed that we have to break up the possibility of cooperation among the nations of Eurasia. We have to go back to the British Great Game of the 19th Century, of intervening in Central Asia, using religious warfare and tribal warfare, as a way of breaking up the possibility of cooperation among these states of Eurasia. He called it the clash of civilizations. He said it's geopolitics—it *is* geopolitics. It's what the British monarchy did with Halford Mackinder in starting geopolitics as the way

of organizing World War I.

The motive for this, is that people who, seeing a great financial crisis, are afraid that the nations of Eurasia will enter forms of cooperation with one another, which would create on that continent, a focal point of power, which would prevent the English-speaking maritime powers from continuing to dominate this planet. Not just the English-speaking maritime powers, but that in the Venetian tradition, the power controlled by rentier-financier interests, of the Venetian style.

Now, these are the families which I know well, from New York City, from Washington, D.C., the law firms, the large financial houses, who have this persuasion. Who last year, in New York, at the Council on Foreign Relations, had a session—July of the year 2000—in which they anticipated the possibility of a crisis of this type. And had war games, simulations, at the headquarters of the CFR in New York, to try to say, what do we do about it?

Now, what came out of this kind of war-gaming in the United States, was, again, the revival of the Brzezinski clash of civilizations.

Now, we don't know who the people were, who actually commanded this coup. It's a nature of—I mean, some of you know something about military experience, you know how a coup is organized. You have a person standing next to you; you know him as General So-and-So, Colonel So-and-So. He also is Mr. X, but you don't know that. So the Mr. X's, who overlap the intelligence and military community and the financial community, create a need-to-know, very tight security operation, and organize a coup as only that kind of trained mind can organize a coup. And when you look at the details of exactly what was done, what security precautions were penetrated, what were not operating, what the timing factors were, what the problems were of executing the operation, and you look at this operation, you say, "That was a coup d'état."

Then you say, "What about the Arabs?" Well, what about Iran-Contra? How many people have fought as Afghansis, in Afghanistan, recruited by what was called Iran-Contra? How many people are involved in the drug-trafficking—because drug-trafficking is the basis for this vast army, the flow of funds for this vast army of people who've been conducting guerrilla warfare like the Afghansi in Afghanistan. Afghanistan is the biggest source of opium in Europe and Russia today. It's an opium war. Do you think that these people in Washington, who would do this kind of thing, don't, wouldn't, use those kinds of people as cannon-fodder, for their purpose? Do you think they wouldn't take the coincidence of the danger of a religious war, breaking out in all Asia, if Sharon, or the Israeli military, go the next step, and go up the mountain to tear down the third holiest place of Islam, in Jerusalem?

This is the situation in which we're living. And that's the way we have to understand it. It can happen. It did happen. And the only way you can defeat this, is by taking away the advantage. If people are mobilized, and nations are mobilized,

and say, "All right, there's a coup being run against us. We don't know who the exact names of the coup plotters are. But we know the identity, the nature of the identity of the phenomenon which is behind this. Here's what their objective is. If the people resolve that no one will be able to conduct a coup to realize that objective, they can't take power." And that's the way I'm looking at it.

Education vs. Globalization

Q: We are going to continue with the two final questions, Lyn, in order to not exhaust you further—and we thank you again for your very valuable time.

I have three questions here, which raise the cultural and educational subject. One of them says: Do you believe, Mr. LaRouche, that the globalization process affects the educational process negatively? Do you believe that Peru has a reality different from that of other countries, regarding education? Another question on the same subject of education: Those of us who are committed to the spread of culture, what can we do to improve the spiritual quality of the people?

LaRouche: Well, yes, globalization is a danger to education. It's a danger to the people. It's a danger to everyone.

What is a human being? A human being is not an animal. No animal can discover a universal physical principle. No animal can communicate the discovery of a universal physical principle to someone else, to another animal, even of its own species. Only human beings can do that!

Now, I use the example often of the case of a student today studying some of the discoveries of Archimedes, which is 2,300 years ago, or more. A student today, a young student, in a good school, can reenact some of the discoveries of principle made by Archimedes. Now the student is not learning to repeat the words, or the formulas, or the constructions of Archimedes. The student is actually re-experiencing the act of discovery, the act of genius, of Archimedes. And once that student has successfully relived that act of discovery, that act of discovery, that act of genius, lives in that student's mind. That student, if the student is happy, will be so happy about having that experience, the student will tend to go out to other students and try to share that same experience.

Now, that, to me, is the principle of education. I would refer, as I have often have, to a painting which is in the Vatican in Rome, by Raphael Sanzio. It's called, in English, *The School of Athens*. And you see pictured there, depicted by Raphael, a large number of persons, including himself, are meeting in this portrait of the meeting of the School of Athens. These are people who lived at different times; they were not contemporaries. But they were people who were involved with the ideas of the history of Classical Greece and what came out of it.

So any student who had gone through an experience, in which all of these minds, represented in the School of Athens by Raphael, all of these minds had been experienced by the student, in the sense of rediscovering what they discovered,



“A student today, a young student, in a good school, can reenact some of the discoveries of principle made by Archimedes.”

rediscovering their argument; that student would have all of these people living in the student’s own memory, not as a memory of a picture, not as a memory of some words, but a memory of the act of argument, the act of discovery. That is what the model is of a Classical humanist education.

Now, it has two functions. One is a scientific and artistic function. The scientific and artistic function is to bring our children to the level where they represent the accumulation of the greatest fruits of human history. Those great fruits are *ideas*; discoveries of principles, artistic and scientific, which are the contribution of the past of humanity to us today. That child should relive that heritage. Not *know* about it, relive it.

This does something else. When a child relives that heritage, and comes to maturity, knowing intimately, not only the *names* of great scientists, not only the formulas of great scientists, but has re-enacted the act of genius of discovery, which produced these fruits, this child has an informed conscience. The child finds that the person—and everyone who’s had a scientific education knows this, or an artistic education—that a person you know the best, is someone who died hundreds or thousands of years before you. As every Christian thinks from experiencing, say, in terms of Easter time, where say, the Passion of Christ, such as the St. John Passion, or the St. Matthew Passion are re-enacted, the person coming in that congregation comes out of there, knowing Christ better than the person they met on the street that same day. Because they have *experienced* the Passion of Christ. They’ve experienced the act of genius in that Passion.

When you have that relationship to people of previous

generations, of all humanity, you have a sense of the things that they contributed, which should have been done, which were not done; or the ideas they had which were not followed. And you have a sense that *you*, living today, might be able to do something to change the outcome of past history. By realizing a benefit, which that person had contributed, which had not been realized up to now.

We also look forward to the future. You look at yourself, from the eyes of the future. You say, I have got to contribute to people who come after me, what was given to me by this kind of education. And I have to judge myself, and think of my life and my conscience, in terms of how they should look at me, as I look at these discoverers who preceded me in my education. This is the essential, qualitative, the moral aspect of education, which must be preserved.

Globalization, which denied this kind of history, this historical view of the development of the nation-state, obviously has destroyed education. Globalization has denied the right of governments to provide their children the conditions of life, the conditions of education, where every child has the opportunity to develop that quality of genius which is symbolically portrayed, by Raphael’s *The School of Athens*.

What do we have to do about it? I think we have to—First of all, we have to share, I would hope, the viewpoint which I just expressed. We have to share it with one another. We have to try to inspire people to see humanity in those terms, to see other people, to see nations in those terms. We have to mobilize in every way possible, to approximate that kind of educational process among children, and others. We

have to cherish it.

We have to hope that we can build institutions which will do that; in which every person has a moral sense of themselves, not as an animal in a jungle, trying to survive at an advantage over somebody else, or some other nation, or some other person, but have to see ourselves as having an individual, who is at the one time divine, and yet mortal. We're divine in the sense that we can share ideas, with people who lived a thousand or two thousand years ago, as if it were only yesterday. We can look forward to hundreds of thousands of years to come in a way, the same way. So we find ourselves living, as some theologians call it, in the simultaneity of eternity. We sense ourselves as a mortal individual, living as a mortal being, in a very short period of life, but living, as a being, who brings, makes the past come alive, and brings the future into being. We see ourselves as a person on a mission, called mortal life, of bringing justice to the past, and bringing hope to the future.

If we see ourselves so, then I think we know how to act. I find that thinking this way, which is a habit of mine, gives me a great deal of strength. I think that other people would find that that way of thinking also gives them strength. And by giving each other that kind of strength, and that kind of perspective and vision, then we would say: Well, the most important thing is to develop our children into adults who have achieved this, and leave the future safely in their hands.

Do what we can do. We don't have the power to predetermine everything, but we have the power to do good. And if we do good, there's some benefit will come of it. It's the best we can do.

Terrorism And Intelligence Agencies

Q: We are going to turn to the last question. Many of these questions will be left unanswered, for time reasons. As you can see, about 35 questions have come up to the dais. It's obviously impossible to answer each one of them. I will pose the final question, by joining four questions which relate to the question of security.

The first says: What is the relationship of the CIA to the terrorist movements in Peru, Sendero Luminoso, and the MRTA? The second question is about the terrorism situation in Colombia: What is the perspective that you foresee there, Mr. LaRouche? The third question is on the relationship of terrorism to the drug trade in the whole continent; what do you think about this? And the last question asks Mr. LaRouche to please indicate, in broad terms, his security policy for this hemisphere.

LaRouche: Well, let me take the last question first, it's the easiest one.

If we, the United States, have the kind of policy I hope we can persuade the United States government to adopt—and I think it's not impossible—in that case, the hemisphere has no security problem. Because if the nations of the Americas are united on certain kinds of objectives, no one would dare, or



New York Stock Exchange President Richard Grasso embraces the narco-terrorist Raúl Reyes, in Colombia in 1999.

wish, to attack them. So, that's the easy part. So the point is, the United States must, as John Quincy Adams hoped, play that kind of role in respect to the Americas.

Otherwise, I see no magic solution for the question of security.

Now, the CIA is not, in my view, a very significant part of the problems of drugs and terrorism in Central and South America—not as such. However, there are other associations which are sometimes referred to as CIA, which are actually not.

The peculiarity of U.S. law, is that when Allen Dulles, under the National Security Act, functioning as Director of Intelligence, was also the Director of Intelligence for the CIA, but he was also the general director of Intelligence, which included military functions as well. He then created a special facility, under the Joint Chiefs of Staff, in the Defense Department, which was known as the Special Warfare Division. And out of this Special Warfare Division, all kinds of people—some military, some retired military, some all kinds of things, not military—began to be used—and this included foreigners, not just U.S. citizens, but people from many countries were used to conduct special warfare; and I think some people know what I mean by special warfare.

The development of the terrorist movement, so-called, which to my knowledge was chiefly done by governments, or by large financial institutions with the power equivalent to that of governments—that is, the idea of autonomous terrorist movements as existing, is nonsense. Autonomous terrorist movements don't survive; they don't live to be around very long. Any terrorist movement that survives, survives *only*

because it is an instrument of policy of some government, or governments.

The paradigm for this is the Iran-Contra operation, as it was called, which we know very well throughout the Americas, and so forth. But it's this Special Warfare section, and this tradition, where you have a mixture of official and private funds—and it was the private funding, on the Israeli model, introduced in 1981, which is the big source of the horrors of terrorism on the planet today. That is, you had an arrangement under which special warfare capabilities of this type, including from all kinds of countries, largely British, Israeli, and U.S. as the control, created things like Iran-Contra—out of Islamic Jihad, and other things they got it out of. Created it.

As you saw in the FARC, as you saw in the drug lords of Colombia, the same thing. Other parts of the hemisphere. The drug lords, the terrorists, they were never autonomous forces. They were supported by *governments*. Sometimes governments from outside the hemisphere, but known to governments inside the hemisphere. So there are no such things as survivable terrorist organizations. An independent terrorist organization will not survive very long. Once it sticks its nose up, it's likely to be crushed, if it's not absorbed. So, terrorist organizations, as such, are instruments of governments. I know that from the 1960s. I know that from the '70s, and the '80s, and today—that terrorists are instruments of govern-

ments, or financial combinations.

Now, the complication has been, the biggest source of funding for independent warfare capabilities, not necessarily funded by governments, but otherwise funded, who can buy vast amounts of weaponry and so forth, is what? Drugs. Without drugs, you could not have what is called international terrorism today. That's how armies are funded. You could not have had an Afghansi organization, the Taliban regime, without drugs. So that's the way the thing goes. And that's the way the problem goes. It's crucial.

Colombia, exactly that. It's a drug war. You have this guy Grasso, head of the New York Stock Exchange, embracing the treasurer of the FARC! The biggest drug-trafficking and terrorist organization in Colombia. Obviously a case—financial institutions. And so forth and so on.

So, those, in short, I guess to make it as brief as possible, that, I think, is my answer to that question.

Q: Well, Lyn, as you can see, we've not only listened to what you've had to say with great attention, but we all here are taking stock of the advice and the analysis which you've just shared with us. On behalf of the Society of Engineers of Peru, and its chapter of Economist Engineers, and also on behalf of *EIR*, we would like once again to thank you for your wise words.

Thank you very much; and with us, all of Peru thanks you.

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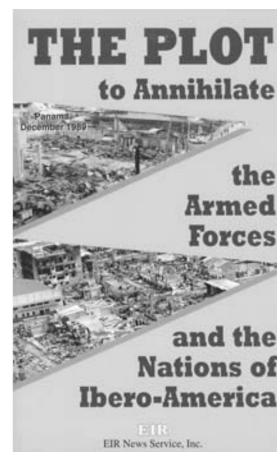
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