

Dennis Small

## LaRouche's Legacy: Foundation of The Modern Science of Physical Economy

April 26—I think people are already aware that this has turned into an international conference without really any precedent, even in our movement, which is used to making precedents. Besides the direct participation in the English language, as has been mentioned a number of times, we've had at the high point, close to 600 people linked to this video conference in foreign languages including German, Italian, French, Spanish, and Chinese. We have on this occasion really quite an international presence. I think also very notable and significant is the fact that many of the participants are young adults, which is, of course, our intention in the entire organization of this conference.

You've gotten a bit of a taste of that in the presentations up until now. And you probably had an inkling, coming into this conference, that we are currently in the throes of the worst crisis Mankind has ever faced, or at least the worst in the last 600 years. Hopefully, by now you also have a sense that there is a way out, and that the living legacy of Lyndon LaRouche—in other words, his full exoneration—is critical to that endeavor.

### The Greatest Crisis, the Way Out

That is our topic today; because this *is*, arguably, the greatest crisis humanity



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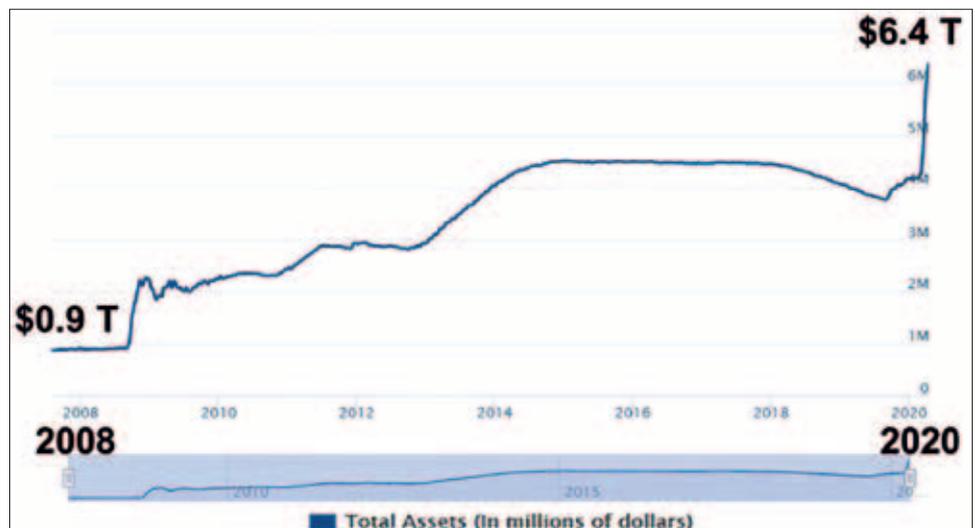
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has ever faced. It is a civilizational breakdown crisis, with strategic, scientific, cultural and economic dimensions. On the financial front, we are being asphyxiated by a two quadrillion dollar speculative bubble that is sucking all the oxygen out of the room. And our nations and most political leaders stand motionless—like a deer frozen in headlights—as we careen towards a monumental economic train wreck.

The pace of events of the coronavirus pandemic is no less dizzying. In the first three weeks of April, the number of people worldwide infected with COVID-19 has risen from 1 million to 2.7 million, as of April 23rd, and I know the numbers are significantly higher today as we speak—April 26th. And everything indicates this vastly undercounts the true number of infected, especially in

FIGURE 1

### Quantitative Easing Federal Reserve Balance Sheet 2008-2020



less-developed countries. In the United States, the total number of deaths rose from 5,100 on April 1, to over 48,000 three weeks later; and again, the numbers today are up. The world death total soared from 47,000 to 185,000 in that period, and again, is higher today.

With the international financial system already plunging over the precipice—well before the pandemic struck—U.S. Treasury Secretary Steven Mnuchin threw gasoline on the fire by announcing on March 29 the largest financial bailout package in history: \$4 trillion to be channeled through the Federal Reserve to bail out the hopelessly bankrupt trans-Atlantic banking system—*all of it*, both in the U.S. and Europe! And all of it backstopped by the U.S. Treasury, i.e., by American taxpayers ... *again*.

### Quantitative Easing: Huge Yet Worthless

You've heard of the Quantitative Easing (QE) scam that began during the 2008 crisis, and which on March 4th of this year stood at \$4.2 trillion of funny money that the Fed had issued; by April 15 it had skyrocketed to \$6.4 trillion—a 50% increase in just 6 weeks. Here's what it looks like on the Fed's own website: I did this screen grab, because it speaks volumes. **Figure 1** shows you that it's happened with the Fed; but it's not just the Fed.

In **Figure 2**, you will see that the European Central Bank (ECB), the Bank of Japan, the Bank of England, and the Swiss National Bank are all in on the speculative orgy. The cumulative world total of QE stood at some \$17 trillion at the beginning of this year. Then the flood gates were opened, and by the end of the first quarter of 2020 the total had soared past \$20 trillion (which is indicated by the vertical broken line). Were this to continue at this rate, by the end of 2020 we'd be looking at some \$30 trillion in QE. But that of course, won't happen. Why?

Take a look at **Figure 3**, LaRouche's Typical Collapse Function. This kind of accelerating, damn-the-torpedoes hyperinflation of the asset bubble, while the

FIGURE 2  
**Global Quantitative Easing 2007-2020**  
(trillions of dollars, cumulative amount)

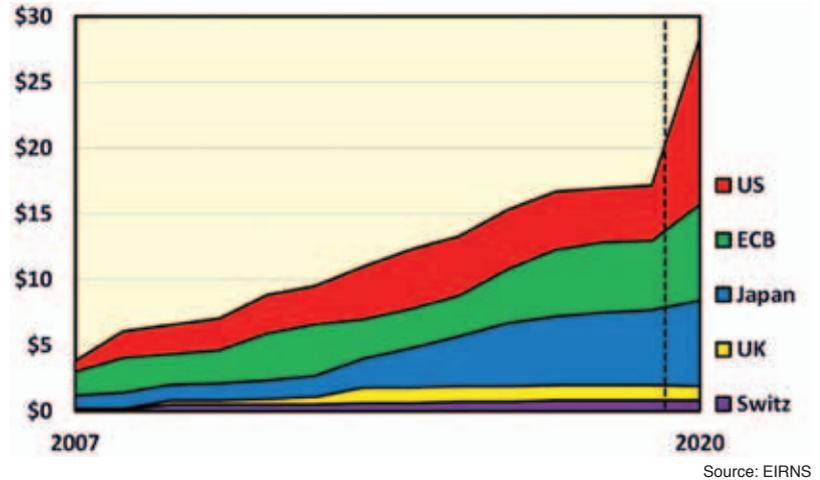
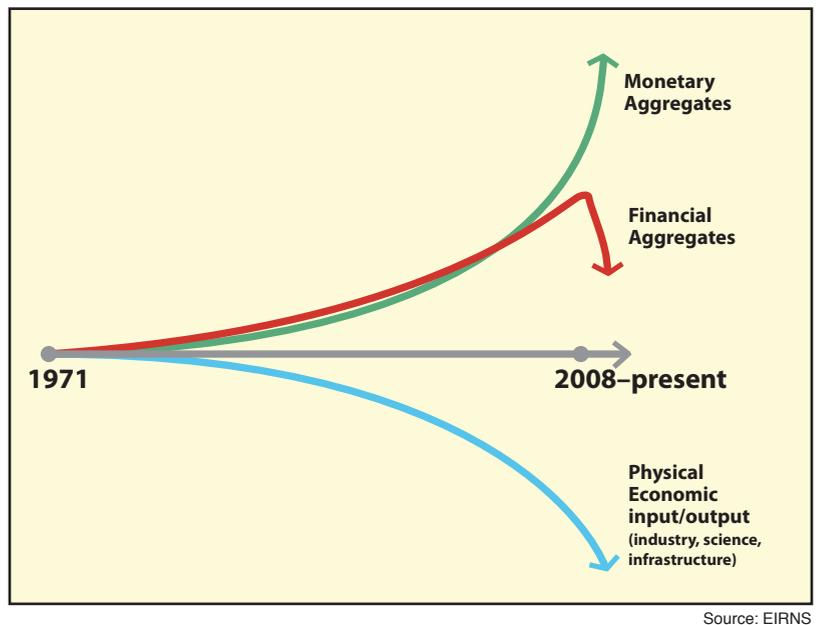


FIGURE 3  
**LaRouche's Typical Collapse Function**



physical economy around us is plunging into the abyss, is a formula for a financial thermonuclear explosion. While all of this was going on in the realm of the casino economy, U.S. unemployment soared by nearly 27 million in the last five weeks. We now have a real unemployment rate in the 25% to 30% range—higher than the 1930s Great Depression. And, as we will be hearing shortly, food production in the United States is on life support—or it would be, if they could find an available ventilator.

FIGURE 4

**Parameters of Underdevelopment**

	World	China	Sub-Saharan Africa	Haiti
<b>Total Population (billions)</b>	<b>7.8</b>	<b>1.4</b>	<b>1.1</b>	<b>.011</b>
<b>Extreme Poverty</b>	<b>9%</b>	<b>0%</b>	<b>41%</b>	<b>80%</b>
<b>Lack Electricity</b>	<b>11%</b>	<b>0%</b>	<b>55%</b>	<b>56%</b>
<b>Urban Population in Slums</b>	<b>30%</b>	<b>25%</b>	<b>55%</b>	<b>74%</b>

Source: World Bank

There are parts of the United States which are already facing Third World conditions—our prisons, our nursing homes, many of our inner cities with their tens of thousands of homeless. And of course, the Third World is also facing Third World conditions.

Consider the situation of Africa, in terms of a couple of parameters of underdevelopment of the physical economy. **Figure 4** shows 41% of Africans in sub-Saharan Africa endure extreme poverty, defined by the World Bank as income of less than \$1.90 per day. But that dollar figure translates into some deadly physical-economic parameters: 55% lack electricity; 55% of all urban dwellers live in slums.

In Haiti, 80% of its 11 million people live in extreme poverty. And now, on top of all that, the coronavirus pandemic and the global financial blow-out are beginning to hit these countries.

Look at **Figure 5**, a street scene in a favela in Brazil. Wash your hands frequently?! Keep a social separation of 6 feet?! You’ve got to be kidding. In Haiti, it is forecast that some 800,000 people could die from the coronavirus pandemic, out of a population of 11 million. That is 7% of the population!

**How Did All This Come to Pass?**

It is hard to wrap your mind around such developments. It is even harder to wrap your emotions around them. How did it come to this? If only we had known beforehand, so we could have taken steps to prevent it from

ever happening....

Listen to an excerpt from Lyndon LaRouche’s 1997 Labor Day speech:

**Lyndon LaRouche** [begin video]: I would hope, and I think there are grounds for hope, that in the years to come, you may look upon this day as one of the most important in your life. We are at this moment already in the middle of the worst crisis which European civilization has faced in 600 years since the great banking collapse which is associated with the term New Dark Ages during the Fourteenth Century. That was a time in which the entire banking system collapsed. It was then called the Lombard banking system.

It was a time in which there had been, over a century before, since the death of Frederick II Hohenstaufen, who had been the leader of Europe, a process of degeneration of European civilization from the level it had achieved earlier. So that by the middle of the Fourteenth Century, with a long process of decay, and then the collapse of the banking system, the number of parishes and the population of Europe had fallen by one half, through famine, epidemics, and insanity, including religious insanity.

FIGURE 5



Agência Brasil

*A scene in a Brazilian favela.*

Today we're in a comparable situation, but much worse. Today the crisis is not limited to European civilization. Today it is worldwide. Today already, Africa is being destroyed by a mass murder run by the largest power on this planet, the British Empire.

The British Empire exists.

*Before the end of this century, every major part of the present international financial and monetary system will be gone, including the entire International Monetary Fund system, and the present form of the Federal Reserve System here in the United States. They are doomed. They are gone.*

There are other things of which I'll speak.

Under these conditions, unless we can replace the present IMF system, which is bankrupt and doomed, in the way you would leave the *Titanic* when it begins to sink; unless we get the passengers, the nations and the people, off this system before it sinks, this civilization globally is doomed to what we see developing in Africa, what is going on in the disintegration of Colombia, under the patronage of the British drug queen, Queen Elizabeth II, and her local drug-pusher, Samper Pisano.

The United States, too: this nation can be torn apart and destroyed in a very short period of time. I'm talking about months. Imagine the day in which every bank is bankrupt, in which the U.S. dollar's convertibility is in question. A day in which the savings have been wiped out because the banks that contain them don't exist. A day in which all the mutual funds are long dead, and nobody can recover any money out of mutual funds. A day in which the New York Stock Exchange has dropped well below 1,000 from its present 8,000 vicinity, maybe to nearly zero. And the local bank, with the savings in it, is gone—closed. Not put through bankruptcy, just *closed*. In which there's no credit, there's no movement of food—or very little. There's no movement of services.

### **There Is a Solution to the World-Wide Collapse!**

What happens, then, to the United States, as it is now happening in Africa, and as it's spreading throughout Central and South America, and in parts of Asia? When people don't eat, when sanitary conditions break down, when violence and desperation break out, what



Lyndon H. LaRouche, Jr., keynoting the Schiller Institute's Labor Day Conference in Reston, Virginia, August 30, 1997.

happens? The Four Horsemen of the Apocalypse ...

And that is the breakdown of the whole system. That's the day the *Titanic* of world economy goes under the water—*unless we do something about it*.

Now, I know what to do about it. What we need to do, is very simple. Anyone who's a good lawyer knows what you have to do. When the bank goes bankrupt, what do you do? You have the government put it in bankruptcy. You reorganize it.

What do you do when an entire banking system, like the U.S. banking system and credit system go bankrupt? You have the government, the federal government, together with the states, put the whole system into bankruptcy reorganization ...

We've done things like this before, under wartime or similar emergency conditions. And we're going to have to do it again. *Because if you don't rescue the country and the people, what have you got?*

We're coming to the time that *we don't give a damn about the banks. We don't care* about the stock market. *We don't care* about the major creditors. Because we have to care about the people first. [end video]

What did LaRouche mean when he [wrote](#) "People First!"? Economic science is not financial or monetary—which is why economists with degrees from Harvard, or Chicago or Yale were best quarantined, along with the Wall Street bankers whose criminal looting policies they justify with their writings, lectures, and advice to victim governments.

## Economic Science is Physical Economy

Economic science is physical economy. Physical economy studies the way Man uses his unique, distinguishing species characteristic—which is willful creativity—to change the physical universe around him through scientific discovery of universal physical principles, and attendant technological advances, which lead to increases in his potential relative population-density—a concept original to Lyndon LaRouche, and at the heart of his fundamental contribution to Leibniz’s science of physical economy. This non-linear metric, potential relative population-density, corresponds to the power of society to maintain a rising total population, with rising longevity, a rising standard of living, and with augmented access to classical culture, such that the rate of future scientific discovery and technological advance can outpace the growth of population per se. Simple, right?

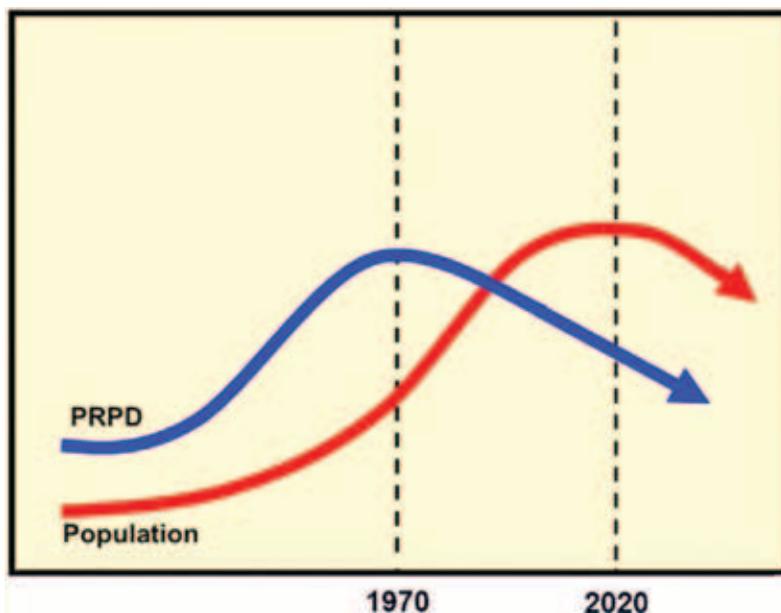
This depends on the ability to produce improved market baskets of consumer goods, production goods, and infrastructure, on a per capita and per square kilometer basis. If these fall, then society will predictably devolve, to the point where the potential relative population-density drops below the actual total population—as has happened globally over the last 50 years, with the disastrous consequences we are witnessing with the coronavirus pandemic today.

What we are seeing today is a rerun of what happened in the 14th Century explosion of the Black Death, which wiped out about half the population of Europe at the time. When the potential relative population-density plunges below the level of the actual population, and is not reversed quickly, then the only real question is, which of the Four Horsemen of the Apocalypse will ride first. Today, it is a global pandemic.

However, the problem we are facing is actually somewhat more complex. It is not simply a matter of total potential relative population-density dropping below total population. As Lyndon LaRouche [posed](#) the issue back in 1985:

Society is an integral part of the biosphere, both

## Potential Relative Population-Density



the biosphere as a whole, and regionally.... Rather than viewing a deep fall of the potential relative population-density, as merely a fall in the relative value for the society as such; let us examine this as a fall in the relative level of the biosphere including that society.... [T]his must tend to be adjusted, by increasing the role of relatively lower forms of life ... [which] “consume” human and other higher-level forms of life as “fuel” for their own proliferation.... In that variant, human and animal pandemics, and sylvatics, must tend to resurge, and evolve, under certain kinds of “shock” to the biosphere caused by extreme concentration of fall of population-potential.

Or to put it differently, we are only as strong as the weakest among us. Which is why it is both scientifically incompetent, as well as morally corrupt, to brush aside the plight of Africa, or Haiti, or Guatemala, or of the 40 million Americans who live in poverty—many of them in hunger as well.

## The Noösphere and Man’s Proper Relationship to the Biosphere

What then, *is* Man’s proper relationship to the biosphere? It is certainly not what the Malthusian greenies argue. The great Russian biogeochemist Vladimir Ver-

nadsky (who we heard about in an earlier panel) showed in the middle of the 20th Century that, whereas the characteristic of time in the inanimate domain (the non-living domain) can be *reversible* (e.g., going from water to ice and back again); and whereas the characteristic of time in the biosphere, or living processes, is *irreversible* (you cannot un-die a living process which has gone dead, nor incidentally, can life be created out of non-life); so much for the inanimate and the biosphere domains.

But in the case of the noösphere, the domain of the exercise of man’s willful creativity, real physical space-time is fundamentally different than these other two. Lyndon LaRouche rigorously proved that Man characteristically lives in the *future*, by using his creativity to place the present on the proper trajectory to achieve that intended future. LaRouche referred to this as time-reversed causality. That is the essence of political organizing. That is why you are here today—you may be surprised to learn!

It is also why Lyndon LaRouche throughout his life organized one youth movement after another. It is not only because of the proven fact that the best way to educate a President is by building a youth movement. More fundamentally, it is because we each find our true selves, the better angels of our nature, when we locate our own identity in the youth who shall forge that future. Want to see a hardened criminal, even a drug-runner, become truly human—even if only briefly? Talk to him about his 4-year-old son or daughter. I’ve seen it.

If we are to be rigorous, we should say that Man truly lives *only* in the future—in fact, in the future even after his own death. That is the confusing, often disturbing, bittersweet irony of Man’s existence: that we are both mortal and immortal at once. That is the bittersweet living legacy of the deceased Lyndon LaRouche; and it is why Helga Zepp-LaRouche launched the initiative of the [LaRouche Legacy Foundation](#) to prepare a full, digitized archive of Lyndon LaRouche’s prolific intellectual output, and especially to publish the Collected Works of Lyndon LaRouche—of which we are proud to release Volume I at this conference, as you have already seen and been informed. We should view this as part of our relentless demand that Lyndon LaRouche, the man and his ideas, must be fully and immediately exonerated.

## Programmatic Requirements to Get Back on Track

Lyndon LaRouche repeatedly identified the programmatic requirements to get the world back on track to the proper future, including in his famous 2014 [Four New Laws](#), which specified four, interrelated steps to be taken at once:

1. Implement Glass-Steagall, or banking separation between productive and speculative banking, in the U.S. and internationally. This would bury the City of London and Wall Street, as they say, “Where the sun don’t shine.”

2. Replace the bankrupt speculative financial system with a Hamiltonian credit system, including a return to the principles of a National Bank such as that established by our First Treasury Secretary, Alexander Hamilton.

3. Use this Federal credit-system to “generate high-productivity trends in improvements of employment, with the intention to increase the physical-economic productivity and standard of living of the persons and households of the United States.” Reestablish a fixed-parity international system based on agreements among such credit systems of sovereign nations, to launch global infrastructure projects that benefit all the nations—in other words, transform the New Silk Road into a full-fledged World Land-Bridge.

4. Re-ignite the fire of willful creative discovery and scientific breakthroughs, especially in the areas of fusion power, space exploration and colonization, and optical biophysics.

Just consider what such an approach would signify, if the United States, China, Russia, and India, in particular, cooperated to lead the rest of the concert of nations forward into such a future. As the Schiller Institute’s [draft proposal](#), “LaRouche’s ‘Apollo Mission’ to Defeat the Global Pandemic,” insists:

The world must join forces as a single humanity to stop the impending mass-death in Africa, in particular, as the coronavirus spreads. Brigades of engineers, medics, and other skilled personnel from scores of nations must be mobilized, deployed and coordinated under the United Nations and African Union, and with full respect for the sovereignty of all nations. Building health and sanitation infrastructure, assisting in

supplying necessary medical and protective equipment, and assisting with administration of health systems are among the urgent jobs at hand.”

That is also how to re-awaken and re-tool the collapsed industrial economies of the United States, Europe and elsewhere. Let’s get back to work, *human work!*

### **LaRouche on the Practical Steps to Recovery**

But rather than elaborate on the practical steps of how each of LaRouche’s Four Laws can and must be implemented, I would prefer to leave you instead with the way Lyn himself addressed this matter:

**LaRouche** [video]: What do you require, in terms of investment in infrastructure? In terms of—like Washington, D.C. What kind of a sewer system do you require? What kind of power availability do you require? What kind of potable water system do you require? What do you require in terms of security to your neighborhood? All of these kinds of things—schools, and so forth.

You require that. Provided by society, provided by government, chiefly. But you require it, as part of your income. What’s happened to our water systems? What’s happened to our health systems?

And you require industry. You require technology, to improve the society, to conquer the new problems we run into, as we run society. You have to have an *investment* in industry. You have to have competent management that makes the thing work. You have to have improvement in product design. You have to have processes by which technology is advanced. These form market baskets, which we can measure in terms of labor force, average member of labor force, average household, per person and per square kilometer....

This is sometimes called the *energy of the system, of the economic system*. What’s the input you must supply to the population, to maintain the system in good functioning order, into the future, the next generation?

All right, that’s been going down....

You see that the preservation of individual life, and to extend it so that we may enjoy the blessings of great individuals for a longer period of time, is rather important and feasible.

But, in general, nonetheless, we’re all going to die. And that poses the question of what are we if we’re all going to die? What does life mean if we’re all going to die? Isn’t that the question that government has to face, in real statecraft, in real law? Isn’t that the question? Do we provide for the individual the opportunity for a meaningful life, a life which can be so lived, that it implicitly answers the question, what is the meaning of that travel, that transit from birth to death?

This can only be answered in the realm of ideas. It’s not possible for any animal, in that way. Because if we are the bearers of great ideas, of truthful ideas, which we transmit to other generations; if we are custodians of the trust which is placed in us, the trust of humanity, while we are alive, if we are *good* custodians; if we solve problems when we must solve them, because we’re there to do it; if we contribute to the stock of ideas that make humanity better, can not government say, without being accused of bringing in religion, can not government say that the responsibility of government, is to give to each person the opportunity to realize themselves, as creatures made in the image of God, within the universality and simultaneity of eternity?

### **The Purpose of Government**

That should be the purpose of government. That, I believe, is the spirit of *agapē*. And that is what we must do. And we must find the connection between the practical, which I’ve just summarily indicated, which is the measures we must take, and realize that the obstacle is not the measures, because these measures are quite feasible, and they’re based on many precedents which we can call upon, with respect to implementation.

*The problem is, the need for the will, the commitment, the passion, to make the change.* And the great challenge before us here in the room today, and many others like us, is to become like a virus, to infect humanity with optimism, and with the means to find the will to bring about the change. And if we can do that, and you have benefitted, in any degree, from either what I’ve said today, or the repercussions of it in the time ahead, then I hope this may have been the most important day in your life.

Thank you. [end video]

Thank you; and thank you, Lyn.