

LaRouche: Despite economic debacle, this is a moment of opportunity

This address by U.S. presidential candidate and political prisoner Lyndon LaRouche was delivered by audiotape to the Schiller Institute conference in Berlin.

During the past three years, since I was last in Berlin, one empire, the Soviet, has been dissolved, and the second empire, the Anglo-American Versailles system, is presently at the brink of its financial and monetary disintegration.

So, during the proceeding 75 years, the spiral of world history has come full cycle, once again, to the outbreak of a spreading Balkan War and once again to resonating debates in Moscow over the competing economic development philosophies of Ministers Witte and Stolypin.

Unfortunately, on the surface at least, it appears that the governments of the world's leading powers have learned nothing useful from the rudest experiences of those policies which caused two successive world wars, which caused the Bolshevik Revolution, and which also caused that disastrous financial and economic crisis of the 1930s.

Now, the legendary Four Horsemen of the Apocalypse are once again at work in more and more regions of the Eurasian, African, and American continents. Famine, disease, pestilence, and varying degrees of regular and irregular warfare, are proliferating.

If the past 25 years' current trends in economic and related policymaking continue to be supported or are even tolerated by nations such as those represented here today, we must foresee a vast depopulation of this planet, including the dissolution of many entire nations and cultures during the course of an oncoming, 21st-century new Dark Age.

To prevent such terrible calamities from destroying civilization, we must take into account certain leading points of similarity between the 1878-1914 policymaking of imperial London, and the Anglo-American policy trends of the 1964-91 period. We must recognize a similarity in philosophy of policymaking, a similar philosophy situated in what are admittedly the relatively significantly altered economic, political, and cultural circumstances of today.

The buildup to World War I

The principal cause of the First World War was imperial Edwardian Britain's hysterical fear that a rising German

economy of the 1878-1914 period would link itself, in cooperation with Paris and Moscow, to establish the railway axis of a vast Eurasian powerhouse of technological progress for global economic development.

For that reason, imperial London utilized France's Théophile Delcassé over the 1898-1904 interval to establish the anti-Germany Entente Cordiale. For the same reasons, this gray Delcassé Entente Cordiale recruited a duped Russia and Italy as allies for a war against Austro-Hungary and Germany. To this purpose, imperial London and its friends in Venice ignited the Balkan Wars, plunging Europe into that vast ruin called World War I, from whose destructive effects Europe never recovered fully, even to the present day.

Since the close of 1989, the role of an emerging Germany as potential pivot of a Brest to Vladivostok Eurasian development initiative, is once again the obviously required immediate course of action for the world's economy.

For the republics of western and central Europe, and of the former Soviet Union, this natural course of cooperative action is the only rational choice of means to find mutual economic, social, and political security.

Unfortunately, as we have seen, since the end of 1989, among the London and Washington heirs of Castlereagh and Milner, continental Eurasia's great new opportunity is the dreadful geopolitical nightmare of Conor Cruise O'Brien, Nicholas Ridley, Henry Kissinger, Lord Carrington, and similar people.

Although Britain's guilty role in causing World War I must be acknowledged now, if we are to find the roots of the post-1989 Anglo-American sabotage of Eurasian security, we must not overlook the contributing follies of relevant other powers, the follies of those powers either before the First World War or at the present time. Then, before the First World War, we recall that imperial Edwardian London was enabled to play the Castlereagh Holy Alliance game of divide-and-rule, by exploiting such contemptible but popular follies as greed, power lust, ignorant bigotries, faddish delusions, and, above all, intellectual cowardice among the governments and populations of the powers.

Today's Anglo-American imperial faction of such figures as London's Chatham House's Kissinger, Eagleburger, and Carrington, plays the same kind of game upon the follies of

European and other powers.

Despite this cyclical pattern in this century's events, there is reason to hope that the present economic debacle of the Anglo-American system might become the opportunity, the stepping-stone, to a global moral and economic renaissance.

We are near a breaking point

Future generations will look back upon our 1970s and 1980s, upon the cult fads of Thatcherism, free trade, deregulation, and lunatic forms of ecologism, with the same abhorrence which history has already shown toward the tulip mania of the Netherlands' past or the pathetic mobs of Flagellants of 14th-century Europe.

Fortunately, as in those earlier cases, there is a limit beyond which history will no longer tolerate such mass lunacies as these. We appear to have come near to such a breaking point inside the United States. The recent senatorial election in the U.S. state of Pennsylvania is one among a number of important recent positive signals which should encourage us. That Anglo-American global financial and monetary system which was established by the Versailles treaties, and which was reaffirmed by the forms of the close of World War II, is now bankrupt, and is in the process of disintegrating.

This collapse of that system not only demands radical reforms in economic institutions; the self-discrediting of the system defines the historic moment of political opportunity to establish long-needed reforms.

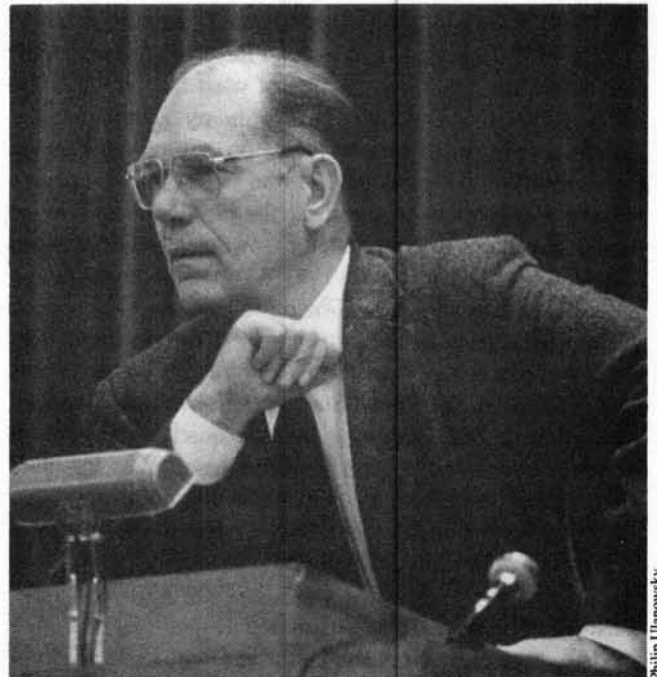
How the crisis was created

To define this bankruptcy of the United States, of the Anglo-Americans, as briefly as possible, trace the principal turning points of the process since the 1957-58 Eisenhower recession inside the United States. That 1957 recession was the inevitable and relatively disastrous result of the policies which were introduced in 1954 under the influence of economic adviser and later ambassador to Germany, Arthur Burns.

Had there not been the recovery measures of the Kennedy administration, the monetary crises of 1968 and 1971 would have struck as early as the mid-1960s. It is important to note, that 1963, the year of the November assassination of President John F. Kennedy, was also a period of some very critical tectonic and correlated changes inside Europe.

The coordinated emergence and kindred policies of Britain's Prime Minister Harold Wilson and of the United States Johnson administration marked the beginnings of that Anglo-American bankruptcy erupting so conspicuously today. Wilson and Johnson introduced a turn away from the earlier emphasis upon capital-intensive investment in global scientific and technological progress, into the corrosive decay of what is fairly described as post-industrial utopianism.

By 1970, the inertia of growth left over from the Kennedy recovery measures was spent. In terms of net depreciation of capital improvements of basic economic infrastructure, there



Lyndon LaRouche, speaking in New Hampshire during the 1988 presidential campaign.

Philip Ulanovsky

has been an accelerating net erosion and collapse of the U.S. physical economy since 1970-71.

Until the successive financial and related crises of 1987, 1989 and 1991, the full impact of this cumulative U.S. economic contraction was masked, not merely by increasingly fraudulent official economic statistics, but also by a credulous, widespread misevaluation of the growth of incomes and relative employment in nonproductive categories of administration, services, and parasitical financial speculation.

Also, the fuller impact of the contraction upon the U.S. economy internally was masked by the ability of the United States as a superpower to loot offsetting concessions as tribute from not only developing nations, but even its industrialized allies in Japan and western Europe.

The 1967-72 stepwise termination of the Bretton Woods gold reserve agreements, and the substitution of a floating exchange rate system, brought to an end the possibility of the international long-term borrowing costs below the rates of achievable yields in long-term productive investments.

This was greatly aggravated by the so-called Kissinger petroleum price hoax of 1972-74. The continuation of the 1971-72 and 1973-74 events doomed the economies of the developing sector as a whole, for as long as these cruelly absurd monetary policies remain in effect.

This collapsing of the developing sector's potential for technologically progressive capital-intensive investments and increased productive powers of labor, defined a savage contraction of the world's economy, in per capita and in per square kilometer terms.

The U.S. deregulation of banking and transportation during the 1978-79 period, and Federal Reserve chairman Volcker's October 1979 introduction of what he had identified as controlled disintegration of the economy, sent the United States economy into the steep recession of 1980-82. Despite the foolishly much-admired 1983-86 expansion of nonproductive employment in incomes, the physical economy of the United States has continued a downward slide, without interruption, from the period 1971-82 up to the present day.

Instead of accepting a reform during the late 1982 period, when such financial reorganization of international debt structures might have saved the core of the United States banking system, the United States government and financial establishment launched what became quickly the greatest bubble of lunatic speculation in modern history, the so-called Thatcherite financial bubble, which is at this moment collapsing inward upon the ruined physical economies of North America and the United Kingdom.

The problem in policymaking

This hundred-year history of the Great Powers' stubbornly repeated follies, presents today's statesman with two urgent queries.

First, why were these bankrupt Anglo-American policies not corrected years ago, when the danger should have been obvious already? Second, why might we hope today that we have a chance of changing those policies, in spite of the fact that we failed to make such changes in previous crises?

The core of the problem in policymaking up to now has been this. That oligarchy which is based upon quasi-immortal family foundations, which is the core of the Anglo-American Establishment, has reached the state of rarely challenged power over most of this planet. This has been generally the case and trend since the Versailles Treaty. As the power of stateless President Gorbachov has faded to a mere phantom, like the grin of the fabled Cheshire cat, the Anglo-American oligarchy has deluded itself, that the last agency capable of challenging its power over this universe, has faded away.

So in the imageries of classical Greece, the Anglo-American would-be rulers of the world, these would-be gods of Olympus, have fallen victim to a fatal infection which the classical Greeks called hubris: the delusion that even the Creator of this universe must submit to the merest whims of Washington and London.

There is an historical parallel most usefully considered in this connection.

We are situated today as the late 14th-century forerunners of the Golden Renaissance were politically advantaged by the mass bankruptcy of the usurious Lombard houses during the middle of that century. The present-day collapse of the financial and monetary power of the Anglo-American oligarchy constitutes a devastating tactical setback for the political power behind such London Chatham house agents as Henry A. Kissinger. This creates the political flank against which

we must move now, to create a new world monetary and financial order.

What must be done

To organize a recovery from the bottomless global economic depression which is now in progress, we must move promptly to the following effect. I shall simply identify measures which will be presented and discussed in detail, I'm certain, later in this meeting.

1) The center of the economic recovery will be the scrapping of the lunacy of Thatcherite shock therapy and related delusions of the so-called free trade cult of fools such as Harvard University's notorious Prof. Jeffrey Sachs or former State Department official R. Mark Palmer.

2) We must adopt as our initial general policy of economic recovery the policy of the creation of state credit as a monopoly by sovereign national republics, credit used chiefly for the productive union of idled productive capacity with idled sections of the labor force.

3) This use of a monopoly of state credit among cooperating sovereign republics shall be chiefly for a massive development of national and international basic economic infrastructure and for promotion of capital-intensive modes of technological-progress investment in production and physical distribution of agricultural mining and manufacturing products.

The objective is to increase the productive powers and output of labor per capita and per square kilometer throughout the regions of northern Eurasia and the world as a whole.

4) It must be stressed, that the sovereign states' monopoly of power to emit legal tender is a central feature of Article I of the 1787-89 federal Constitution of the United States, as this monopoly is clarified by the relevant writings of United States Treasury Secretary Alexander Hamilton, one of the co-drafters of the U.S. Constitution. This policy respecting state credit *is and must be prominently identified as the American System of Political-Economy*, as that American System was so named and was so introduced into European thought and practice by Germany's Friedrich List and Russia's minister Sergei Witte.

5) We must extend these initial measures of economic recovery to establish a new, just, global economic order, an economic community of common principle among members of a global community of what are each perfectly sovereign nation-state republics. This new order, this new, just, world economic order, shall replace the Versailles system, and shall replace such amended features of the Versailles system, as the Bretton Woods monetary and financial institutions.

6) The implementation of such a just, global economic order must, as a practical matter, orbit around the center of the rapid development of a northern Eurasian railway axis, this axis to be the generator of that supply of high-technology capital goods required so urgently for the equitable transformation of the southerly portions of this planet.