

EIR LPAC-TV Weekly Update

On the Subject of Economy: The Issue Is Humanity

This special edition of the LPAC-TV Weekly Update, featuring guest Lyndon LaRouche, aired on March 31. The program, hosted by LPAC Economics Editor John Hoefle and EIR Editor Nancy Spannaus, is archived at <http://archive.larouchepac.com/lpactv?nid=14043>.

John Hoefle: Welcome to the March 31 edition of the LaRouche PAC Weekly Report. This is a special program today. We're going to cover the subject of economics, and what you need to know, if we're going to save this planet we live on. So, we thought we'd bring in the expert himself, Lyndon LaRouche, and Nancy Spannaus.

Now, to start with, we're going to play a clip, from the LaRouche PAC March 13 webcast, in which Lyn addresses this particular question:

From the March 13 Webcast

This question was posed at the webcast by a leader of the Stanford group of economists, who are studying LaRouche's economic teachings; she is also a former cabinet member.

"Lyn, we're taught, for the most part, that any truly intelligible universal principles, and, I suppose, in that sense, any actual truth, doesn't exist. Now, it would seem to me, in reflecting on it, that it is that very notion

that underlies the whole idea of monetarism. And this has come up, in discussions of our group, in comparing monetarism to what you have called for in terms of a new economic system.

"But, the fact is, that monetarism—and that is really what we are all taught—says that reality can somehow be represented by an essentially statistical notion of value, and of monetary value.

"Now, the question that this raises, at least as I see it, is one of mathematics versus physics. For the most part, economists are trained in mathematics, and we are told—in fact, we are ruled by the idea—that any economic principle that we put forward, must be qualified mathematically.

"Now, obviously, the physicist takes a very different approach. And one of the things that has become immediately apparent to us, is that your Triple Curve function (**Figure 1**) could never have been arrived at purely from the standpoint of mathematics. Therefore—and please understand we're not trying to replace you, but we're trying to figure out why it is, that you were able to do this, when no one else was. And somehow, it seems that it is in this area of mathematics versus physics, in dealing with questions of economy and of national economy, that the answer lies. Would you comment?"

Mathematics Is Not Economics

LaRouche: Well, of course, the whole mathematical system of economics is a fraud inherently. And it



Lyndon LaRouche joined hosts John Hoefle and Nancy Spannaus for a special edition of the LPAC-TV Weekly Report March 31, to discuss the subject of economics, and “what you need to know if we’re going to save this planet we live on.”

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was based on an imperialist system, to begin with. And it’s against humanity.

Now, the question should be, is: What is causality? There is no concept of causality in a mathematical economics. We choose one thing over the other. What’s the difference? Well, someone says it’s the mathematical equation. Crap! That has nothing to do with it. It’s causality that’s important. And when we use a financial system which is statistical, it never works.

Why? Look, in no case in history, the known history of mankind, has mathematics, or mathematical economics, ever succeeded in producing an improvement in the conditions of life. Never. So, mathematics has, in that sense, constantly failed, and will always fail.

What happens? First of all, look, you have to look at it from the standpoint of chemistry. Life processes and chemistry. In other words, you have to have an actual science, and there’s no science in mathematical economics. None. And the results are always bad. As the case history of the United States since the death of Franklin Roosevelt shows. Always wrong. American history. Always wrong. History of Europe. Always wrong.

We have the greatest perfection of mathematics per se, with no physics in it, which was introduced by reductionism, especially since Alan Greenspan came into power, with these innovations. The greatest freedom of mathematics to test everything, without any difference for quality. The result has been the greatest catastrophe in all human history. So, any kind of mathematical eco-

nomics, as such, has been proven, again and again, to be a total failure.

Now, if you want to say a failure is a success, your measure of success, then mathematical physics is superior.

The fact of the matter is, you live in a universe which is essentially consonant with what is defined by Vernadsky’s conception of the three qualitative phase-spaces of which existence is composed, at least experimental areas: the non-living, living processes as such, and the human mind. Three different phase-spaces.

Now, what do we do? Mankind does not live naturally. Mankind’s achievement is to be highly unnatural. I don’t want to encourage certain tendencies by that, but it’s unnatural in the sense of the typical ordinary physical chemist who is not really a competent physical chemist. What is the physical chemistry of the universe? We have the physical chemistry we identify with the non-living—that is, which has no antecedent as an organized process. Then we have processes which are living processes inherently, or residues of living processes. Then we have humanity, which is not quite the same thing as any other form of living process.

So, you have the three categories. These are dynamic, they are universal and dynamic. They interact. The universe is a composite of interaction of these three phase-spaces, and everything that’s derived from it.

So now, how do we live? Let’s take a typical case of

iron. How do we get iron? Well, we could get iron in many ways, hypothetically, but how do we actually get it? How have we gotten it in terms of the 18th and 19th, and 20th centuries? We went to areas where a lot of little animals and plants died. We went and we robbed their graves, for iron.

Now, iron is all over the planet. It's a universal thing. But, why do we go and rob graves to get iron? As around the Great Lakes area, it's one of the great deposits of iron. And we rob the graves of the little creatures that died there. That's how we get iron. Why? Because the little creatures who used iron, as part of their biological process, would, when they died, have left a concentration of iron in their little dead bodies. And you can go there and say a prayer over them, hmm?

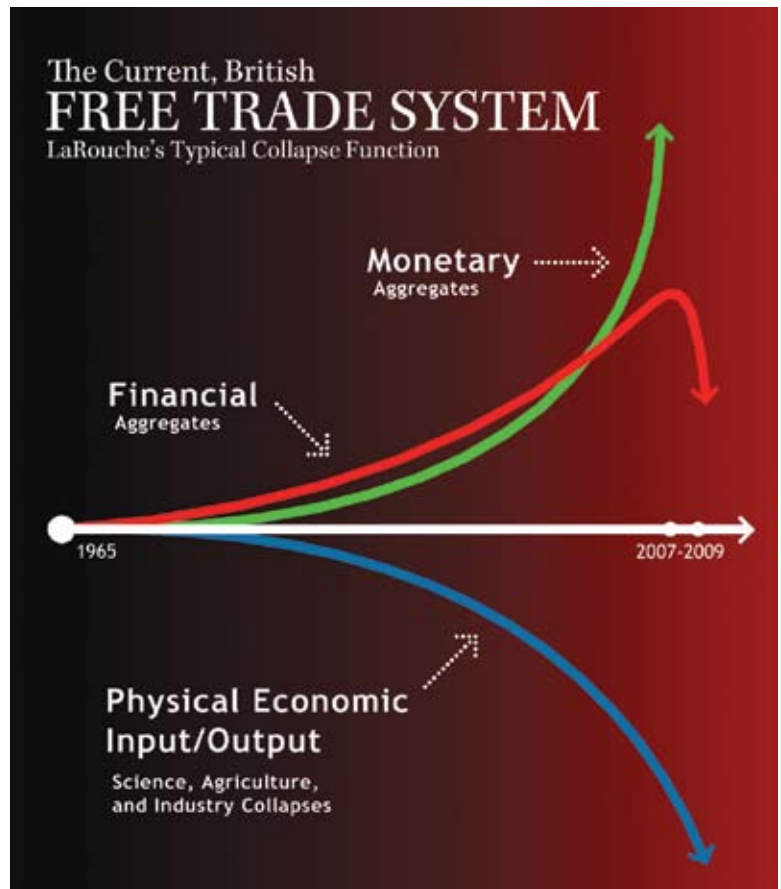
So, therefore, we found the sources of the richest concentration of iron ores, for us, such as bog iron in the Jersey swamp, which is where the Revolutionary War got its metal, iron from New Jersey, the bog iron swamp.

So, we concentrate on grave-robbing of living processes, and we find that we go in, and we take the areas which have the richest concentration of iron, which means the least heat, the least coal, used up in order to refine the stuff, and we leave behind the things that are not quite as efficient, that consume too much power in order to reduce this thing to a form of usable iron.

Now we find out that by doing that, we tend to exhaust the richest resources, of various kinds, left behind in the graveyards of various kinds of species. That's how we get them. We have the Lithosphere, and on top of this, we have a Biosphere, which is developing. It selects certain materials in the environment; grabs it, takes it into their bodies: food, food, food, for this little creature. These things die, and they leave behind these deposits. And you go running around the world to find out what kind of species was loose in this area, and they will give you the best concentration of this kind of deposit from the Periodic Table.

But then—you're using it up! Are you using it up? No, you haven't diminished the total iron in the universe, or on Earth. It's still there, it's still abundant. But it's now dispersed! It's not in graves you can rob any more. You have to go out and rob other graves, or you

FIGURE 1



have to take other resources, and you have to get more powerful means of reducing resources, in order to make them equivalent to what had been the richest resources of this iron.

So, the essence of the thing, is: For humanity to exist, several things are necessary. Humanity must increase its power, measured in heat energy, or heat power per square kilometer, per square centimeter, or smaller. And by increasing our power, by increasing the energy-flux-density of the power applied, we are able to make poor resources, better than what had been previously considered rich resources. To do that, we have to develop infrastructure, a total systemic infrastructure. We have to develop an infrastructure which is able to organize the application of energy, power, in various ways, which makes it possible at various points in the Earth, to extract economically a raw material from the Periodic Table, and to distribute it. Because you're getting it here, and you want it over here. That requires a system of power to deliver this damned stuff.

So, therefore, you can take the increase of the energy-flux-density, per capita and per square kilometer, of the planet, as a limiting consideration.

The Science of Physical Economy

So now, let's look at economics, from that standpoint: Which is called the science of physical economy. Which, in its modern form, is based on the work of many scientists, especially the followers of Bernhard Riemann, such as Max Planck, such as Albert Einstein, and Vernadsky. That, is real economic science.

Now then, the other part of it—well, it's not just economics. It's political, also. Because what kind of a political system do you have, of coordination among people, to do all the various things, including distribution, to make this system work? Look at it from the standpoint of Vernadsky. Look at it from the standpoint of physical chemistry as defined by Vernadsky. What do you have to do in terms of organization of human activity, development of power systems, transportation systems, management in general, to make this work? And to keep society progressing, and not deteriorating, entropically?

That's physical chemistry!

Now, let's take those standards, and let's measure the performance of an economy by that standard, that yardstick, and you have it. That's the problem. You need a science of physical economy, which means that you do have to consider all these psychological and other things, because they're involved in the way in which you bring about the organization of the efforts of society, to solve this problem.

And it's the same thing we're going to do to industrialize the Moon, which is one of the easiest chores before us, and how we're going to get to Mars, in less than 300 days, and not end up as a piece of jelly that's going to make it difficult to control the machine to get back.

So, therefore, the meaning of economics, as it's taught, is gibberish. And we know it's gibberish, because every time you use it, you end up in bad trouble.

So, you have to test things by their effects, but you have to choose the right effect. You have to find the time-scale on which you have to measure the effect. So, there's nothing scientific about what is taught as economics today. What is taught is, how to behave, to make the bloodsuckers rich.

[End of webcast excerpt.]

Economics, as Taught, Is Dangerously Incompetent

LaRouche: The problem today, in the United States and in the world, is among other things, the fact that what is thought of as economics, as taught, and practiced, in most places, is intrinsically incompetent. Now, it always *has been* incompetent, in these respects. But now, we've reached the point that the incompetence is taking its revenge upon us: We're now in a general, global breakdown crisis of the entire planet.

There's a difference between one side, that is the Atlantic side, and the other, the western side of the Pacific: One is for nuclear power—that's the western side of the Pacific, and of course, Africa, as well—the Indian Ocean and Pacific. On the Atlantic side, both in Europe, and in the Americas, the present system of economics, is headed toward a crash, but a crash of the European system and the Americas, would bring down the entire world economy. So that what we're facing at this time, is the immediate onrush, at an accelerating rate, of a general breakdown crisis of the entire world, a breakdown which will occur, first, in the countries bordering the Atlantic Ocean.

Now, what you heard, was from a leading economist of the United States, who is a member of a group of economists, who are also leading economists of the United States, who, since March-April of the past year, have been doing intensive research on my outline of what the issues of economy are today, as physical economy, but the effects of physical economy. These economists have come to understand, what the essence of my argument is, and what the proofs of my argument have been: That is, everything that has happened in the post-war world, since the death of Franklin Roosevelt, has been going, essentially, down. There have been no real periods of net growth in the United States, or generally in the trans-Atlantic system. There have been periods of slight upturn in the short term. But the overall trend has been a collapse of the world economy, particularly the countries that border both sides of the Atlantic.

We've now reached a point of total breakdown. This has gone through various stages, for example, when [President John F.] Kennedy was killed, there was a downturn, because Kennedy's policy itself was sound, but the policies of his successor were incompetent. Kennedy had opposed the war in Indo-China, as a per-



Library of Congress/Victor Hugo King

Following the assassination of President Kennedy, and the decade-long Indo-China War, the U.S. economy went into a downward spiral from which it has never recovered. Shown: President John F. and First Lady Jacqueline Kennedy in Dallas, Texas, Nov. 22, 1963, just before he was shot.

manent war. He was killed, and therefore, the war went on for ten years. And the U.S. economy never returned, and recovered from the effect of those ten years, of degeneration of the U.S. economy.

Nixon set into motion a further destruction of the U.S. economy. For example, as of 1967-68, there never has been, since that time, any net growth in the basic economic infrastructure of the United States. Since that time, in fact, the net infrastructure of the United States has been collapsing. Since that time, and since, particularly, the Carter Administration, which went wild with the Rockefeller program, the United States has been systematically destroyed, and has lost all the character of its government, which was responsible for the achievements of the United States, heretofore.

In 1987, the point was reached, where a new system was introduced, called “financial derivatives,” introduced by Alan Greenspan, in the wake of a general breakdown crisis, comparable to the 1929 breakdown.

Since that time, we’ve been going to Hell, more and more and more. And unless we make very fundamental changes in the system, we’re not going to have an economy. We’re going to have the worst crisis in known history, that is, what is known as history: a general breakdown crisis of the planet, which will start in the Atlantic region, and then bring down the Asian region, as a consequence of that. There will be no recovery, from that

depression, for a long time to come.

So therefore, we’re now at the point, that, if certain changes in policy are not made, changes in policy which require the impeachment of the President of the United States, the current President—because under no circumstances, will he allow the United States to make any of the changes in policy, which could lead to a recovery.

A recovery is possible: It’s very clearly possible. Some of these leading economists of the United States, including the person who made the remarks, the question I’m responding to, *do* understand what we’re talking about. They’re competent economists, they’re among the leading economists in the United States, and they have nothing in common with that trash which is running the U.S. government today. So, if those kinds of people, who *do* understand what I’m talking about, who are competent economists, are able to exert their legiti-

mate influence, as recognized outstanding economists in the United States, we can not only save the United States and its economy; we can take measures, in cooperation with other countries, which will save the world from disaster.

The intention on the part, for example, of what’s called the British Empire, which is otherwise known as the Inter-Alpha Group (**Figure 2**), essentially, that interest, is to bring the world population down from a level of 6.7 billion people, now, to a level of less than 2, as a permanent arrangement: a program of genocide, of which this health-care reform, so-called, in Britain and in the United States, are examples.

Now, what we have, is the situation, at the same time, in which the people in government—not all the people in government, but generally the Congress, for example—the Congress right now, is a useless wreck! It’s lost all its morality, all its competence, because it’s under the Obama influence, and similar kinds of influence. So there’s no chance of recovery of the United States, or even the survival of the United States, unless this is changed.

It can be changed. Because we do have, in government, apart from, particularly, the Obama sections; the Obama-specific sections of the U.S. government, must be simply thrown out. If we take them out, then other sections of the Federal government are capable of

adapting to policies which will cause a recovery of our economy and that of the world, through diplomatic policies.

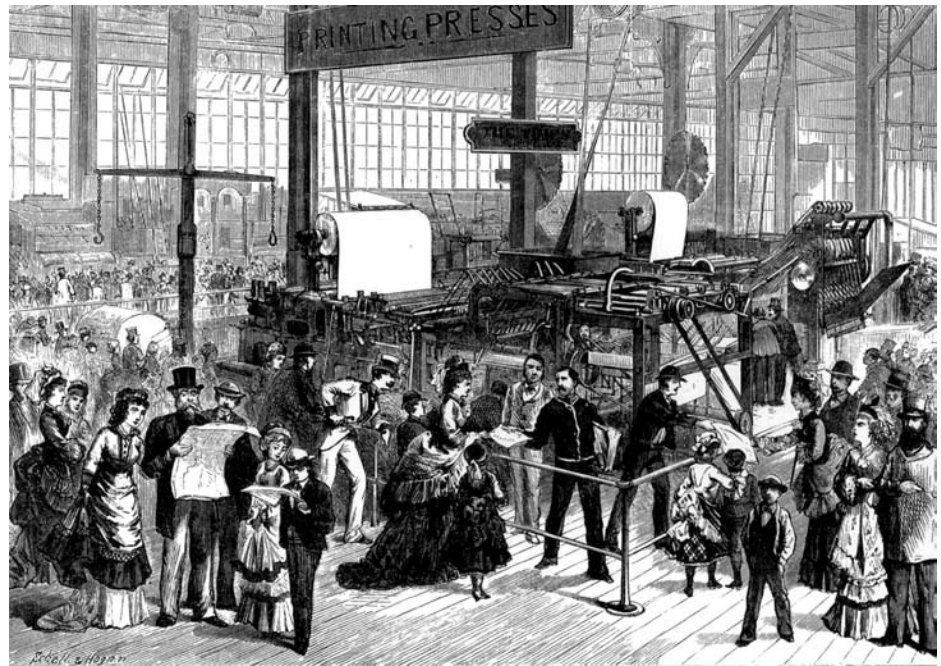
The Economics of Empire

Now, the crucial point is this: Where does the problem lie? Since the time of the Peloponnesian War, the concept of economy, in Mediterranean-centered, European civilization, has been based on the idea of empire.

Now, empires are not empires as, usually, they're described. They're not some big king, who sets up a rulership over many governments and many peoples. An empire is above kings. It's a system, which, even with nation-states, the nation-states are subject to an imperial force, which determines—the main function of the imperial force is two things: to regulate the nations by causing them to make war against each other. We should understand that; the Indo-China War was an example of that. We did not return from the Indo-China War after ten years of that war.

War has been used, as Bismarck warned, long wars, like the Seven Years War, have been used to destroy nations, by getting them to destroy one another in war; and thus, the empire comes in on top, at the end of these wars, and takes charge again. For example: The United States made a world revolution, in launching the Transcontinental Railway system in the United States. The effect of this hit the world, with the Philadelphia Centennial convention, at which the completion of the Transcontinental Railway system had been established. This was a revolution in economy. For the first time in world history, it had been possible to have a nation which is integrated economically, from border to border.

The result of this, was, about 1877 on, right after the holding of the Philadelphia Centennial, that nations of the world began to adopt this. We saw the spread of the rail system as a national rail system in France. This was connected to Germany. Germany launched a world



The U.S. Transcontinental Railroad produced an economic revolution, whose effect hit the world with the 1876 Philadelphia Centennial. For the first time in world history, it became possible to have a nation, integrated economically, from border to border. Shown: the rotary press exhibit at the Centennial, in Philadelphia, Pa.

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system of continental railway. Russia developed the same, the transcontinental railway system.

We have moved to a period, where no longer could sea power dominate the world, and control the fate of nations in an imperial way. We had reached toward the point, typified by what Roosevelt did, to establish a fixed-exchange-rate credit-system for the world—not a monetary system, but a credit system, among sovereign nations, in order to integrate nations, in the world as a whole, into a system of sovereign nation-states, working under a fixed-exchange-rate system, under a credit system, which would be capable of developing the interior of entire continents, as well as nations.

As a result of that, as Bismarck warned, after he was fired in 1890—Bismarck was a proponent of the American System of political economy, for Europe. He said, now what we're headed for, is, the British are going to launch a world war. The British Empire's going to launch a world war, and I've been kicked out of office for that purpose. This world war will be like the Seven Years War, in the middle of the 18th Century. This will destroy the world.

That's what happened. But it became known as World War I. Then, another thing happened, called World War II. The change was, the United States was

supposed to be on the British side for World War II; we weren't. We supported the British against Nazi Germany, but Roosevelt's intention was to *eliminate* the British Empire. Unfortunately, when Roosevelt died, his successor, Truman, went to the British, to Churchill, to restore the international monetary imperial system.

The world, to this day, has been run by an international monetary imperialist system, whose political capital is London. It is not an empire of the United Kingdom. The United Kingdom is only a kingdom within a world imperial system. The world imperial system is a money system, based on international money, the power of international money. And that is the system which has been used by these imperial-minded people, to attempt to destroy the nation-state as an institution, internationally, to destroy the United States, in particular, by giving us this present President, for example, who's a British puppet.

Remember, the example of this, is, there's a war going on in Afghanistan. In this war, the United States, under the present President, *is defending the right of the drug-traffickers to continue to operate without interference*. We're fighting a war—we're sending troops in, to kill and be killed in Afghanistan, in order to protect the drug-traffickers! These drug-traffickers are also the major source of support for control of Russia. Because they harm Russia; they harbor circumstances, like the recent [terrorism] that just happened in Moscow. These are things which were *done*, and are being done against the United States, by killing our troops, in Afghanistan—with the President's permission, and encouragement!

At the same time, the same forces, the same group of people, who were behind 9/11, are operating against Russia, too, now. And will operate against other nations.

And Obama is practically committing an *act of treason*, by sending U.S. troops into the area, *to be killed*, by the logistical force *which Obama is defending*. If that isn't tantamount to treason, I don't know what is.

Back to the Bretton Woods System

So, now, this is our situation. We can change this, but the first thing we have to do, is, we have to eliminate the present world monetary system, to go back to the kind of system which Franklin Roosevelt had intended to establish in the post-war period, the so-called Bretton Woods model: a fixed-exchange rate of credit systems among the nations of the world, eliminating all colo-

nies, of every part of the world, establishing a principle of perfect sovereignty of each nation-state of the world. That was the policy. Truman, however, with Churchill, went with the British policy of restoring British imperialism, and Dutch imperialism, both in the old form, and in new forms.

We are run today by a system of currency, of money, which is totally polluted, which is sucking the blood out of nations, including our own. This financial system which they have created, is now in a process of terminal collapse. At the present state—for example, the Inter-Alpha Group, which is the actual British Empire, in the Summer of 1971, Arthur Burns and George Shultz, and other people like that, shut down the U.S. dollar, the fixed-exchange-rate system. They collapsed it.

And they set into motion, at the same time, using the Rothschilds as a vehicle for this, they set up what became known as the Inter-Alpha system of banking. That Inter-Alpha system of banking controls most of the world, today. It's the British Empire, in its present form. That Inter-Alpha system is, itself, presently hopelessly bankrupt. And that is the system which is presently dominating and setting the pace for the entire world economy.

Now, therefore, we have to do two things: First of all, we have to apply—and get nations to agree with us on this—to apply a Glass-Steagall standard to the world economy. Because, \$26 trillion of garbage in the United States debt has to go! Cancel it, with a Glass-Steagall approach! *Wipe out Wall Street! We don't need Wall Street! We never did!*

We have a merchant banking system, under a national banking conception by our Founders of this Republic. That system works. Under that system, properly used, *you don't need Wall Street!* And the sooner we get rid of that mass of pollution, the better. Benjamin Franklin wanted to kick those guys out of the United States at the end of the Revolutionary War, and he was right. And weak-minded people opposed him on that thing. We should have kicked them out then. It's been the curse within us ever since!

All right, so, what do we do? We get the nations of the world, who are all bankrupt—everybody's bankrupt. There's no part of the world economy that is not bankrupt. It may appear not to be bankrupt, because it's standing up, and that's because it hasn't got the strength to fall down!

So therefore, what we have to do, is establish a new world monetary system, using the viable mer-

FIGURE 2



LPAC/Chance McGee

merchant banking capabilities, and national banking, of each country, to cooperate among countries, in a fixed-exchange-rate system, and we can then immediately launch a process which will lead to a general recovery, of the world economy.

Now, that means the idea of a monetary system, as we understand it now, has to go. Roosevelt was moving in that direction, while he was still President. But we have to go to it, now. We have to have sovereign nation-states wipe this worthless cash off the books. *Wipe \$26 trillion off the books of the United States!* It's worthless crap: Get rid of it! Restore the merchant banking principle under national banking: a system of national banking like Hamilton's First and Second National Bank of the United States.

Restore that system, and you put a system of merchant banking under the protection and promotion of that system, where the Treasury Department, independently—forget the Federal Reserve System—the Treasury Department, as an agency of the government, will work through a semi-private organization, a National Bank, the Third Hamiltonian National Bank, and work through that, to create a flow of credit, through the merchant banking system, largely, restoring banks which are merchant banks to merchant banking, under the old rules, Roosevelt kind of rules.

Then we can start on large-scale infrastructure projects. We've destroyed our agriculture; we've destroyed our industry; we've destroyed much of our infrastructure. What we're going to have to do, is take this economy of ours—and similar things are going to have to happen in Europe and elsewhere—we're going to have

to have a massive investment in large-scale, nationwide, and inter-continental infrastructure. The investment of government funds, through the state and Federal government—Federal government primarily; the states will benefit from the Federal government's offer. We have to build a basic infrastructure system, for the nation.

Build that, and then, we will get the credit going through the merchant banks, which will then be used to finance the build-up of private firms—newly created private firms. Their first market will be created by the investment in national infrastruc-

ture: water systems, power systems, health-care systems, go back to the original post-war medical system, Hill-Burton; and this will restore the U.S. economy. And it can begin to be restored properly, immediately. But it will take two generations to really get to the full state of self-sufficient recovery.

We then have to cooperate, in long-term credit arrangements, with other nations, sovereign nations, in the world, to get these nations to work together, to build up the basic economic infrastructure of the world, with massive emphasis on nuclear power and what comes beyond that, in order to rebuild a world economy.

Now, this means that the concept of economy, which is prevalent among schools and so forth today, is incompetent. The idea of a monetary system *is incompetence!* A credit system, based on the concepts of the founding of the United States as a republic, is the method that must be used. Every nation needs it. China would agree immediately. India would probably agree, with some Indian responses, adjustments. Russia needs it desperately. This would free Europe, continental Europe, from its present destruction, continental Europe under the euro system. This would mean, we would take all the things which are drivers, high-technology drivers of recovery, using infrastructure as a starting point, to rebuild a world economy based on a concept of *physical economy*.

Physical Economy vs. a Money System

Now, here's where the problem comes up. And fortunately, some of these economists, like the questioner, of this question we just heard, come into play: They un-

derstand what I am talking about. They represent a broad layer, relatively speaking, of what is now presently economic competence, which did not exist in that form, at the time that Obama was inaugurated as President. This has been a process, as a result of my role, under the conditions of the Obama Presidency. They have done studies, in which they are competent; they have learned a lot, and they are actually among the top economists of the world, as a team. The questioner here, is one of the top economists of the world.

So these people are qualified. I mean, I'm an older man, I'm not going to be around forever. But we have people who are professionals, who already have an understanding of what's wrong with this economy, and what has to be done. That's where we stand today.

Now, the principle involved is what's called "physical economy." We have been induced to believe, that money is the measure of value. It is not. Physical values are the measure. The money system, as we've known it in European civilization, is a product of the aftermath of the Peloponnesian War, in which imperial power, which was then a form of sea power, maritime power, dominated the world, from the seas—from the Mediterranean Sea—and from the oceans, later on. The oceans, the maritime trade in the world, has been controlled by a money system. That money system *is* the imperial system, of an *imperial, maritime power*.

Now, along came, in the middle of the 16th Century, a fellow called Paolo Sarpi. And Paolo Sarpi is the author of the world system which has caused this crash: Paolo Sarpi is the author of what became known as British imperialism. Or British monetarism, which is intrinsically incompetent. It is British monetarism, imperial monetarism, which is the empire. It is not one kingdom controlling other kingdoms; it's controlling all kingdoms, by a money system, an international money system controlled by international bankers. As long as Roosevelt's system, the fixed-exchange-rate system, existed, it was not possible to do this. We were defended against that by the Roosevelt system.

But when the system was repealed, by Nixon's authority—actually by Arthur Burn, whose plaything was Shultz—when that was done, the worst was unleashed. Immediately, the Inter-Alpha Group moved in, knowing this was going to be done, and set up a system of banking, a core system of banking around the British Empire, through Spanish channels, like Banco Santander, and this thing has run the world, increasingly, since that time. That empire must be destroyed!

The British system must be destroyed. Monetarist systems must be destroyed.

We must set up, instead, a system of national credit systems, organized under a fixed-exchange-rate system, for long-term credit, up to 50 years and more, of credit uttered for long-term infrastructure projects, and for private development of farms and industries, as by-products of the infrastructure program. Which means, we have to go to a physical economy.

Now, a monetary economy, the dollar system, is crap. A dollar system, or any other monetary system, represents *nothing* except speculation. There's no truth in it!

Now, the reason this came up in this form, was, Paolo Sarpi came up with a system, in the latter part of the 16th Century, which became the British Empire. The system is typified by Adam Smith. The concept is this: There is no truth. That's the basis for the British system. It's called the imperial system, or the free-trade system, or the liberal system. *There is no truth*: That's British principle! It's specifically in Adam Smith, that we don't know anything, we don't know the truth. But we guess, and we use our passions, our appetites and our passions, to determine what *pleases* us! And what we can agree to do, because, it *pleases* us! This is the way a monetary system is created.

Now, there's no relationship between values as specified by monetary standards, by liberal systems, and *value*. Value is *physical*, as I indicated in the response to the question. And that's the thing we have to do: We have to get people in leading positions, to understand—forget all the other explanations, get to the core of the question! People don't know what economic value is! What they believe is economic value, is a damned lie!

Once they understand what real economic value is, which is *physical* value, as I illustrated in that case; the basis for measuring value, is largely the values of a guy called Vernadsky. That is: What is it, that sustains and increases the productive powers of labor on the planet? The *physical* powers. The intellectual development, which is essential for development of those powers. The use of methods which promote creativity in the minds of citizens. So therefore, things like education, development of raw materials, invention of higher-technology things. Increase of the energy-flux-density, that is, the actual intensity of power. *These* are the things that determine actual value.

And the way governments can deal with this, is, you



DoD/Petty Officer 3rd Class Jon Husman, U.S. Navy

What is it, that sustains and increases the productive powers of labor on the planet? Intellectual development; the use of methods which promote creativity in the minds of citizens; increase of energy-flux-density: These are the things that determine actual value. Shown: A welder works aboard the USS John C. Stennis.

say: “Here, world, is what we need, as governments, together. Here’s why we cooperate as governments, sovereign governments which cooperate on long-term investments with each other. We set up large-scale infrastructure projects, which are state projects, essentially, which are needed, and are needed internationally, as well as by nations individually. We use the stimulus of those infrastructure projects to develop the private firms, the opportunity for which is created by the infrastructure projects. We then use state credit, and international credit among states, to finance this. And we can survive quite nicely.

But as long as we believe that money, in the ordinary sense, is a measure of value, and as long as we’re afraid

that money must not be “tampered with,” that monetarism must not be tampered with, we’re going to die! If you don’t kill the idea of money, as it prevails in Wall Street today, and if you don’t shut down a bankrupt Federal Reserve System, and have it gobbled up by a new American [National] Bank, as part of a merchant banking system, we don’t have a chance for survival of this nation or any other.

We’re at the point that the *way people think*, the way this government thinks, now, of the United States—the way the governments of Europe think, and other governments—there’s not a chance for survival of civilization on this planet, for the remainder of this century.

If we are willing to dump the idea of monetary value, whatever some idiot believes who comes out of Harvard Business School—I think we probably ought to take Harvard Business School, and turn it into a zoo; then it would have a harmless effect on the economy, I believe. It would be a way of keeping them quiet. You could feed them regularly, have visitors come and look at them—but not children! And so forth.

Mankind’s Purpose in the Universe

So that’s what the subject of economy is. The subject is humanity: How does the human race do two things: number one, how does it survive? We’re always depleting existing resources. We’re not permanently depleting them, but we’re making them scarce to our convenience. Therefore, we have to constantly discover new resources, or we have to increase the power we have to develop them.

We also have to develop the future of mankind. And the future of mankind does not lie alone, on this planet. This planet Earth, some time in the future, is going to be destroyed: The Sun is going to act up, and we’re going to call it a “sun-of-a-something,” because it’s going to act up. Mankind has to have a space program: We have to think of the future of mankind.

The future of mankind lives in space. It lives in other planets. It lives in what we can do, and make changes. And we have to, now, lay the groundwork for a space program, which is the most natural of all science-driver programs today, to continue the tradition of the space

program, to develop the Moon as an industrial center, which will enable us to build there, the kind of equipment we need to go to Mars and other places. We have to make discoveries, which we're on the edge of making, or, at any time we choose to do so, which will enable us to master the problems this leads to.

We have to not only provide a caretaking system for mankind on this planet, we have to inspire man, with the sense of a future for humanity, even if the Earth should some day no longer be habitable by human beings.

The weakness in our culture, the culture of the world today, is that the future of mankind, the really serious problems of the future of mankind, are not the motive. When you are living for the future of mankind, for what the future of mankind's going *to be*, then your existence has a reason. If you're trying to survive, just survive, and "get by" and live, you don't have a reason to exist! And that's why we get all these kinds of problems in humanity, that way.

They have no reason to exist, why? Because they have no space program. And the space program typifies the idea of man, as having a *purpose in the universe*, so that every member of every generation, has a sense of participating in the future of mankind in this universe! And they work, not for just satisfaction in their lives, they work for the satisfaction and assurance that humanity's going to continue to exist. And their investment in the progress of humanity, is permanent, and will outlive them!

And we don't have that sense right now—and that's what's wrong with us.

The Idea of Progress

Hoefle: All right, so the real asset, then, in any society, is actually the creative mind of the human individual.

LaRouche: That's right!

Hoefle: And that what we see, is, we're told, repeatedly, that there are too many people on this planet, that we have to protect all the financial assets, and that in order to do so, we have to start culling the human herd. That we have a President who's imposing a health-care program, which is designed to kill people; we have budgetary programs which are designed to kill people; we have wars which are designed to kill people; everything that's set in motion is designed to *kill people*, in order to try to protect these financial assets.

Nancy Spannaus: Well, they say, "because we

don't have enough resources," which gets to a totally different question.

Hoefle: Yeah. And so, what we're doing as a planet, is, we're committing suicide, unless we overthrow this.

LaRouche: There's another factor here, a very important one, which is the human intellect. Most people on this planet today, are conditioned to be stupid, is the problem; because they are not educated competently, they're not given the opportunities in life, to develop themselves. You know, each generation of humanity should be an improvement over the preceding one, in terms of its power, in terms of its understanding, in terms of its culture. Because, then, mankind has this sense of dynamic, moving forward from generation to generation. Today, when people die, they die with fantasies on their mind, and on their lips. We're living in a dying society, a dying culture, and people are dying today, knowing that they are part of no future.

Spannaus: Bad place.

LaRouche: End. They're gone! There's no purpose in their life! We've taken away the sense of a purpose in life, away from people, so now people get on the idea of *entertainment*, and other queer kinds of things they like, as a substitute for a purpose for their existence. They have no sense of a meaning of their future existence. And that's the great crime.

The United States was a nation of optimism, because getting out of Europe, and out from under the oligarchical pressure, then you had a sense, we could go forward. People came to the United States—one generation came often as poor, especially in the second half of the 19th Century. The poor people who came here, and got poor jobs and poor opportunities—their children were generally in a better condition. Their grandchildren would probably be scientists or things like that: achievement.

So, the idea was of progress, as a development of the conditions of life, and power of the human species, from generation to generation. It was not an investment in money. It was an investment in the future of children, and grandchildren, and great-grandchildren, and that was the purpose: The United States was unique in that kind of sense, as a nation. Not like the oligarchical nations of Europe, which is what we came away from. Not because of European culture, but because of the oligarchical character of European culture! We were living, most people were living, as serfs and slaves for a privileged oligarchy, which didn't want any changes.



Library of Congress/Lewis Wickes Hine

The United States was a nation of optimism. The poor people who came here, got poor jobs and poor opportunities, but their children moved up, and would often become skilled workers or professionals. Shown: New York City tenements, early 20th Century, where millions of immigrant families started out.

Now, if you have a culture which makes changes, then the individual in society is the most important thing in society; the individuals in the family household, are the most important. And the development, and progress, of that family household, and those people, is what's important: That's your value, to do things that are better, to make mankind more secure, more capable in each generation. Then you can say, as I can say, for example, looking back at some of my ancestors, "They succeeded." Because we progressed from one generation to another, with progress in the human condition. We took a nation, which we made as a nation; we brought people from all over the world, into the United States. They would progress in their conditions of life; families would improve in their power, from generation to generation.

You had a sense of this thing which led naturally to the idea of the space program. Once you say, we on the Earth: Look, this is a crowded place here. We can go to the Moon, but that's not exactly a premium place to reside. We can learn to control more and more of the Solar System. We can create the conditions in the Solar System which are useful for mankind. Mankind, what will we do? Mankind is going to reach out! Mankind is going to improve, increase mankind's power, so that everybody today can be proud of what their descen-

dants are going to be doing.

That's the idea. That's the morality.

We don't have that morality in this system. Why? Because the British monarchy believes, typically, that the population exists as serfs, like cattle, for them, for their convenience! And they don't want the cattle to get smart, and figure out how not to be cattle. They want to cull the herd! That's what Obama's health-care policy is: Cull the herd! It's more ambitious than Hitler's policy! Obama is no better than Hitler; he may be even worse, because he's more dangerous in what he's doing, in the British Empire.

So, it's a moral problem, not in the sense of an arbitrary morals as rules, but there is a natural morality, built into the nature of the

human being. The natural morality is that mankind must progress, as you have it in the first chapter of *Genesis*: Mankind's destiny lies there. It's not a fixed objective that's important. It's the fact of progress: Every generation must advance beyond that of the preceding generation. And that hope, that that will happen, should be what's on the mind of the person who's dying of old age: that their life has meant something, because it laid the foundation for a better life than they knew, as a result of their having lived. And we don't have that any more.

The Space Program Is Morally Necessary for Mankind

So, you have the practical economic problem: We're not even doing the maintaining of the present world population. We're not remedying the evils that have been imposed on this population. But there's a further one: Mankind has a future in the universe. And that is the basis of our morality. If we don't have that—I mean, religious teachings sometimes try to find a substitute for that, and people have lived often on religious teachings as such, in this vague general hope that God will somehow provide better and better for people who behave themselves.

But the fact is, there is a practical consideration, with which physical science today confronts us: The



NASA

“People who have sensitive souls sense that the space program is morally necessary for mankind.” The challenge before us now, is to send humans to Mars, and make it habitable. Shown: liftoff of Apollo 11, which landed the first man on the Moon, July 16, 1969.

idea of a space program, for many people typifies that. People who have sensitive souls sense that the *space program is morally necessary for mankind*. That mankind must find a way to colonize Mars. It’s a terrible place to go right now, but can we fix it?! Can we fix it, so it’s habitable, so people can live there? And that’s the challenge before us.

And so, we have a practical requirement of understanding what morality is, political morality, economic morality. But then we have to realize that morality has to have a goal, and the goal is not necessarily some definite goal. It’s a series of definite goals, which always lead in one direction: Increase man’s power to do good in the universe. And further and further out, in the universe. And that’s the basis for polity. Otherwise, people

will adopt “goals,” like entertainment goals. You know what entertainment goals look like today, what they lead to: syphilis, or something like that—entertainment goals. And therefore, that’s the problem.

Hoefle: We went from the first manned flight to putting a man on the Moon, in a little over 60 years. And in the 40 years since, we really haven’t done much of anything. And so, you had a period in which we were making tremendous scientific progress, of a sort—and then, we stopped! And we had the chance to go to a nuclear economy—and we stopped that. And we’re now suffering the consequences of being stuck at one technological mode, this energy-flux-density mode of petroleum.

LaRouche: Right.

Hoefle: And if we’re going to progress, we really have to go finish the job of converting to a nuclear economy, as a gateway to a whole new era of capabilities.

LaRouche: We just had this thing in Switzerland, reported, yet today. We’re now moving on the edge of really thermo-nuclear processes.

Spannaus: This is this accelerator thing?

LaRouche: Yes, right.

Spannaus: It’s actually positive? Oh, good.

LaRouche: Yes. A positive development. Not the final positive accomplishment, but a positive development. We’re on the verge of the capability for things in the universe which have never existed before: Mankind on Earth, developing the power of running a Sun—that’s what it amounts to. It’s on the verge of it. It’s not all there, but there it is!

Spannaus: Wow!

LaRouche: And there’s the greatest reason for optimism about mankind, right in that. Our potential in the universe is unlimited.

Right now, what we’re doing on the question, today, now, in the Basement work, borders on that, this question of cosmic radiation. Cosmic radiation is the science, now, of the future; it’s what we’re working on,

concentrating on. It's going to be a long haul, but we can make revolutions along the way. It's a new way of thinking; it's a necessary way of thinking.

So, we are in the process; man's prospects, if we are sane, are unlimited. And it all stands before us. And value, economic value, is that. Economic value is, we took it down to Vernadskyian standards, and economic value is exactly that. Mankind is the most powerful thing in the universe: It's the most vulnerable and most powerful thing on the universe, at the same time. Human beings are extremely vulnerable to all kinds of enemies and weapons, and so forth. But, mankind's mind is the most powerful force we know, in the universe that we deal with. And therefore, the development of the minds of our people, and the realization of their potential of growth in these powers of the mind, *is* the future!

The only way you get a moral attitude of mankind of any durable value is that way. You have to show man, that we have a purpose for *existing in the universe*. That we, as a species, are making a contribution to the universe which is a necessary one, and a unique one. And that becomes our moral purpose. It becomes our confidence in what it is to be a human being. It becomes our appreciation of the value of a fellow human being: that they, too, can participate in this creativity. And there are no limits to this creativity.

And what we're dealing with now, in this cosmic radiation field, which is a revolution in the conception of physics, will open up new dimensions, which people have not thought of before. In my mind, and for some of us, it already has opened up new dimensions. *That's real economics!* Not money! It's the creative powers of mind, as understood by people who work with economies, real economies.

Hoeffle: So, we're proposing to employ the rocket scientists as rocket scientists, as opposed to derivative designers.

LaRouche: Exactly. We have challenges before us, which are both urgent challenges, because of problems, and challenges which are just plain opportunities. And the most important thing that these things combined give the individual: If they think they live in that kind of society, it gives them a real moral sense. Without that prospect, society does not have a valid moral sense. And that is the moral value of money, when it's in that form: when money is simply a medium of exchange, essential to the process, of organizing this process, and getting people through the week, at the same time.

A Sense of 'We'

Spannaus: My sense is, you come to a point, under Roosevelt—and we're at that point today—where there's a conflict between the glaring need for what has to be done for the physical survival of the human race, and money; today, it's called "the markets." Right? Who says that this is impossible because of XYZ laws? Some professors, such as the one our interlocutor is talking about, would be arguing with other professors, that this is absolutely impossible by the laws of economics, so-called "economics": that we could go ahead and invest, and take away the powers of Wall Street, and make the investments you're talking about.

But I'm trying to get to the fundamental shift that has to occur, not only in the people who are going to make decisions in government, where they can say, "Yes, human need comes before the financial interest right now, and we're going to overrule that."

But you have to deal with it, also, in the population, because the population, number one, they don't trust the government right now; but number two, they've been brainwashed to think that—what Aristotle said, right? Which was Sarpi: It's the "household budget," and you balance this, and you balance that, and you play this way. And they are very vulnerable—we hear from a lot of our organizers—to the whole von Hayekian approach, of people saying, "Well, you've got to go back to the individual, and let it play out"; even though they agree, morally, that government should act on behalf of the people, instead of the markets, they have a real problem.

LaRouche: Yes, right now, you have a very interesting process from this standpoint. You have the majority of the people in the United States, hate their representatives in Washington, and hate their President. But they hate the representatives in Washington more, because the President's a bum anyway, and it's their representatives in Congress who betrayed them.

So, now, what's happening, is, the power, the authority, the moral authority, has *gone away!* You have Pelosi—11% popularity! *She* is the Squeaker of the House? This poor creature? Who can't find a quorum of popularity even in her own district?

Or, Harry Reid, the Great Master of the Senate! 8% popularity.

And then, the Congress advises the members of the Congress, "When you go back to your district, shun your citizens! Shun your constituents! Except for a select group of bums who agree with you."

The majority of the citizens of the United States *hate* the members of the U.S. Congress. They despise the President. They don't know him well enough, they never considered him a friend, so how could he be an enemy? He's just an outsider; he doesn't belong here. Send him someplace else.

All right, now, you're coming into the greatest principle of all economy, the greatest principle of all science, which corresponds to what Percy Bysshe Shelley presented in the conclusion of his *A Defence of Poetry*: What moves processes, is not individual opinion, but is a shaping of opinion, shaped by the impact of many people, interacting, who come to a sense of "we." "We" have a common interest.

What we have emerging in the United States, is a sense of "we," among a great part of the population of the United States. They sense that they had no authority, they were accustomed to taking orders from Washington, [who were] customers to their employees, or the people who funded their financial campaigns for Congress, or something of that sort. And the ordinary people sat back and said, "We have to support our local Congressman." Now they say, "We have to hang our local Congressman!" And the Congressmen are hiding from them, essentially.

So the change has occurred, which corresponds to the mass-strike phenomenon described by Rosa Luxemburg, that, as Shelley indicated, populations operate on a sense of common interest, which they share, and which rises above them. And therefore, people are persuaded to change their opinions, on the sensitivity that "our interest," the "interest of us," demands that we change things

What is happening now: We've come to a time, where the majority of the population, the citizens of the United States, have contempt and hatred for the members of Congress, and sort of contemptibly despise this thing called "Obama," which they somehow think might go away some day. He's so skinny, he might just evaporate.

So, the force here of options, depends upon that, and we have to be very careful about the way we approach the majority of citizens, who are outside the Congress, outside the White House. Because, as you say, in the case of the French Revolution, there was a legitimate issue, and when Lafayette failed to act as he should have acted, then the French nation was lost. And France has never recovered from the French Revolution, to the present day.

And the danger is, that you can get a panic situation, inside the United States, where the people *hate their government, so much*, they see nothing but hatred of the government before them. And you get a process like what happened in the German population, which fell for Hitler, under similar kinds of conditions, because these conditions were artificially induced.

So today, the question is: inspiring. Our project is not to go out there and make good points, which is what some of our members tend to do. They don't understand politics; they don't understand the process. You have to worry about that population out there, the ordinary people—forget the members of Congress! Some of them are good people, but forget them for the time being. It's the people out there, you have to be concerned about, the ordinary people out there, who know they're being screwed. Who know they're losing everything they depended upon, everything that was promised them has been taken away. Their future is taken away, their life is taken away, their health care is taken away!

You've got to think about those people. That's your constituency. That's the constituency to which you have to be loyal. If you're not loyal to that constituency, you don't deserve loyalty. Politicians who are not committed to those citizens, do not deserve loyalty, for you or anybody else, not at all!

Therefore, we have to be careful of going ahead, full blast, to state clearly what the problem is: Don't tone it down, in order to try to influence a Congressman. If the Congressman is any damned good, he's going to go with you anyway. But don't go with the idea of propitiating authority. Don't try to influence somebody in authority: Because, as in France, in the French Revolution, if you propitiate authority as a way of trying to exert influence on people in power, you are going to find yourself dead! With what's coming!

Therefore, you have to have absolute loyalty, to the people of the United States, as confused as they might appear to be. And similarly in other nations. If you don't do that, then you will never succeed.

And that's what I'm concerned about today, right here. Because too many of our own people, are talking too much about trying to influence this, influence that; this is the guy we can influence; we can talk to this guy, let's not get him upset. No! I take him in the corner, and beat him up! And say, "Now, do you feel better?" after I've done it. Because that's the way you have to think, if you're a leader under these kinds of conditions.

You have to make it absolutely clear, to the average



People don't trust the government, because they've been betrayed. But they've also been brainwashed to believe in the "markets," instead of demanding that human needs come before financial interests. Shown: a Tea Party rally, September 2009, in Washington, D.C.

person in the United States, that you are committed to them, and not to anything else. That's your constituency. And you're going to beat the Congress up, you're going to beat the President up, you're going to beat anybody up, for the sake of those people! Because if they lose hope, if they become despairing, and enraged, you're not going to have a civilization.

So we have to learn these things. Don't try to influence members of Congress: Educate them! Roughly! Mercilessly! Because that's the only way they're going to behave themselves—because they're cowards! They're whores! They've been trained to be whores! And they go along with whoever's going to provide the comforts and entertainment they want, and the money.

So therefore, you've got to stick to: Who are you going to use? Who are you going to work with? Who are you going to be loyal to? And I say: You have to be loyal to the people of the nation, not to something within them, not to some little excrescences, not to some niche, some special interest group. And you have to inspire them. I mean, if they're optimistic, they'll do wonders: I know the American people, what's in them. If they're optimistic, they will do wonders.

But if you betray them! The way they're being betrayed now, and continue to betray them, and if you walk up, and try to propitiate a member of Congress, or

some other influential, and turn your back on these people, *these people are going to turn their back on you!*

And our typical politicians, and leaders, and newspaper people, and so forth, don't understand history. They're ignorant. And that's the problem. We don't have historians any more; we killed them off.

But this question of demonstrated loyalty to the citizenry of this nation, is the crucial thing which will decide whether this nation survives or not.

And that means, Obama has to go! Because Obama is the enemy, and the members of the Congress who support Obama are also the enemy. And when it comes to choosing, I choose the people.

The Fraud of Statistics

Hoefle: One of the things that you've hit on repeatedly, is the use of statistics, people believing in statistics. Now, if

your head is on fire, and your feet are frozen, on average, you're doing just fine. And that pretty much situates much of the world of statistics today, in which you have—it's nothing but fakery, and used to brainwash people. You know, the media's full of it; all of the people who look at financial processes are using these statistics, and there's nothing real there. GDP, for example, doesn't make any differentiation between production and overhead. So it's sort of like adding your expenses and income together, to decide how much you're worth!

LaRouche: Well, of course, you take the case of the head of the Federal Reserve System, who is not just stupid, he's a bare-faced liar! He doesn't tell the truth about anything, saying there's a recovery in process? This man is not just stupid: This man is a moral degenerate in the extreme. We should probably take away his citizenship and send him to some country where cannibalism reigns or something, and find out what's eating him.

But, in any case, that's the problem. The problem is, this idea of the money system is—it's Sarpi, again. Sarpi laid out a system, which was described among other people, by our dear Adam Smith. And Adam Smith, on Sarpi, said there is no truth known to mankind: That's a principle. Sarpi said there is no such thing

as a scientific principle—he insisted upon it. That’s how you got Isaac Newton: You take a complete idiot who had no brains at all, and you call him the greatest scientist, because there’s nothing in his head to challenge! Except this weird stuff.

And so, the problem here, is this conception of what truth is: In the British system, *truth does not exist!* And Adam Smith’s specific is that. And the whole crowd around Obama are Adam Smith advocates; they do not believe that truth, on any subject, exists! Only power exists. The British system is an imperialist system, of arrogant, arbitrary power.

All right, now statistics are used, for what? To show patterns of human behavior, under these conditions, under conditions where people are *not following principles*. Prices have no correspondence to reality these days; the ratio of prices has nothing to do with it!

For example, as our economist referred to, in the programs we’ve been conducting since the Spring of 2009, these economists have pointed out, the United States *never made a net nickel since Roosevelt died*. Then, why do people say, “profit”? Where’s the profit, if we have not been making any increase in real economic value all this time? And they’ve proven it, with their studies, among a number of universities: It’s true.

So we’ve been in a period of an accelerating rate of decline of the world economy, and of the national economy, in all these periods. So where the hell is the profit? From eating people! Eating up resources; infrastructure’s gone: Can you get a clean cup of water from a faucet in a municipal system any more? These kinds of things. What’s happening to our Social Security system? What’s happening to our health-care system? Everything has been going *down*, consistently, since about the day Roosevelt died!

So, what we’ve been doing, is we’ve been eating our built-up resources, in net effect, all the way through. The idea of Schumpeter, for example, Schumpeter’s conception of economy, of “creative destruction”: We’ve been going through a process of creative destruction, as a policy, in the United Kingdom, in the United States, and it’s spread into Europe, which is: Destroy something that previously existed, and you have a net loss, in the total wealth of society. But you have a profit in the part which is eating the other part.

Which is what Kennedy’s problem was: to save the steel industry. As soon as they killed him, they got rid of the steel industry process. Same kind of thing.

So we have been destroying the underlying struc-

ture of the U.S. economy, while some people have been making what they call “profit.” Which is kind of dubious anyway.

So, the basis is, therefore, if you don’t believe in science, and if you don’t have morality, how do you define profit? You define profit in terms of this process, of guessing. And statistics, use statistics, and all statistics generally are lies!

I mean, the measure of economy is: Look at the population, look at the territory, look at everything in the U.S. economy at one time: What is worse, and what is better? And economists who look at these things seriously, apart from babble, statistical babble, will tell you: The U.S. economy never progressed, since the day Roosevelt died. And the rate of collapse has increased, over these times. Now we’re at an absolute bottom. Somebody says they earned a profit—it’s nonsense!

We’ve destroyed the world economy: We destroyed Europe; we’re committing mass murder in Africa; we’re trying to spread mass murder into Asia, again. We’re fighting wars which never should be fought—long wars, like a treasonous war, where a traitorous President is sending U.S. troops into war in Afghanistan, against a force, the opium interests, which are the supporters, and backers of the force U.S. troops have to fight! So, we’re supporting the enemy! And we’re sending our own troops, to be killed by that enemy, which our President is defending! That’s what this kind of thinking is.

Monopoly Money

Hoefle: Well, the lesson of September 2008 bears that out. The idea that you had banks which had been declaring profits, quarter after quarter, year after year, getting richer and richer and richer! And suddenly! All of a sudden, it was revealed, that they were bankrupt. And, in fact, truth is: They hadn’t been making any money at all, they’d just been cooking their books. They had the “markets”—quote/unquote—setting prices, which allowed them to maintain the fiction that this paper that they held had value.

LaRouche: It’s like the board game of Monopoly, exactly, the board game of Monopoly, exactly!

Hoefle: Yeah!

LaRouche: Fictitious assets; you go into tremendous debt, similar to the board game of Monopoly, and somebody loses and somebody gains, and the guy who gains owns nothing. It’s just paper money, it’s just Monopoly money—and that’s what this is!

Hoefle: Yeah. And now, they’re turning to the gov-



White House/Pete Souza

The whole crowd around Obama are Adam Smith believers; they don't believe that truth exists! Only the arrogance of power exists. Shown: President Obama and his inner circle, left to right: Valerie Jarrett, Robert Gibbs, David Axelrod, and (a bit apart) Rahm Emanuel.

ernment to try to bail them out. But that doesn't really solve the problem, because all you're doing is taking an amount of debt that's unpayable, and moving it from private pockets to the government pockets. And meanwhile the economy, the protective capability of the economy, which ultimately, has to pay off all this debt, is collapsing! So, nothing has been solved! It's only been made worse, and we have to throw this whole thing out, or we're all going down.

LaRouche: That's my basic point, here, is just exactly in that direction: There's a rationale to it, there's a science to it, which I've indicated what that is, briefly here, which I was not satisfied we had presented in this form on any other occasion earlier, so I decided to correct that error of omission, and get to the real subject of economy. And not try to butter up people, that some of our people would like to "influence," among influentials in society. I know the influentials in society; I'm influentially old, and therefore, I'm rich in knowledge of these kinds of matters, from just the acquisition of old age.

But, what we debate normally, even in our own or-

ganization, on economics, is absolute nonsense. It has no relationship to reality, and I'm declaring war on that stuff in our organization, at least, is going to *cut out right now!*

Hoefle: Asses are not really for kissing.

LaRouche: No. Unless it's a nice donkey.

Hoefle: Any final question?

Spannaus: It really did come to mind, when Lyn was saying, again, the Adam Smith point, that you've made over and over again: what the actual implications of that are. Because you hear it from people—I've heard it when I've been on the campaign trail, "Well, there's no way you can scientifically tell what investment leads to progress in the economy." Bunk! Because they don't believe in a principle, scientific principles that correspond to progress, so therefore, it has to be "everybody out for himself," to try to make something, to follow their passions, and so forth and so on.

But the fact that there *are* scientific principles, goes directly to the point of the reorganization of the economy that's required,

toward the American System. Because the founders did believe that principle guided your economic system, as well as your private life. And many Americans have lost faith in that. And I shudder—one thing I hear, they're starting to teach "economics" in grade school? I mean? Good grief! We haven't seen the brainwashing quite so bad!

LaRouche: Well, they should call it, "Eat the Teacher."

Spannaus: Yeah, it could very well be, given the economic conditions.

LaRouche: The teachers sold the children the school, so they don't get eaten. "Go home, and eat your mother!"

Hoefle: All right, well, thank you Lyn.

LaRouche: Have fun!

Hoefle: And I suggest, that you watch the show several times. Because each time, you watch it, you'll pick up on something else. And this is really a subject worth studying. So thank you for tuning in, and watch this one frequently.