

Battle for global economic recovery is brought to Italy

On April 10, Lyndon LaRouche and Helga Zepp LaRouche were featured speakers at a conference at the Hotel Columbus in Rome, sponsored by EIR and the Italian Solidarity Movement, designed to discuss the necessity of a war plan to bring the world out of the worst financial disaster in mankind's history. LaRouche's call for President William Clinton to convene a New Bretton Woods conference, to organize a worldwide economic recovery, and the Eurasian Land-Bridge project, were prominently featured in the conference, which was attended by more than 100 people, including leaders from state-sector industries.

Some scheduled speakers could not attend, because of the ongoing election campaign in Milan, and the government crisis. They included the president of the Lombardy region, Roberto Formigoni, and Sen. Flaminio Piccoli, former general secretary of the Christian Democracy and president of the Christian Democratic International. In his telegram to the conference, Formigoni wrote, "Unpostponable institutional deadlines do not allow me to come to Rome. I wish however to express my vivid appreciation for this initiative, being aware of the importance of this conference which, I am sure, will give an important contribution to international economic policies." Piccoli is among the signers from Europe of the call for a New Bretton Woods conference.

We publish here the speeches and papers presented to the conference.

Speech by Lyndon LaRouche

My major intent is to indicate to you, the options which face Italy and other nations today. My purpose is to emphasize the solutions to the great crisis upon us, but to do so, I must indicate the nature of the crisis. Because what one reads in the press, what one hears in government circles today, is totally

irrelevant to the reality which faces the world in the immediate weeks and months ahead.

There is nothing in the history of Europe to compare with what is happening right now, since the middle of the 14th Century. You may recall that with the collapse of the great Lombard banks, Europe went into a Dark Age for some period of decades. That is the nearest approximation of a precedent for what is happening right now. But what we are facing right now is far worse, and it is global; it is not restricted to one part of the planet.

This is not a matter of a recommendation, it's a matter of fact: that, contrary to all debates and discussions of policy within governments and elsewhere, it is not possible for the present international monetary and financial systems to outlive the months ahead. If no one decides to destroy it, Maastricht shall be destroyed in the process. There is nothing to debate. That which ceases to exist, ceases to exist. It is beyond the power and will of man to save this monetary and financial system.

There are approximately over \$100 trillion worth of worthless paper sitting in the world financial and monetary system. If a chain-reaction collapse of this paper occurs, there is no possible resource, physical resource or assets on this planet, which could sustain that avalanche of collapse of the financial system.

And, those who say that somehow the system might be adjusted, or might be reformed, or might continue, are deceiving themselves. It's not possible to save this system.

In the past months, for example, the New York financial markets wiped out \$800 billion worth of paper values. That does not account for the effect of the same crash on international markets. This crash may end some time soon. It will soon be followed by another. It is like being in an earthquake zone, where the earthquakes will come one after the other. Nothing under the present system can stop this, except the virtual extinction of the international financial system. The



If we don't set up something like a New Bretton Woods system, Lyndon LaRouche said, "then famine, epidemics, chaos, and so forth, the collapse of the nation-state system, will collapse the level of population potential of the planet back to the level of the 14th century. And therefore, we have to. And I think the only reason we will do it, is because we have to." From left: translator, Lyndon LaRouche, Paolo Raimondi (moderator), and former Minister of Transportation of Italy, Publio Fiori.

collapse will continue, until some governments decide to stop the process by putting the international monetary and financial institutions into government-directed bankruptcy.

Apart from that decision to put the system into bankruptcy, there's nothing that any government or combination of governments on this planet can do to stop this system from disintegrating. And all discussion to the contrary is a pure waste of time. The system is dead. It is finished. It is over. Thirty years of the greatest insanity ever wrought by man are coming to an end.

We once had, with all its imperfections, we have on this planet, coming out of Europe, a system of modern nation-state republics. This was an idea which was created in Italy, particularly in the context of the great Council of Florence, out of which came the great organizing effort which resulted in the establishment of the first modern nation-state in France under Louis XI.

The use of the state, the commitment of the state to its citizens, was new in the history of mankind. The commitment toward universalizing education for all classes of people, the commitment to great public works, the commitment to the fostering of trade and industry, which are the characteristics of the modern nation-state, resulted in the greatest rate of improvement in the demographic characteristics of populations on this planet in the entire history and pre-history of

mankind. Despite wars, despite the effects of colonialism, despite every other catastrophe. From 1461 until about 1966, there was a general, global improvement in population, in life expectancy, in conditions of life, in productivity, and general quality of existence, throughout this planet. There was nothing to compare with it in all human existence. The human race increased in population, from 300-400 million people in the 14th Century, to now, of course, over 5 billion people today. Life expectancy increased. Diseases, one after the other, epidemic diseases, were brought under control. Despite all the evils made in the name of European civilization, there was net progress throughout this planet as a result of the influence of the modern state, until the middle of the 1960s.

For example, in the United States today, if we measure income in physical terms, plus education, health care, and science, the per-capita income, in terms of labor force, in the United States today, is half of what it was 30 years ago.

You see the same thing throughout the world. An uneven process. Sub-Saharan Africa is now being destroyed. Life expectancy of adult males has dropped down to between 30 and 40 years of age in Central Africa. Led by the British Commonwealth, the very political existence of nations of Africa is being liquidated. There is a deliberate policy in the Great Lakes region of Africa to depopulate it of its indigenous population. The mountain regions, which include

Rwanda and Burundi, are tending to be depopulated. These, of course, are the most densely populated areas of sub-Saharan Africa. And it's not accidental. The natural conditions for life are richest there. Some people think that Americans and Europeans should live there instead of Africans. Once the ethnic removal of the Africans has taken place, then they will sell the real estate to Europeans and Americans to live there.

The onrush of a new Dark Age

The existence of political nations in that whole region is being presently, right now, destroyed. For example, eastern Zaire is being carved up into small baronies. These baronies are run by corporations. One is a British Commonwealth company called Barrick Gold, whose highest representative is Sir George Bush, the former President of the United States. They have stolen gold and petroleum reserves in the northeast of Zaire.

We have in other areas, copper, nickel mines, that sort of thing; and diamond mines. These are being taken over again by concessions, using mercenary armies to control the territory. The area around these entelechies being created, is a no man's land.

You find a similar condition in Italy and in France, and so forth, in the decline of the Roman Empire in the West, with the great collapse of population there. We have similar conditions developing in Central and South America. We have the same processes occurring in the Caucasus mountains, in Central Asia. We have the attempt to carve up existing nation-states in Europe, such as Italy, into smaller groups of states, on an ethnic or regional basis.

We are looking already at the onrush of a new Dark Age, planet-wide.

The point I'm making is, that 30 years ago, following the Cuban missile crisis, a decision was made in certain circles, to bring to an end industrial society. In the middle of the 1960s, this resulted in explosions in the student population in Europe, the United States, and elsewhere. This became known as a youth counterculture, echoing what happened, say, in Germany in the 1920s. This was used as a lever, to push upon society policies of ending the commitment to investment in scientific and technological progress; we saw the introduction of neo-Malthusianism and so forth, all in that same period.

Since that time, we have seen the systematic destruction of all of the institutions associated with the success of the modern nation-state. And presently, the political and economic, and demographic, effects of the devolution are now becoming most evident. We have a reversal in demographic trends throughout the populations of the United States, Europe, and elsewhere. Epidemics which we had controlled are now coming back in new forms. New epidemics and pandemics are emerging. The general reason for this is the breakdown in sanitation, and nutrition, and also medical care.

So, this great experiment in the New Age, in globalization of society, which started 30 years ago, has resulted in the degeneration of the system; in a great cannibalistic form of financial speculation. At the same time, everything is being done to destroy and undermine the authority and institutions of the nation-state.

In the name of democracy and liberalization, the power of national economies is being given to bureaucracies, such as the international bureaucracy in Brussels or the United Nations' bureaucracy. So, governments and their citizens are now under the control of supranational agencies over which no citizens of those nations have any political control. These are like dictatorial agencies of an occupied power. And, under these conditions, we've had a great speculative bubble.

The success of wartime economies

In the meantime, what we've lost, or we're in danger of losing completely, is something we recall best from the post-war period. It's a peculiarity of the 20th Century, that in no case has there been a successful economy, in any nation of Europe or North America, during the 20th Century, except under conditions of war, or preparation for war.

There are two reasons for this. One reason is negative: that the forces which have controlled the world during the 20th Century, on the financial level, generally are opposed to high rates of industrial progress. So, those who controlled the financial systems and monetary systems were able to prevent large flows of capital from going into industrial development. Only under conditions of preparation for war or conduct of war, were large flows of investment made into the relevant areas of the economy.

Now, normally, what none of the economic textbooks teach: How is it that a form of economy called military economy, which produced largely waste, is the cause for the highest rates of growth of income in the modern nation-state?

And then you come to second stupidity in the economic textbooks. The economic textbooks generally teach, especially the systems-analysis variety, that you have so much value in goods and money going in, and so much going out. Now, if the student in the university is the way I used to be, he would say, "Well, professor, how do you make this transformation, is it done by monkeys, or is it done by human beings? If you employed monkeys instead of human beings, can you get this result?"

So what is it about a human being that enables a human being to transform input into something greater than is consumed? It is not, as Engels said, the opposable thumb; otherwise, gorillas would be great producers. It is the mind of man. It is the educated mind of man. It is the ability of man to create solutions to problems by discovering and applying principles.

How does this work? What the textbooks don't tell you, but every successful production manager understands: The first thing you want, if you're a good production manager, is

you want a lot of state-produced infrastructure: transportation, power, sanitation, and so forth.

Classical education and machine-tool design

Now, you want the kind of education system which is almost illegal in the world today. You want an examination, for which no computer could score the results of the examination. If you went to a good school, in mathematics or physics, for example, then the most important questions on any written examination, would be questions for which you had no preparation in class or textbook. To see how well your powers of discovery have been developed.

In other words, the question is not, can you give the right answer you were taught to give; but, can you develop the right answer which you have *not* been prepared to recite? A student who has been educated that way, thinks scientifically. They don't memorize ideas from the past, they relive the act of discovering those ideas; which is why a good school has a lot of Greek Classics in it—to reexperience those great discoveries by the Greek Classical writers on which Western Civilization is based. You don't learn the right formula, you relive the experiments of the great scientific discoveries, beginning with the ancient geometric discoveries.

Such an education will produce a number of scientists, and also some very good engineers. Now, what do you do with these good scientists and engineers? Apart from the educational and scientific research business, you set up machine-tool design companies. Not just the maker of the machine-tool, but the *designer* of the machine-tool. New quality of machine-tools, from which you get new qualities of products and new productive processes.

These firms are generally owned by one or two people—small, maybe employ one or two hundred people at the most. They're almost family firms. Some are. These are the firms which make industry work. You want to set up a big industry, you want a climate of a lot of these firms around, especially if you specialize each type of development of machine-tool technology.

Now, when you put the labor force into the factories where these technologies are used, the kind of culture which is associated with the kind of education I described, gives you a labor force which can quickly assimilate and master the new technologies supplied in this process.

You have that in Italy, from the 19th Century in the tradition of the great mathematician Betti. The hydrodynamic technology in Italy was about the best in the world.

You have in Germany and the United States in the 19th Century, a close cooperation between the circles around Gauss and von Humboldt and the circles around Alexander Dallas Bache in the United States. There was actually a co-development of the machine-tool design sector of Germany and the United States—very close, during the 19th Century.

Now, in the development of modern warfare, in Europe,

especially since the command of the French forces by Lazare Carnot between 1792 and 1794, the decisive determinant of strategic military capability was economic. Not only logistics, but military technology.

So, when a modern nation-state prepared for defense in war, it had to rely upon having the most advanced technologies. And there's only one way you can produce advanced technologies: Expand the activity of the machine-tool design sector.

So, in the post-war period 1946-66, the characteristic of the United States and Europe, including Germany, Italy, and so forth, was the use of the machine-tool design sector, left over from the preparation for war and conduct of war, in the 1930s and the 1940s, to use that to build up and rebuild the economies of these nations.

Since the 1960s, we have seen the systematic destruction of the education system, in every country. In the greater part, the university graduates of Western Europe and the United States are called "unemployables." Actually, their education has, especially in social sciences—they generally destroyed their ability to perform useful work.

We have destroyed, almost obliterated, the machine-tool design sector. We have deliberately destroyed the world's food production. We have a world food shortage, not caused by too many people, but by too little production.

The crisis can be solved

So the question is: How do you solve this problem?

The good news is, the financial system which is associated with this 30-year change in philosophy is going to be disintegrated; nothing can stop it. Either governments will bankrupt it and put it out of existence, or it will go out of existence anyway.

Now, I'm acquainted with governments well enough to know that at this point none of them have the courage to even think about bankrupting the system. That's like saying the captain of the *Titanic* has no idea of getting the passengers off the ship. The governments of every nation on this planet can be characterized as like the character of Hamlet in the play of Shakespeare. All the intelligent people in government know that this system is finished; they just hope it goes away more slowly. As Hamlet knew, that if he continued to act as he was acting, he was doomed.

Most intelligent governments know there are alternatives to what is happening. Most people in senior positions of experience know there are alternatives in practice, to what is going on now. But they will say, it's politically impossible to bring this about. The governments will never do it. Which means the captain will never let the passengers off the *Titanic*.

That's the problem I face; how to get a solution.

Well, there are a couple of things. There was a terrible time in China, under Mao Zedong. The Great Leap Backward, move the industry into your backyard; it's called out-sourc-

ing. This was followed by another period, of even worse insanity, called the Great Proletarian Cultural Revolution, which was spilled over into the streets of Rome, and other places. So, you know something about it.

But out of this came some people who survived—the political opponents of Mao Zedong, who saw the insanity of the Great Leap Forward, and some of them were imprisoned for seeing that. They recognized the absolute lunacy of the Great Proletarian Cultural Revolution, which for them—they compare it today, in retrospect, to the Nazi regime, living

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under the Nazi regime in Germany. And the largest nation on this planet, is now committed to the ideas of Dr. Sun Yat-sen, or ideas in that direction. And, to a process I won't go through; Helga is an expert on this.

They came to the view of supporting and participating in the idea of developing development corridors across Eurasia, from the Atlantic to the Pacific and down to the Indian Ocean. They not only decided that that was a good policy, but they began to implement it. And today, China is the only nation on the planet which has any net growth tendencies within it.

Germany should have been involved in this, but Germany, because of agreements made with Mitterrand and Thatcher and Bush back in 1990, is not part of it. If you see the German government wearing shoes on its hands, don't be surprised. It's because it has shot itself in both feet, economically.

The rate of collapse of the machine-tool design sector in Germany, in the recent years, is one of the greatest catastrophes—economic catastrophes—in this period. If this is continued, then Europe as a whole will lose industrial potential. That is, there will not be enough machine-tool design potential coming out of Europe to maintain Europe as, really, a future industrial power.

The political line-up

Then the question is, how does this line up? China is willing to cooperate with its neighbors, including Europe, in the development of these kinds of developmental corridors from the Atlantic to the Pacific, and down to the Indian Ocean. Iran is, essentially, a full cooperating partner with China in implementing this program. Recently, the President and the prime minister of India both took steps to enter into cooperation with China on the same projects. There are discussions among Iran, Pakistan, Bangladesh, Myanmar, China, Malaysia, Indonesia, and other countries, on the development of transportation corridors which will lead into Europe, down through Malaysia, and through a bridge into Indonesia and into Java. And also into the Hunan province of China.

These nations are eager to proceed. Some nations in Central Asia are also involved in discussions and cooperation on these projects. The Russians have a very interesting phenomenon, which is a little more complex.

Russia today, like most of the nations of the former Warsaw Pact, is an occupied nation. It has a government, which in effect, is a comprador government. The Russian people, the Russian institutions, do not make their policy with the government. Russia is financially bankrupt, and lives at the mercy and dictate of the IMF. A very dangerous situation is building up there as a result of this.

But the old institutions of the former Soviet apparatus, or some of them, are taking a long-term view. They're trying to maintain, in the way they inherited, from the old Soviet system, maintain the long-term interests of their own tribe. This is typified by the foreign minister of Russia, Yevgeny Primakov, who was an old KGB man in Central Asia.

So, Russia is cooperating with India, with China, and Iran, and other countries, on this project. Potentially, there is substantial cooperation which Russia could give, but the main thing that Russia is doing at the present is giving political cooperation to the countries, and using its political influence and resources to facilitate this cooperation.

The Privy Council of the British Empire

The opposition to this comes from only one principal source: It comes from the Privy Council of the British Empire, otherwise known as the Privy Council of the United Kingdom, which actually runs the entire Commonwealth. And you have people like Kissinger and Bush in the United States who are totally a part of the British policy.

However, in the case of the U.S. President, we have a different situation. You should believe almost nothing you read about the American President, Bill Clinton, in the press. That's a story in itself, which I won't go over here. Despite his detractors, he does have deficiencies: he's a baby boomer. The post-war generation . . . never fought in war and never commanded troops in a war. He is totally against the British Empire, considers the British system the enemy of the United

States, which is why you hear so many bad things about him. He's also an intellectual, interested—he has studied his history. Intellectually, he's probably capable of deciding to do the right thing. But there are two things required, apart from intellect: emotion, and power of decision.

In most quarters, he has something right. But he represents, in opposition to the British Empire, the most powerful single nation on this planet. If the President of the United States continues his process of cooperation with China, and with countries also involved in the Land-Bridge effort, we have the possibility of reversing the political trends on this planet right now. Ron Brown, who was doing the initial negotiations with China on this, was killed, as we know, about a year ago. Ron Brown was the architect of the policy which the Clinton administration has toward China. Just like the policies which he had intended to implement in Bosnia.

If we can bring these forces together, under conditions of crisis, these nations and other nations will have to act in their own defense. We're headed toward a kind of event, which is inherent in the special nature of the financial situation. If a process of reverse leverage hits the derivatives market, under conditions in which we have seven days a week market, 24 hours a day, by computers and telephone lines, including Internet, you could have about a \$100 trillion worth of financial paper collapse to a very small amount within two or three days. Every major bank on this planet will have its assets vaporized by virtue of its direct, or non-direct, indirect, exposure to this collapse.

Under those conditions, governments are going to be inclined to act. Or, in some condition, leading to where that threat is immediately visible. The problem then, is how do you prepare the President of the United States, and the heads of government and other leaders of nations, to be able to assemble quickly to make the right decisions within in a matter of hours, at the right moment?

The Land-Bridge effort

The Land-Bridge effort, if we include the cooperation of Europe with the Asian countries, Africa, and North America, is the basic economic program for the general revival of economy on this planet. It is the one possibility on this planet. It is extensive enough as a large infrastructure project, to cause an immediate economic revival throughout the planet.

It's easy to do it, for all of us who know how these things are done; that is, to make the decision to do it. The question is: Will the heads of state understand, when they meet, what it is they have to decide upon, in those hours?

Now, I work seven days a week, and I generally work about twelve hours a day. The reason I have to work like that, is because, with the recent developments, there is a great demand, among various governments, to know exactly what it is they should be doing when this decision is being made. There are a lot of questions going back in forth, in banking

circles, government circles, and so forth, in various parts of the world. By the reactions I get from my outlines, and the questions I get back, I have a fair indication of what they're thinking.

So, some weeks ago, in assessing this reaction among governments and bankers, and so forth, I produced a proposal, which I call a New Bretton Woods proposal. My reason for using that term, was to recognize that, among those of us who are in their seventies, and still alive and active today, there's an understanding of what the best features of the international monetary system that operated under Bretton Woods from 1946 to 1966 were.

What would work, and what has a successful precedent, would be the establishment of agreements among nation-states, like the monetary agreements which were operating among nation-states, in terms of the Bretton Woods system between 1946 and 1966. That system is workable. The difference is, that the central banking systems of the world, will all be bankrupt. There is not a single central banking system in the world today, which is not implicitly, hopelessly bankrupt. So, be careful about what advice you take from the central bank. The way they're managing their money, you don't want to be involved with their mudslides.

So, if you combine the best aspects of the monetary and tariff and trade agreements of the period 1946-1956, with national banking as a replacement for bankrupt central banking, then you have a model for administering an economy in reorganization and bankruptcy. If you combine that with a large-scale project, infrastructure project program, the Land-Bridge program, if you have governments participating in the cooperation in this Land-Bridge program, you have the basis for establishing an immediate recovery program in the world on a short notice.

Now the problem we have, is that this has to be looked at as a war plan. If you want to organize modern warfare, you have got to have a war plan. The problem with politicians, if they go into a meeting without a clear war plan understood among them when they go to the meeting, they probably will not be able to make a competent decision. If they do not share the confidence that they have a common plan, they will not have the will power to make those kinds of decisions. Thus, my purpose is to foment a process of discussion and reflection in that direction at this time, for the purpose of assisting viable leaders of government and industry and so forth, in formulating the war plans for making that kind of decision.

Can we do it? I am not sure. But if we don't, kiss your grandchildren good-bye. Because if we don't do something like that, then famine, epidemics, chaos, and so forth, the collapse of the nation-state system will collapse the level of population potential of this planet back to the level of the 14th Century. And therefore, we have to. And I think the only reason we will do it, is because we have to. And once people see what the alternative is, maybe they'll be more willing to do it.