

LAROUCHE WEBCAST

No to the Green Policy; Revive Our Credit System

Here is Lyndon LaRouche's opening presentation to his Dec. 7 Friday Webcast. The complete webcast, including the discussion which followed LaRouche's remarks, is archived at <http://larouchepac.com/webcasts2012>.

What I'm going to say today will cause a certain amount of difficulty in the audience, unless we pay close attention to some concepts which are not commonly recognized, which are actually crucial in this particular situation.

Now, the principal subject we're launching at this event today, is, we are taking the preconditions which are required to prevent the United States from going bankrupt. First of all is Glass-Steagall. But Glass-Steagall alone, by itself, cannot do anything miraculous in terms of changing things. But it *is* necessary to protect the banking system—that is the honest banking system—and prevent that from being corrupted by the kind of speculation which is being done now, for example, in terms of everything that the Federal government is doing which is wrong. Unless those things are changed, we are in trouble.

So Glass-Steagall is the actually indispensable action without which the United States' economy is not going to survive. And by not surviving, I mean something relatively immediate. The whole system is now going into the breaking-point of hectic irrationality, in which everything becomes chaotic. And this is the bail-out point which corresponds to what happened to Ger-

many, in October, approximately, of 1923, where everything went bankrupt. That's where we are.

However, as I say, Glass-Steagall is indispensable, but it does not contain a cure. It contains a preventive of gambling, and it is necessary. But here's where the problem comes in: We're going to be operating, not on the basis of the present system. That is, if the United States is going to survive; if the U.S. economy is not going to disintegrate entirely, what's going to have to happen, relatively immediately, now, is the installation of a credit system as the basis of actually creating the potential growth of the U.S. economy. That is, an inflation-free form of growth, or hyperinflation-free form of growth, as the matter is now.

And most people don't understand that, because they think that money placed in a bank, or a denomination of money placed in a bank or some other kind of institution—represents credit, the basis for credit. It does not. A credit system is based on the growth of per capita wealth, per person in society, or household per society. And that's very poorly understood, because the assumption that's made by all the people who are incompetent, ever since they were swallowed by whatever happened years ago, decades ago, is they assume that money deposited in a bank, or attributed to be deposited in a bank, represents value. *It does not.*

Money is a very tricky thing, money as such, because it has no intrinsic means of defending itself



EIRNS/Stuart Lewis

Glass-Steagall is the first step required to prevent the U.S. from going bankrupt, LaRouche said. But that must be followed immediately by the creation of a credit system to fuel the growth of the U.S. economy.

against hyperinflation, or other kinds of problems. So only a certain credit system is the key to this process.

What Is Meant by a ‘Credit System’?

Now, what happens is this. We have now three categories we’re considering. First of all, Glass-Steagall; that is an absolute. Glass-Steagall must be imposed as the original Glass-Steagall form. The Franklin Roosevelt Glass-Steagall is what must be done. Anything different than that should get somebody shot, because things are getting that bad these days.

The credit system: What do we mean by a credit system? That the Federal government organizes a system under which credit is uttered, and the anticipation is that there is a time factor, that if we assign a certain value to something as credit, we must assume that by the time that credit has been collected, or realized, that there will be growth in the value of the product, and growth in the value of the credit itself.

This can be interpreted in various ways—it can mean that things become cheaper, and therefore you have a gain, which is margin for profit, because things became cheaper, through productivity, for example, that kind of method. But otherwise, there is no other source of value in terms of money as such, merely as circulated, as is being done now with this hyperinflationary process which is going on now, which is about to destroy the United States. That cannot be tolerated.

So therefore, the value lies in what? It lies in physical values per capita. Now, this also includes the increase of the value of work, the value of production. Because what happens is as we become more efficient, we tend to go into higher technologies, these are more productive. And therefore, we have a difference between the point that the credit was issued first, and the time that it’s matured when the pay-off has to come.

So the assumption is, that an increase in productivity can take place in two ways—either in terms of the actual productivity, or the combination of an increase in productivity and also a decrease in the relative cost of the same item. We become more efficient; we can produce the same thing more cheaply. That’s another source. But the point is, the key to the whole system, is that you must realize that there must be an *increase* in the physical productive powers of labor, as expressed in terms of net production. That that must occur, and that’s the basis of the credit system. That’s where the question of the determination of value lies.

Now, if you want a stable system, you’ve got to have growth—physical growth—or improvement in efficiency of physical growth. So therefore, what you have is, by advancing credit, as if you were loaning money, this money must increase in value. Well, the money doesn’t actually increase in value; the cost of the product decreases in value, in terms of relative value. And that’s the basis of credit.

Credit does not lie in letting money sit in a bank; it must *do* something. It must change its character; it must be more *efficient*, or it must be more *enriching*. It means technological progress; it means higher rates of energy-flux density, which is an essential part of this. People are more skilled; they do a job which is a more skilled job; they produce more value with the same amount of nominal labor. That’s the system. *We must generate growth*. We must increase the productive power of labor. We must advance technology—absolutely. We must increase the energy-flux density flowing through the entire system.

So, all the myths which Republicans and Democrats alike believe in, with a kind of religious, or, shall we say, Satanic passion, are *wrong*. The generation of credit, as *real* credit, occurs *only* by the increase of the productive power of labor, as measured in *physical* terms. This means physical terms in the sense that people doing the same thing do it more efficiently, or do it at higher technology.

For example, increase of energy-flux density, in terms of higher density of power per capita. All these factors can lead to the creation of *credit potential*, on which real credit is based.

So, the basic reform, first of all, is that. The generation of credit is associated with the *credit system*, not with the simple Glass-Steagall system as such. Therefore, the Glass-Steagall system's function is to give us a *fixed* reference point from which to make the comparisons on which growth is determined. And that is something which is *not* understood, except by a rare few individuals on both sides of the Atlantic. And that's what the problem is.

So, therefore, the credit system as such: What does that mean? It means that the Federal government organizes transactions in society, such that the credit is being generated. In other words, if you are increasing productivity by new technologies, you're increasing the *value* of production; you're increasing the *value* of labor. And it's that growth in value associated with improvements in employment.

For example, when we employ people for doing nothing—which is what we tend to do these days, if we employ people at all—we're not really increasing credit, we're increasing hyperinflation, as is the case today. But the typical Republican of these times believes that money sitting in the bank, or sitting in someone's account—*sitting* there—is just sitting there, waiting to “grow.” And what they find out is they end up with inflation, but not an increase in actual value. And there's no real *increase* in credit.

Early Examples of Credit Systems

Let's take the case of—a nice, hard one: Let's go back to the middle of the period of the settlement of the Massachusetts Bay Colony. Then we had a system of credit which was set up in that colony, that you would make a commitment to complete something,



U.S. Navy/Specialist 3rd Class Jared King

The key to a sound economy, LaRouche stated, is that there must be an increase in the physical productive powers of labor, as expressed in terms of net production. Shown: a worker uses a cutting torch to fabricate a bracket.

which would be an increase in technology. Then you would find that that improvement in technology had increased the *value* of the outgoing credit which had been established. So, the Massachusetts Bay Colony, during this heyday of its growth, was actually the fastest-growing nation in the world, in terms of technology and in terms of its economic measurement. And only after the Massachusetts Bay Colony was crushed by the British interests, then it went back into a poorer condition.

The same thing was started in Pennsylvania, after Massachusetts had been pretty much crushed. And in Pennsylvania, with the influence of Benjamin Franklin, a number of things were done, based on the con-

cept of *paper credit*, paper money, because the paper money represented *credit*, but the credit did not lie in the money *as such*; it lay in the fact of the *improvement* in the productive powers of labor, either through just the improvement of skill as such, the improvement of working on the basis of a *productive* product, as opposed to a *useless* product; and so forth.

So it was actually a *physical* value in all cases: to increase the productivity of labor, relative to an earlier point in time, and some averaging of the whole process, of the productive circulation process, was to do that.

We're now in a hyperinflationary system, and it's about to crash. We're about to have the highest rate of inflation the United States has probably ever been through. And the problem is that people, including the Republican Party leaders, who are supposed to be hard-boiled, rational people—they're actually nuts! Their conception of the way the money system works is absolutely looney! The only thing that's more looney is the Democrats. Which means we do have a few improvements to make in our product.

Now, I mentioned these things so far: I emphasized credit, the credit *system*, and the credit system has been the basis for every successful period of growth of the United States, from its beginning—from *before* its beginning, from the Massachusetts Bay Colony, in its heyday. So, credit is the difference between the productivity of labor per capita *now*, and what it will be in the improvement over some point in time. So, it's the ratio of the improvement in *potential*, of *physical* potential, represented by advances in technology, or improvement in the rate of technology per capita of the population. And that's the basis.

NAWAPA, and the 'Make-Everything' Industry

Now, we have another aspect of this thing. The credit system as such works in terms of the money system; but the money system only works when it's treated as a credit system—then it works. But now we have—knowing that we get nothing out of Glass-Steagall in terms of gain—we don't get anything out of that as such, except to the degree we generate more credit,



Under the reestablished national credit system, credit from the Federal government will flow into great projects, such as NAWAPA XXI, which will create millions of new productive jobs.

LPAC

the realization of more credit. But in the case of the United States, we are so bankrupt, as the result of what has happened, particularly since 2007, but actually earlier—much earlier. But the worst period now has been since 2007, when the take-off occurred, leading into 2008, which led to the bailout money.

So, since that time, since 2007-2008, the United States has been on the road to an increasing rate of *bankruptcy*. And the result of that is a corresponding, increasing rate of *hyperinflation*.

We have a lot of labor we can't employ right now, under present conditions. The banking system does not have the capital to bring this labor, or the production, into being, as such. So, therefore, we have to find some projects which we're going to give credit to *from the*

Federal government. New Federal credit is going to be supplied to these projects.

These projects will employ some millions, actually, of people. One will be NAWAPA [the North American Water and Power Alliance]. NAWAPA is essential, not only because it *does* generate a lot of true value and growth; it changes the character of the water system of the United States; it improves the productive power of labor in every way you can imagine. And we're talking about 6 million jobs, right off the bat. They may not be too *efficient* at first. We have a few old hands who are now near retirement, or are into retirement actually, who are capable of organizing labor employed for this purpose, in order to get the thing rolling, to get this process of growth rolling. So, the NAWAPA, that's a big one.

Then we also have another category. You know what happened some years ago? We shut down the auto industry, essentially, inside the United States. Now, at that point, I was in the middle of this process, on policy. It was obvious to me—and we were boosting that at the time—Ford and some of the other industries were aware of this thing. What we had to do was go to what we did in World War II.

In World War II, the automobile industry, as it became known, was the *make-everything* industry. Airplanes, submarines, torpedoes—anything you wanted to mention—was made by the automobile industry. The greatest amount of *working-space* for this kind of production was under the heading of the auto industry. So, the auto industry, during this period of World War II, was the make-everything industry, and it became that as part of the build-up for fighting the war.

At the end of the war, we had this great potential, but what had happened is, you had a terrible President—Harry Truman—and this creep destroyed pretty much everything. He got so disgusting, that the citizens of the United States became disgusted with him, and they decided to dump him. So, we had a better, we had a real President then, after getting rid of this bum. But still it was not—

There was a lot there, but the auto industry of the 1950s also became *insane*—totally insane. And I was an expert sitting in the middle of this, and forecasting where this thing was going to go. And I had an early date in that period, in which I said it was going to collapse. And it did: The auto industry, and several other industries, went into a sudden collapse, exactly on the day I forecast it would happen.

Well, it was easy for me to forecast, because this involved a lot of contracts, and therefore if you know that something's going to crash, and you have the number of contracts, and the location of the contracts which are subject to this crash, then you can do a pretty good job of forecasting. But I specialize in the future; it's more interesting than the present or past. Sometimes it's worse, but sometimes it's a better experience.

So, therefore, the development of the *machine-tool driver*: What we lack is an expansion of the general category of a machine-tool driver. And with that, as a supplement to, or complement to what NAWAPA will do as a project, means that we can immediately move into—and I say immediately move *into*—an end to this chaos, and this insanity of the U.S. economy now. And we can move into a gradual but accelerating rate of recovery of the U.S. physical economy.

Therefore, we can generate the *credit* on the basis of that recovery. That credit will enable us to rebuild the U.S. economy. But we have to *earn* our way, by physical increments of real value. And that's the solution we need definitely.

Now, we have a real problem in agriculture. We have *deliberately*, intentionally, destroyed much of U.S. agriculture. On one part, this destruction of the U.S. economy, its agricultural sector, is a failure to respond to challenges in certain parts of the country. On the other part, it's actually a deliberate process of mass murder of the population.

Let me explain.

The Queen's 'Green Genocide' Program

The mass murder of the U.S. population which is now in progress, is a product of the British Empire, and it's a product of the Queen, herself. Because the Queen herself has adopted, as her responsibility—or her culpability, I guess, better said—in which she's saying “We've got to reduce the population of the planet; we've got to increase the death-rates of people; we've got to reduce the world's population from an estimated 7 billion people now, rapidly to slightly more than 1 billion.” And that's the genocide program. The “green” program is a genocide program! The green program means, “Don't do anything that's going to increase productivity!”

Now this is a sure recipe for one of two things: either hyperinflation, or mass murder—one of the two. And that's the policy of Obama. Mass murder and hyperin-

flation—both. And that’s going to become evident in a few weeks—if not *next* week. But in this immediate period, going into the next year, next calendar year, we’re headed for this kind of crisis: a hyperinflationary crisis.

Now, people are denying it, from the press circles and so forth, the usual gossip circles, but everyone at the same time knows it.

We’re also headed for the threat of a thermonuclear war. And everyone who’s in the military department, and really knows what’s going on in that department, among nations, knows we’re headed for a *thermonuclear war*, unless we change our policies. And the combination of the green policy—which is a mass-murder policy—together with this threat of thermonuclear war, which is now coming down upon us, means a general threat to the human species as a whole. You’re talking, as the Queen is talking about, a *sudden, rapid reduction* of the world’s population.

And mass murder is now occurring; it’s accelerated greatly under Obama already. The policies of Obama are actually policies of mass murder against the population: the canceling of health care, the elimination of whole categories of health care, and the acceleration of the death rate, by withholding medical facilities, withholding technology, withholding all kinds of defense against health problems.

So, that’s where we are now.

Mars, and the Defense of Earth

So, we have also something else to consider. It’s a very practical problem, which only a few people are paying attention to much now. And that is Mars.

Now, Mars is very important in this process, despite what some people don’t know. The Solar System of which we’re a part, is not a fixed system in a fixed position, doing the same-old, same-old, same-old, same-old from year to year to year.

The Solar System itself has a limit to its calculated pre-existence. Within 2 billion years, the Sun will go



The policy of the British Empire and its “green” shocktroops is population reduction worldwide by billions of people. Shown: Addle-brained greenies—these are in the Philippines—doing the Queen’s dirty work

away—that’s the general estimate of the trend right now. And when the Sun goes away, the brightness is going to go out of the universe, for people. So, therefore, we have to have a long-term consideration of what is happening.

We’re now getting an increase in the danger to mankind on Earth and elsewhere, from asteroids and comets, which are becoming an increasing menace to the continued existence of mankind, within the range, say, from the Mars orbit down to the Venus orbit. And this had been worked on for some time by some geniuses of the past, who understood the need to organize a defense of humanity on Earth in particular, against these kinds of dangers, these kinds of threats.

And therefore, it’s important for us, for this, and related reasons, that we look at the Mars project as we’ve defined it, as a *defense of Earth* project. That is, we are limited in our capability at present, even to *locate* the asteroid which may kill you in the morning. That’s the situation.

Now, obviously, we can do things about this, but it means a technological acceleration in that direction. And therefore, we have to say that mankind is no longer limited, as a matter of policy, to Earth itself. Because in order to defend Earth from mass killings—which are on the agenda—we don’t know when they’re going to hit in each case, because of the known objects out there,



NASA/JPL

The danger to Earth from asteroids and comets is a challenge that can be met by mankind's increasing mastery of the Solar System and beyond. Here, an artist's concept of NASA's Dawn satellite in orbit around the giant asteroid Vesta.

only a small fraction are actually known to us, identifiable to us, today—it's a tiny fraction. And therefore, we have a major effort to build up a system of detection and defense for mankind, operating within the range of the Mars orbit, and down to the Venus orbit, where all these most significant kinds of things are there. (Comets are a little bit different problem.)

So, therefore, we've reached the point that mankind must *move* from a limitation on living on Earth, to beginning to take over places like Mars.

Now, Curiosity is an example of something in that direction. Curiosity itself is not a solution to this problem, but it's a necessary step in the process of trying to deal with it. So, therefore, we're now going to have to think about integrating Man into the functions of the Solar System, at least in the region between the Mars orbit and the Venus orbit. Because that's the area we've got to solve.

So, all of these processes, therefore, come together in one thing: Mankind is now about to depart from the limitations on Earth habitation. Mankind is going into the Moon, to develop tunnels under the Moon's surface—the preparations for the mass attack

on the mission to Mars. Once we do that—once, say, a generation from now, with a hyper-density of energy-flux density—then we will be able to do that within, say, a week—a week between Moon and Mars landing. Once that is reached, mankind will have a more personally important role, direct role, in terms of this process.

But in the meantime, our job is to prepare the way for that process, and do as much as we can now, in trying to detect the threats to Earth, threats to mankind on Earth, in order to stave off the worst threats we face to now.

So that's the nature of our real task. We have a real task, and this tiddly-wink kind of thing about,

“We're going to fix that with this, with that scheme or other,” forget it! It's nonsense! Mankind's increase of the productive powers of labor, in terms of improved technology, increased energy-flux density! Everything about mankind's survival means energy-flux density increases. Without that, no luck, no survival.

Increasing Man's Intelligence

So mankind has to change his policy: Dump the Green policy, which is presently the greatest single threat to humanity, that's a killer! And we have to understand that it is the increase of man's intelligence, which means also scientific intelligence, the ability to create, the ability to generate higher energy-flux densities per capita and per square kilometer of territory—these are the standards on which credit is generated. It's to increase the population of the planet: increase it! Stop this killing people: increase it! Because we need more work done. We need, also, increases of the energy-flux density of the work being done. These are absolute necessities for us.

And the crap that's been shoved into us, all this

green crap, has just got to end. We have a population of the planet, and we need every damned individual on this planet: We need 'em! They have a purpose in existing, because they can become more productive, and as they become more productive, then their children become more productive, and so forth; mankind's ability to cope with these problems increases.

There is no such thing as overpopulation. There's *under-mentation*, and that's what the problem is.

So these are the considerations. You have to think of money as something of fixed value. You walk in with this *money*: "I got my *money*! My *money*! My *money*!" Right? "This is *my* money! I'm going to spend it the way I want to! You don't get any of my money!" That kind of thing. The Andrew Jackson kind of nonsense.

So the point is, we need every human being. We need them to live longer and better. We need them to become more creative. We need to have their children better educated, and developed. We need an increase of the potential productivity of the human force, per capita and per square kilometer, and those are the missions that we must fulfill.

There are many things we don't know yet, but these things we do know: The increase of productivity of labor per capita, with an increasing population, is the absolute necessity, which has to be coupled with the fact that mankind is no longer going to be content to sit on Earth and gossip about the neighbors.

At this point, mankind is going to take an active role in taking over the Mars orbit. We are going to be inhabiting it with all kinds of instruments and so forth that we put there. We're going to learn how to control these asteroids that threaten us. We have a very poor track on it now. We're going to learn how to use planets as communications devices, in this process.

These are the things that we must do. And every step we take in this matter increases the productive powers of labor, makes people smarter, makes them more capable, gives them greater incentive, makes them happier. And that's what we must do.

And all these solutions—which are not solutions, they're actually threats. The Green problem is not a solution to anything. It's a threat to humanity! Green people are a threat to humanity.

Have fun!

EIR Special Report

The New Economics | A Science-Driver Program for Recovery

EIR
Special Report

The New Economics



February 2012

Price: \$100

(Plus \$10 shipping; Va. residents add 5% sales tax)

Includes a 3-month trial subscription to **EIR Online**

Order from
EIR News Service
1-800-278-3135

Or online:
www.larouchepub.com

This new 80-page report leads with Lyndon LaRouche's **State of the Union** address, followed by:

I. NAWAPA

Project Overview

NAWAPA, from the Standpoint of Biospheric Development

II: Arctic Development

Economics for the Future of Mankind

III: The Moon-Mars Mission

From the Moon to Mars: The New Economics
'The Woman on Mars' (excerpt)

IV: Appendix

Constitutional Principles for a Recovery
Franklin Roosevelt's 1933 Glass-Steagall Act
Alexander Hamilton's Economics Created Our Constitution