

# LaRouche: Those Who Could Rebuild Economy Are Being Eliminated

*The following is an excerpt from the question and answer session at the “Towards a New Bretton Woods” conference in Rome on June 23.*

**Q:** There is a political and economic scenario, elaborated in an international conference of the most important managers of the world, which says that in the future, the United States and Europe will become rural countries, and nations of the developing sector will take the lead as industrialized regions.

**LaRouche:** First of all, we have a problem in the United States, also in Europe. It’s a generational problem. The generation that was born after World War II, generally people who are between 45 and 55 years of age, dominate most of the top positions of chief executive officers and other senior professionals today. There are a few more senior figures who are still active, but they are increasingly a minority. What became known as the “’68 generation” is, by and large—especially among the top layers today, social layers today—I would say, clinically insane. It comes up in both questions.

For example, when I compare this issue with corporate management, industrial management, and other management back in the 1950s, 1960s, 1970s, even early ’80s, people of that generation of top executives and leaders would never make the kinds of mistakes which are being made commonly, and generally accepted as right, today. In general, the purpose of production today, is not to produce an improved product, as measured value of product per hour of employed labor, for example. The orientation of the past period has been toward the cheapest price for everything, by promoting slave labor among marginal populations in marginal countries—economic cannibalization of previously made capital improvements.

The problem is that the executive today does not recognize any of the things that top executives 20 years ago would have recognized. They do statistical trend studies and say, “See? We can do this.” They project statistical trends with no consideration of the physical reality of what they’re talking about.

For example, in the years when I was involved in management consulting, and in production generally, one understood that if you were going to put a new product line into

production, this would take 3-5 years before you get the first production. Under military conditions, we were sometimes able to shorten that lead time. For example, if you’re an administration of a municipality, and you’re going to build a highway, how many years from the time you complete the design of the highway, will elapse before you complete the highway as a functioning highway? If you’re going to put up a building to last for a thousand years, what kind of design, and how long will it take to do that and start the process? If you’re going to start a new product line, you must first of all make sure you have the suppliers who can enable you to do that. In order to have a certain kind of production, you must develop the labor force which is qualified for that production. To get a junior quality professional today, requires 25 years from birth to university graduation. How many years does it take to turn a baby into an effective doctor? How many years to turn a newborn baby into a qualified engineer or scientist? How many years of education of a newborn baby, plus experience, to get a qualified industrial operative of high-technology?

## Financial Considerations Must Be Subsidiary

The trouble, in answering these questions, is when you proceed from financial statistics. To try to plan on the basis of financial statistics, the way bankers do, you end up with a piece of stupidity and catastrophe. Of course, every competent manager thinks in terms of financial problems and things of that sort. But, he thinks of these financial considerations as subsidiary matters for physical things. A competent industrial manager is in the plant, looking at the physical product, the physical processes, investigating the machine, getting engineers to discuss the machine, to test the machine, to test the product.

From my standpoint, which is that of physical economy—a science which was developed by Leibniz long before Adam Smith—basic questions are: energy flux density, overall energy density, available water per square kilometer and per capita, these kinds of things. If you look at the development of European civilization, you look at the infrastructure which made it possible.

For example, if you were going to look at things like Etruscan culture, the area of Etruscan culture, what was the potential size of the actual population which lived in Tuscany during that period? You would measure the per-capita and per-square-kilometer potential for maintaining a certain standard of living and culture. If we’re going to maintain even the present level of world population, which is in the order of excess of 5 billion, maybe 5.5 billion persons today, our goal must be to have a population which has a life expectancy of about 80 years. You must have a family structure—which we’re losing today—otherwise you have cognitive damage to the minds of the young, and they won’t be able to develop adequately. You must have a certain amount of fresh water, usable water available per square kilometer and per capita.

You must have a certain number of kilowatts equivalent of energy per capita and per square kilometer. You must have a structure and composition of employment which involves high-level scientific research, university education that goes with that. You must have advanced industries, machine-tool industries, various high technologies.

So, you must have a very highly developed, not a primitive, agricultural labor force. For example, you must have about 2-3% of your labor force, at least, and not much more, involved in direct agriculture. You must have 60% to 70% of your labor force employed, basically, in physical production; infrastructure and manufacturing. You must have an educational system which covers 25 years of life, including the university level. You must have a certain rate of research, scientific research. Without those conditions, we cannot maintain life on this planet. Somebody tries to create a utopia, based on the idea of going back to a simple agricultural system—this is a science-fiction utopia, from the most stupid kind of scientific writers, who have written about this kind of thing.

### The 'Information Society' Is a Fraud

On the second thing, which is more extreme, the idea of an information society—this is a fraud. You may have computers, which are useful. You may have electronic devices derived from that, and they are useful, their application, but they will not give you economy. Classical culture is essential to cooperation. The driver in economy, in physical economy, is scientific discovery. Especially the discovery of universal physical principles and their validation. In order to test adequately, a proposed universal physical principle, you must meet certain requirements. It is not enough to demonstrate that a principle appears to work; you must prove that that principle is necessary in the physical universe as a whole.

A very special relationship is involved therefore, between the university scientific work and the machine-tool testing and design of the kind of experimental equipment which will prove that something is a universal principle. If you focus very closely on what happens between the discovery of a universal physical principle and the technologies that increase man's power in the universe, you find that the form of this relationship is totally non-linear. You have in this century, especially in the 20th century, a great intellectual corruption, among scientific and other circles. You don't have modern Bettis and Beltrami, as they had in Italy before. You have the acolytes of Bertrand Russell. His acolytes are absolute hoaxsters: Norbert Wiener—hoaxster; John von Neumann—hoaxster. Mathematical economics—hoax; econometrics—hoax.

Because a physical relationship between a scientific principle and its effect on production, can never be measured in digital terms. It's nonlinear. If you have an economy in which the only principles you know are those which are

generated by digital computers, through these forms of mathematics, so-called, at the blackboard, or on the digital computer, you are going to have a zero rate of growth, which is going to become a negative rate of growth. So, you have a doomed economy. In fact, what you're seeing today—what is worse today than it was during the 1920s-1930s depression—is that the spread of the idiocy of the so-called information society, or new economy, has resulted in a kind of financial bubble worse than anything you've seen in the past 300 years.

So, you have a twofold problem therefore, today. On the one hand, the world economy is being destroyed by a bubble, which is being managed by people who believe in information society, that is, the chief executive officers. You are replacing competent engineering, in the design and engineering departments of firms, by mere computer specialists—so-called benchmarking. As a result of that, we are eliminating from the process of education and employment, the stratum of people, of scientists, of economists, of managers and technicians, who are essential to build the kind of economy we had beforehand. So, from the standpoint of physical economy, the present CEO class is destroying the economy we have, and eliminating the kind of people we used to have, who could have rebuilt it. That's a dangerous problem we have.

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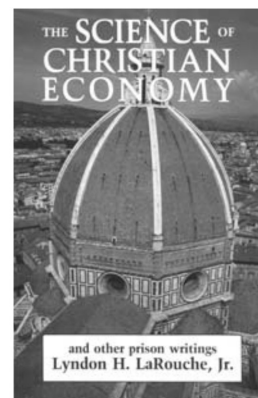
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