
I. How To Stop a Depression in a Single Day

ZEPP-LAROUCHE WEBCAST

Only Lyndon LaRouche's Program Can Reverse the Economic Breakdown

This is the edited transcript of the Schiller Institute's New Paradigm Webcast, November 22, 2018. A [video](#) of this webcast is available.

Harley Schlanger: Hello, I'm Harley Schlanger from the Schiller Institute. Welcome to this week's international webcast, featuring our founder and President Helga Zepp-LaRouche. It's Nov. 22, 2018.

We've got a lot to cover today, because the world doesn't stop for a moment, so let's begin with what should be the leading topic now forcing itself into the general spotlight: the economic crisis, the danger of a new crash.

There have been numbers of reports coming out, warnings of debt leverage—but no solutions coming from the people who are making the warnings. You can't really talk about the strategic situation without looking at this as a runaway train heading right towards you.

Warnings

Helga Zepp-LaRouche: Well, I think that if the G-20 were reasonable, that is, if all of its members were reasonable, that would be the ideal topic for them to address at their annual summit a good week from now in Buenos Aires. But given the fact that there are many countries, part of the G-20, which are sort of the representatives of this monetarist system, my hope that such a discussion will occur in the context of the G-20 is actually not very high.

Many institutional forces have uttered warnings—for example, the Bank for International Settlements last summer, and then during the last several weeks, Bank of Eng-

land Governor Carney, Senator Elizabeth Warren, and [former Federal Reserve Chairman] Janet Yellen, among others—that the danger of a new crash is absolutely imminent: especially because of corporate debt, which is really a much worse problem than it was in 2008; the general condition of the banks; the impossibility of not increasing the interest rate—you can't have zero or negative interest rates forever; and then, the reverse carry trade, going ahead with it, being a threat to the emerging market countries.

So, we are sitting on a powder keg. And many so-called investors are also warning, but then only to come forward with some proposal to invest in gold or in bitcoins, or some other idea which obviously does *not* address the fundamental causes.

My husband, Lyndon LaRouche, has the unique authority of having warned, actually since August of



1971, that the turning away from FDR's Bretton Woods system, going into flexible exchange rates among currencies, moving away from the gold reserve standard of the dollar—that continuing down that road, would lead to a new depression and a new collapse of the system. And he has the unique record on this. In 1994, we [published](#) the nine forecasts of Lyndon LaRouche, the only economist who has absolutely, consistently warned when the system was taking a wrong turn, *and* who has provided solutions to address the situation.



lacounty.gov

Above, Makeshift shelters of the homeless on a sidewalk in Los Angeles.

Another Economic Model

The situation now has become absolutely urgent. Therefore, I'm calling upon you, our viewers and listeners, to join in a mobilization to now put the Four Laws proposed by Lyndon LaRouche on the table. That means Glass-Steagall banking separation; a national bank; a credit system; as well as science-driver programs for higher economic productivity generated by crash programs for fusion power, international cooperation in space technology, and working together with China and Russia on win-win cooperation centered on the New Silk Road development corridors. Only such a package, in its totality, will be able to remedy the situation.

And this is becoming urgent. This is not just an academic demand; you can actually see that the continuous monetarist policies are leading to the complete destruction of the physical economy, and I think that that is something we should really have in mind, as to why it is so absolutely urgent to have a change of this financial system into a credit system.

Schlanger: One of the unique factors in Lyndon LaRouche's approach, is that he rejects any approach which starts with money as primary in economy, the monetarist approach, whether it be John Maynard Keynes or Milton Friedman. LaRouche always emphasizes physical economy. What we've seen in the last weeks, with the California fires, with the demonstrations now breaking out across France and elsewhere in Europe, with the homelessness in Britain and in the



United States—this is getting at this question of physical economy, isn't it?

Zepp-LaRouche: Well, what you see, actually now, is that you cannot neglect the common good for a long period of time, without having societies break down. Looking at the situation in California, the fires were the result of decades of non-investment in repair of infrastructure. Some of the high-voltage electrical transmission lines there caught fire because they were old, they were not repaired; the forests were not managed, there was a lot of dead wood that caught fire very quickly. The fires in California have now destroyed large areas, so with the rain now coming, there's the added danger of mudslides.

There is typhus among the homeless in Los Angeles. Think about it. This is happening in the United States, not only among the poor in a third world country—poverty is on the rise in an unprecedented way in the United States. There is a homelessness crisis in Los Angeles; public toilets and security cameras are now being installed in parking lots. Why? Because people are now living in their cars. There are ten cities



CC/Oblier

Yellow Vest demonstrators block traffic at a roundabout in Vesoul, France, Nov. 17, 2018.

on the West Coast which have declared a homeless emergency.

Then the situation in the New York region with the collapse of subways and tunnels. It's just really reaching such a point. And it is not limited to the United States.

You have this Yellow Vests movement in France, which you mentioned. The French people cannot afford the gas and oil any more, and now this movement, which is growing. On Tuesday, the Yellow Vests set up 27,000 blockades on the roads; farmers and fishermen are now joining. even the mayors are in a rebellion. This has now spread to Belgium. There is now a Yellow Vest movement in Belgium that turned violent in part; 40 people were arrested. Similar protests have broken out in Bulgaria. People are demonstrating against deteriorating general living conditions and austerity. In Greece, it is now being reported that since 2009, the average income of families in Greece has collapsed by 42%—I mean, that's almost half!

So, I think this situation is really heading toward a point of no return, and I'm reminded of the time when my husband had predicted that the Soviet Union would disintegrate if it stuck to its policies—he made this prognosis in 1984—and he said the Soviet Union and

the Comecon would collapse within five years. Observing the economic processes in the Warsaw Pact and in the Comecon in this period of 1988-89, we saw that the lack of investment in infrastructure—and the inability to transfer high technology from the military sector to the civilian sector—was eroding the economic basis of these countries.

In a certain sense, the situation in the West now has many parallels to that collapse. It is impossible to say that it will collapse while there is the possibility of change, of reform. But that reform is *urgent*. If it does not occur, only a plunge into chaos and incredible social consequences can be the result.

So, it underlines the urgency: Join us in our mobilization for a new credit system, because that is the only chance to overcome this danger.



Schlanger: In 1989-1990, as the Warsaw Pact countries were collapsing economically, the West moved in with a predatory form of capitalism, “shock and awe,” “shock therapy,” the destruction of what was still there as an economy, and that’s very similar to what the neo-liberals are proposing today. I think it should be contrasted, as you always do, with what’s actually coming out of China. Because, today, there *is* an alternative model: In 1989-1990, you and your husband were virtually alone in promoting the idea of using the crisis to adopt a new push, with the most modern technology and infrastructure, to bring the East bloc into Europe as part of what you called then the “Productive Triangle.” It was rejected then, but today, this new alternative is visibly here and hopefully this is what will be discussed at the G-20.

Why don't you give us a little bit of a sense of how this is moving in a dramatic way from the initiatives coming out of China?

The New York Times Discovers China

Zepp-LaRouche: You have on the one side the attacks against China coming from the neo-con geopolitical faction. They're continuously escalating. But I find it quite interesting that two so-called mainstream newspapers in the last several days were actually forced to sort of reassess the situation with China, and of all places, one of them was the *New York Times*. This particular article discusses the prognoses of Western experts who had predicted that, once admitted to the World Trade Organization (WTO), China would either eventually adopt the Western system of democracy and free trade, or that China would not function and would collapse, but that both predicted outcomes were equally wrong. Because China in the last decades has proven to have a completely different model.

China has had continuous annual growth rates, initially from the coastal regions: 12%, leveling down to around 8%, and it's still now an average of 6.5-6.8%, but without cyclical crises interrupting it. The *New York Times* has one headline that reads, "The Land That Failed to Fail" [Nov. 18], or the "the failure of a country to fail," as if it needed a double negative to describe something positive.

This is very interesting. An accompanying article, "The American Dream Is Alive. In China," I find quite ironical. The article reports that China is already the leader in optimism. For example, if you take two 18-year-olds, one living in the United States and one living in China, and you ask them or look at their perspective for their lives, who would have a better chance to have a bright future, the answer would very clearly be the Chinese 18-year-old.

Now, that is not written in stone. Obviously, it's not possible to have the New Silk Road spreading to all of Asia, Latin America, Africa—and to have all of these continents develop—and then have the United States and Europe collapse. I think that that is unfortunately wishful thinking if somebody would think that way, and



our whole purpose in the Schiller Institute is to try to change that.

It is interesting that also *Le Monde*, one of the two leading French dailies, had a similar article basically acknowledging that the Chinese model is successful. And then it warns that the West absolutely must avoid going into the "Thucydides trap," which is the old question of whether the dominant power up to that point will try to suppress the rising power by military means—which in the age of nuclear weapons would obviously mean the extinction of civilization.

And just to remind people that the war danger *is* not eliminated at all: I was just reading headlines that—in a clear response to all these NATO maneuvers, to NATO moving to the Russian borders, and bellicose statements coming from various people in the West—Russia is considering changing its nuclear doctrine to the idea that if it is strategically attacked, even with conventional weapons, that it would reserve the right to use nuclear weapons against such an attack. I think that that shows you that we are *not* in safe waters at all, but as we have said many times, the real reason for the war danger is the systemic crisis of the Western financial system.

In order to overcome the war danger, we absolutely have to go in the direction of Glass-Steagall, the Four Laws, and cooperation with Russia and China in a new paradigm.

We need to have a serious discussion, because this China-bashing and Russia hysteria is really a kind of preparation for war—the creation of an enemy image, if a nation wants to attack another country. I urge everyone to look at the alternatives that exist and are ready to be implemented.

What Will the G-20 Achieve?

Schlanger: That brings us to the importance of the upcoming G-20 summit, where President Trump has said he's looking forward to meeting with Xi Jinping, and looking forward to a substantive meeting with

Putin. We saw just the opposite from a belligerent Vice President Pence on the sidelines of the ASEAN summit. There's a fight going on in the administration. Larry Kudlow, the director of the National Economic Council, is saying that Trump believes there can be an agreement and a deal, while Trade Representative Robert Lighthizer and Assistant to the President for Trade and Industrial Policy Peter Navarro are saying it's not going to happen.

What will happen at the G-20 summit? It appears that the President is going to go ahead with his agenda.

Zepp-LaRouche: I definitely would hope he would, because if Trump meets with Putin and Xi Jinping, I think there is room for careful optimism. There are different sides in China also, as you mentioned for the United States. You have some people who are expressing worry that there is no end in sight for the trade war, but then you have others who express careful optimism that a solution can be found between Xi Jinping and Trump.

Obviously—in the remaining few days between now and November 30 when the G-20 convenes—we need to do everything possible to promote the idea that the United States can only benefit, because you know, the economic collapse in the United States is there! The stock market gains that President Trump often refers to, could evaporate in a minute, and I think that this is Trump's Achilles' heel—at least in some of his speeches and statements, he names the increase in the stock market as a sign of his success. There may be new jobs he has created, and for sure, he has brought some development to some areas of the economy, but we are talking about the need to have maybe \$4, \$5, \$6, \$7, \$8 trillion in investments in the reconstruction of infrastructure.

We are clearly very far away from an economic recovery. Look at the aging and collapsing infrastructure and the spread of poverty. One-third of Americans

cannot take care of their own basic needs! That is not something to be content with.

The upcoming G-20 meeting will be a big test. As I said, I don't think this combination of national leaders is capable of putting on the table the kind of reforms that I have spoken of, because this would require the City of London to change its views, the probability of which I think hovers around zero. It would require that Brussels—the European Union—take a different approach. But I have some hope that the summits between

some of the leaders, including Trump, Putin, Xi Jinping, Shinzo Abe, and others, on the sidelines of this meeting, can actually come forth with useful initiatives.

But don't be passive about this. Help us to mobilize for it. Join the Schiller Institute, and let's make sure that our agenda is clearly understood and available to the wider population, and that the principles of physical economy are better understood, because as you said in the beginning, money is not a criterion of physical economy, but only the increase in the productivity of the labor force, the industrial capacities, the increase in science and technology, in energy flux-density in the production process—

all principles which are very much forgotten today, in a world which only thinks about money, money, money. So, join the Schiller Institute and let's work together on these questions.

Petition to Declassify Documents

Schlanger: One other thing that people can do, is to sign our petition, on the Schiller Institute website, calling for the declassification of all documents related to the British interference in the U.S. election, which was improperly assigned to Russia by the Obama intelligence community, while the interference was really from Britain.

Now, apparently the British are continuing to be fearful that their role in this will be exposed, according



to the *Daily Telegraph*; former FBI Director James Comey and former Attorney General Loretta Lynch are being subpoenaed by Republicans while they still have control of committees in the House of Representatives.

Helga, how important is it that this declassification of documents related to the British role be carried through?

Zepp-LaRouche: I think it is absolutely essential, because first of all, there was interference in the election process, not by Russia but by America's so-called "best ally," Britain. The article you referred to in the *Daily Telegraph*—I think it was yesterday—makes clear there is a really massive public effort to pressure the Trump Administration not to declassify these documents using the argument that this would jeopardize "intelligence sharing." It's especially the U.K. and Australia that are exerting intense pressure that declassification not occur.

But if America wants to recover its identity as a republic devoted to the common good of its citizens, well, then I think this is absolutely important and essential. Because the American establishment has been subverted by the idea of the British Empire. After the War of 1812, the British recognized that they could not reconquer the United States militarily. After the Confederacy's war against Lincoln, the British decided that they had to persuade the American establishment to go with the idea of the British Empire based on an Anglo-American "special relationship" to run the world. After the Soviet Union collapsed, this idea was brought forward very strongly again with the idea of a "unipolar" world, meaning a world empire. And you know, Francis Fukuyama talked about this as the "end of history," because the whole world has become "democratic."

And this was also the logic behind some of the wars based on lies—the Iraq War, the Afghanistan War, the war against Libya and Syria. And just now, reports have come out that more than half a million people have been killed as a result of direct military action, and innumerable more by indirect consequences, loss of jobs, mental and physical diseases, and all the wear and tear of war.

All of these wars have led to terrible destruction and we see still the consequences in terms of terrorism, in terms of poverty, in terms of absolutely out-of-control situations. It is *really* important that we stop; that America goes back to its original conception of Benjamin Franklin and the founding fathers, of John Quincy

Adams and Lincoln, of Franklin D. Roosevelt and John F. Kennedy. It is unacceptable that this kind of subversion and coup be tolerated against an elected President who is hated by the establishment so much, simply because he responds to the American population, who have really had it with the policies of Wall Street.

In the larger historical context, the declassification of these documents is absolutely vital, not only for the United States, but also for the whole world. Russian Foreign Minister Sergey Lavrov keeps referring to the big difference between Trump and the American establishment. Every step Trump tries to make, this establishment tries to block or subvert it. In the final analysis, world peace will depend on that the outcome. The big worry is that even were Trump to reach an understanding with Putin and with Xi Jinping, what will happen in America? Will the establishment nix all his efforts to improve the relationship with Russia and China? And will that understanding be lasting?

Answering those questions positively requires the American population to give support to Trump, to basically back him, so that he can pursue the policies he promised in his many rallies during the 2016 election campaign. And in a certain sense, that *is* the question of the world at peace. The American population must become active, it must demand the Four Laws of LaRouche, because that is the economic expertise required right now. But this declassification is not just a question of the coup: It has much, much larger implications concerning the true nature of the United States.

Schlanger: On that note, we can go into something I know you're very passionate about: That in order to go back to the true principles of the United States, we need a Renaissance, we need a change in thinking, away from the littleness which has been beaten into people, the idea that if you're a victim you can't do anything. And actually, for human beings to recognize the innate beauty that exists within humanity. Toward that end, the Schiller Institute just sponsored a remarkable, spectacular event in New York City. Helga, I'd like you to just, again, uplift people, by giving them a sense of why you founded the Schiller Institute and why this Renaissance is not only necessary, but possible.

Why I Founded the Schiller Institute

Zepp-LaRouche: When I founded the Schiller Institute in 1984, it was very clear to me and all the other members who co-founded the Institute, that a new eco-



EIRNS/Sylvia Spaniolo

John Sigerson conducts the Schiller Institute NYC Chorus' performance of Beethoven's Choral Fantasia during the Friedrich Schiller Birthday Concert at St. Bartholomew's Church in New York City, Nov. 18, 2018.

conomic system, a new world economic order would only be possible if accompanied by a Renaissance of Classical culture. Because only Classical culture has the noble image of man: that man is good, that man is not evil, but good by nature, and he is capable of developing his own or her own creative powers for the advancement of the entire human species, and that is what distinguishes us from all other living creatures.

You know, as lovable as people may find their dogs and some cats, and other people have other favorite animal species, none of these species is capable of discovering the fundamental laws of the universe, of applying breakthroughs in science and technology in the production process, and in that way, discovering deeper and deeper, the secrets of what makes our universe tick. What is the role of life? How does creativity function? All of these fundamental questions uniquely belong to the domain of human beings.

And that's what is being destroyed by a lot of what's going on: the drug epidemic, the hopelessness, the bestiality of the youth culture in large part, the violence promoted by videogames and the pornography in much of our entertainment—all of this is really an attack on the creative potential of human beings. People may not think about it that way, but *de facto* it is, because once you take dope, your creative faculties are just knocked out. Once you pursue all of these other things, you cannot be a creative individual. And this is why we're putting so much emphasis on Classical culture, espe-

cially Classical music, because it is exactly the Classical composition expressing the highest ideal of the beauty of human creativity, which encourages the kind of thinking that makes us human.

From that standpoint, I'm very, very happy about the recent Schiller Institute concert in New York, which was a celebration of the birthdays of both Schiller and Beethoven. Accompanied by an orchestra, members of the Schiller Institute NYC Chorus performed both Beethoven's *Choral Fantasia*, which is one of my absolute favorite pieces, because

it addresses this idea of the relationship between great art and the beauty of the soul; and Beethoven's *Mass in C Major*. There were recitations of Schiller and Shakespeare between the musical performances. I was especially happy to hear that some people who had never known about Schiller before, really discovered the greatness of this poet and how uplifting his idea of an aesthetical education of man is.

This will be put up on the [Schiller Institute website](#) very shortly.

I ask all of you not only to watch it, but share it, to make sure that ever larger numbers of people have access to the beauty of Classical music. Such music touches the soul and makes the mind more beautiful. It is not a luxury but is indeed absolutely necessary now. It's an absolutely necessary condition for mankind. That's what Schiller thought, and that's what I think also.

Schlanger: And I think with that, we can say that that should be the spirit that's incorporated into the discussions that take place at the G-20 summit. Helga, anything else you want to bring up?

Zepp-LaRouche: Join the Schiller Institute!

Schlanger: OK, there are your marching orders. We'll see you next week, Helga.

Zepp-LaRouche: I hope so.