

Lyndon H. LaRouche, Jr.

# New Alternatives in the Face of the End of Globalization

*This is a transcript of video excerpts from a presentation given by Lyndon H. LaRouche, Jr. on Nov. 5, 2002 to the Autonomous University of the State of Coahuila, in the city of Saltillo, Mexico. The video of these excerpts was shown at the beginning of Panel 2, “A New Paradigm in the History of Mankind Is Taking Shape,” of the Schiller Institute’s Sept 9, 2023 conference, “Let Us Join Hands with the Global Majority!” EIR coverage of Mr. LaRouche’s visit to Saltillo is available [here](#). Subheads have been added.*

In South America, we see that Argentina has been destroyed, especially since 1982. We see that Bolivia is now in danger of going back under a drug dictatorship. We see related crises on the borders with Brazil and Argentina, Paraguay, and Uruguay. We see the loss of sovereignty of Peru, by a coup organized under the direction of President Clinton recently....

At the present time, Brazil faces an impossible burden. There’s no possible way that Brazil could carry the debt which is now being imposed upon it. This debt was not really self-incurred. The debt was imposed by international institutions under strong pressure from the United States, including the dollarization of Brazil’s debt in 1989, which was a tragedy for them. There’s no way they can pay this debt under these terms. The IMF demands that concessions be made by Brazil to all of the requirements of the markets; markets which are essentially corrupt.

J.P. Morgan, Chase, and Citibank are implicitly bankrupt, and but for the power of the United States, as a physical power, they would be bankrupt. They



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*Lyndon LaRouche speaks in Saltillo, Mexico at the invitation of the Autonomous University of Coahuila, Nov. 5, 2002: “Economics is what one generation is capable of doing for the benefit of two generations hence.”*

have no hope for the future, under their present conditions. This is true of the banking system of the United States in general. The Federal Reserve System of the United States today is bankrupt in fact, and is sustained only by the political power of the United States. The banking systems of Europe are bankrupt. The central banking systems are bankrupt, and this is the condition through much of the world.

Now, the IMF—which has been the organizer, together with the World Bank, of this bankruptcy, which has developed over the years—now comes to Brazil and says, “Brazil, you are bad. You’re bad. You have to accept our tutelage. We, who ruined you, have come to help you by ruining you some more.” What would happen if Brazil capitulated to the IMF, and accepted

anything in any way resembling the demands which have been made upon it by the IMF? Brazil would die! It would disintegrate, rapidly. Not over several years, but over months! Look at the figures. Take the ratios. Take the debt service charges. Take the effect of these conditions in collapsing the economy of Brazil. Look at what's happened to Argentina, and see that what happened to Argentina is now in the process of unfolding with full force in Brazil....

If Brazil resists, and does not submit, it could survive. If the average interest rate could be kept below 10% in Brazil, and suitable conditions of refinancing the debt were instituted, Brazil could survive, and could be part of a recovery prospect for the hemisphere. But if Brazil were to survive under those conditions, the IMF would go bankrupt. It could not, under present circumstances, absorb that kind of financial reorganization.

Either way, the IMF is dead, in its present form. If it succeeds, it dies. If it fails, it dies. This gives you an indication of what we've described as a systemic crisis, as opposed to people who study the statistical phenomenon called boom-bust cycles. This is not a cyclical phenomenon....

### **Solutions to the Systemic Crisis**

Now obviously, there are solutions. I've been pushing such solutions. We had a vote recently in the Italian Chamber of Deputies, a majority vote, voting for a proposal which I have made; where the Italian government is implicitly, by this vote, is committed to working with other governments, to reorganize the world monetary system, to return to a Bretton Woods formula of the type we had in 1945–1964. To use that model: fixed exchange rates, protectionist system, to promote production, and similar kinds of programs, to ensure that we get back on a growth pattern again. This means that we have to put the world through bankruptcy reorganization, the same way you'd do any bankruptcy....

... We, as states, will create the credit; the credit needed for large-scale infrastructure programs and for promotion of private investment. This credit will be used over a long-term basis, that is, 25 years or so, in general at 1–2% simple interest rates, as state credit, to be used largely for infrastructure; to build up the level of employment; to build the railroads, the water systems, the power systems, and so forth, which are needed for society. This will stimulate private employment.

We will also put credit into credible areas of private investment, to build up agriculture, to build up manufacturing, to build up other necessary things, and we will build our way out of this mess....

What I propose is, that we look at the world in terms of certain countries which are, technologically, fountains of technology. Within other countries, including China and India—which are not prosperous countries, relatively, there are also fountains of technological progress: certain industries, certain techniques they have, but not enough to meet the total needs of their population.

Our proposal was that we take these areas of Eurasia, build up the fountains of technological progress, for long-term transmission of capital, technologically necessary capital, into areas which have low technology potential. And thus, take areas like the interior of China (as opposed to the coastal area), and of other countries, and begin to build these up, in terms of their productivity over a generation or so. And on this basis, by long-term credit on a 25-year basis, or in that order, we can create and extend credit to fund the flow of high-technology exports from those areas which are fountains of technology, into countries which are in desperate need of this technological infusion. And we could organize it in such a way that, when comes 25 years from now, they will be able to buy their way out of what we advanced as credit to them.

### **LaRouche Proposes the Eurasian Land-Bridge**

I proposed in 1992 and so forth, and these countries came to accept, what I call the Eurasian Land-Bridge....

But today, we have new technologies. And what I propose is the creation of development corridors, from areas such as Rotterdam in Europe, to places like Pusan in the tip of Korea, and the other side of Asia. These development corridors would run across the northern part through Russia and Kazakhstan, through the central part into China and Central Asia, and the southern part along the coast of the Indian Ocean, India and so forth, into Indochina, and so forth by those routes.

These development corridors would be 50–100 kilometers in width, that is, they would incorporate main-line transportation, water management routes, power generation and distribution centers, and thus, create industrial centers and agricultural centers along areas

that are largely today undeveloped or wasteland. And by crisscrossing an area which is largely wasteland, which contains the greatest concentration of mineral resources on this planet of any part of the world, North and Central Asia, we would transform this into an area of growth for all Asia.

This program is now being put into effect, stepwise, gradually. The efforts of China and Russia, among others, to force the building of the railway connection between North and South Korea, which is actually a railway connection from Pusan to Rotterdam, through China and through Russia. And this is already in place....

The problem is, getting people to accept, and governments in particular, the fact that this is a bankrupt system; that it's hopeless under this system. Don't try to adapt to the system, replace the system. How do you do it? The authority of government, of a sovereign government; a group of sovereign governments. Groups of sovereign governments must put their banking systems into a bankruptcy reorganization, create a new system of, effectively, national banking, under national government; mobilize credit; reorganize to protect the general welfare, to maintain stability; to promote full employment; to find areas of growth in which credit can be concentrated, both in the public sector, in infrastructure, and in the private sector.

Only governments can do that. That is the sovereign power of government as a true sovereign....

... Therefore, you must build up the base of the economy. And, 50% of any modern economy, that's competently devised, 50% is investment in infrastructure, not in production: Transportation, power generation and distribution, water distribution and management, sanitation, health-care systems, educational systems, these are the gut of an economy. Libraries, access to this kind of thing, are an essential part of the productive power of labor. The ability to transmit goods efficiently and quickly, on a large scale in any area, to go from one place to the other, these are the essentials. We've lost that sight.

My specialty in this area, of course, is what I've concentrated on all these years, is physical economy. Financial economy? That's nothing. Accounting is nothing. That's connect the dots; that doesn't require any scientific skill whatsoever. What's required is to understand how we invest, in a combination of infrastructure, and other things, to get the

effect of this multi-generational progress, increasing the productive powers of labor....

### **What Are History and Culture?**

So, my concern is, that if you can get a grounding among students, where they can understand what an idea is, in Plato's sense of idea—discovery, hypothesis, experimental proof method, the method of Kepler—once you know what an idea is, stick with a physical scientific idea, because that's an easy one to demonstrate. Then say, "Well how is culture developed?" It develops on the basis of transmission of ideas, which correspond to such discoveries, from one generation, to the next generation.

That is history! Archimedes and Eratosthenes and Plato and Archytas: the sources of ancient scientific method. These live in our society today because those who are scientists have replicated those discoveries and have applied that to understanding modern science today. And therefore the transmission of culture across thousands of years to the present is the result of understanding what an idea is, and the importance through educational and related processes of transmitting that idea from one generation to the next; with the result that you have a generation which emerges which has more power per capita in respect to the universe than the previous generation. That is culture! Ideas of Classical drama, which give you insight into how human beings behave and misbehave, and how you manage that. This is what we need.

Accounting is simple. Playing with mathematics, add and subtract and so forth, that's simple. That is not economics. Economics is based on human beings, which are not monkeys, which have the power to generate, assimilate, replicate ideas; whose purpose with ideas is, knowing they're all going to die—we all die—so, what is our expenditure of our talent in life? What does our life mean after we've left it? What have we embedded in the coming generations, which gives us a permanent place in the space-time spectrum? That's human. And to try to get the knowledge, in every possible area that your appetite can reach, to be able to relive and discover the wonderful discoveries of people before you, transmit them to others, have a society in which this is the standard of practice—that is economics.

Economics is what one generation is capable of doing, for the benefit of two generations hence.

Thank you very much.