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NEVER BEFORE PUBLISHED

# Overturning Axiomatic Assumptions

by Lyndon H. LaRouche, Jr.

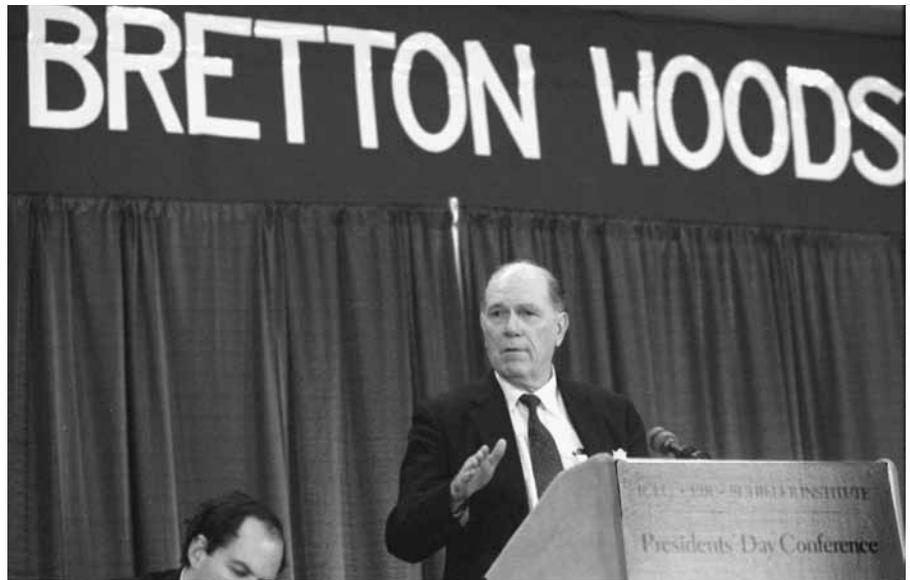
*The editors of EIR are making available the edited transcript of a previously unpublished speech by Mr. LaRouche addressed to a conference of members of the ICLC<sup>1</sup> on September 1, 1997.*

This is my proposal.

We are going for what is called a New Bretton Woods. We are not going to submit, or base the proposal, on a program. The New Bretton Woods is not a program. That is, it is not a design based on some already accepted set of axiomatic assumptions, which is what all programs are. It is not a bill you submit to Congress, asking for a specific amount of money for specific projects. Not that kind of program.

What it is, is a change in the axiomatic assumptions of government. Overturning the Adam Smith economic liberalism system, putting all the institutions into bankruptcy, whatever that means, overturning economic liberalism in whatever form it presents itself, cutting off Satan's tail, wherever he presents himself—that's the policy. Not a program, it's a policy. Whenever that horned gentleman sticks his nose out, cut his tail off. Or if you can't get the tail, get the nose. To set

1. In a 1981 [article](#), LaRouche described the ICLC (International Caucus of Labor Committees) "as an international academy movement, consciously modeled in intent and practice upon such precedents as Plato's Academy at Athens, and tracing its heritage through Philo, Augustinian Christianity, the Arab Renaissance, and the 15th-century Golden Renaissance ... in existence since 1973-1974, based chiefly in the U.S.A., Canada, Latin America, and Western Europe."



EIRNS/Stuart Lewis

*Lyndon LaRouche keynotes the Schiller Institute-ICLC Presidents' Day weekend conference, "The World Depression Has Arrived: What Do We Do About It?" Reston, Virginia, February 15, 1997.*

up a system, whatever that requires, which conforms to the best aspects of the former Bretton Woods, particularly before 1959. Why before 1959? That is during a period in which we had conditional convertibilities of currencies, of well-regulated currencies. And we're going into a condition which *has* to be addressed in significant degree, by reducing many currencies around the world, to conditional, as opposed to free, convertibility. Because you must have a national economic protectionist system, so that economies are not destroyed by the vicissitudes of price mechanisms in a monetary market. You must fix the value of currency on some rational basis, and defend those values, through international cooperation, as we did from 1946 through 1958. The period before we began to introduce free convertibility.

## Return to Sovereign National Economy

Which means, we have to have a system of exchange, a system of convertibility, which is based on formulas, which will be very similar in many respects to the kinds of formulas and mechanisms, the gold reserve mechanism which we used back in that period. That is, a fixed price of gold, declare the unlawfulness of holding gold privately, at any other price. Buying or selling gold at any other price, than that fixed price. To establish that as a monetary reserve unit, which is not used in the internal economies, but is used only in terms of balance of payments, and balance of trade among national economies. Going back to a system of sovereign national economy, absolutely sovereign nation states. The economy of each nation state must be primarily, and internally, a sovereign one—an end to globalization, of all forms and approximations. Going back to the conditions of relations among sovereign nation states, which in their best aspects, were used prior to 1959, prior to the first major crisis of the dollar, which led to the open convertibility.

Secondly, we are going back to scientific and technological progress, or to what I have illustrated by reference to the machine tool design principle. An emphasis on modern education, which is task-oriented, to foster high rates of investment, both in basic economic infrastructural improvements, and to foster, and to *favor*, investment in high-technology, physical production, and scientific discovery, over and at the expense of, any other form of capital investment.

In other words, if somebody is coming to a bank, under the new system, to receive a loan, if the loan is going to credibly contribute to an increase of the capital-



U.S. National Archives

*A soup and bread line in New York City, circa 1932.*

intensive, power-intensive, technologically intensive investment in the improvement of the productive powers of labor, and quality of design of product, that investment should receive favored consideration. Whereas if somebody says, I want to set up a pool hall, they want to set up a gambling hall, you can tell them, why don't you just go turn yourself into the nearest jail and get this whole problem out of my way. (Laughter) Something like that.

So, it's going to be a selective, dirigistic system, under which things which should be favored will be favored, and those which should not be favored, will not be favored. And there will have to be *national policies* which govern these priorities. So, your morals are going to be the basis on which you get a loan. You don't show your balance sheet, you show your moral balance sheet, and your competency.

As we did in World War II. We took people off the street, and, based on a surface conception of their com-



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*Assembly-line workers at the Douglas Aircraft plant in Long Beach, California in 1942.*

petence, and determination, and morality and commitment, we gave them credit, as a subcontractor. A contract. They could go down to a bank and get a loan at very low rates, on this contract, or subcontract. And this was done on the basis, I like your face. It's that simple. Because we had to get the result, we had to get the production, and therefore we took all the broken-down, worn-out shops that were available, all the broken-down people that had not had a skilled job for ten years or so, and we put them back into production, based on their skills, the skills which they had almost lost. And said, well, go to work, you'll make a lot of mistakes at the beginning, but it'll come back to you, and you'll do a good job. And we're going to have to do the same thing again, on a world scale.

We got a bunch of people who don't know how to do anything. Most of the X generation will tell you that. We don't know how to do anything. How can we get a job?

### Necessity of Cultural Optimism

So, you say, well, look, we'll give you the job, and you're going to have to learn. And it'll work! Because you'll use the factor of cultural optimism, and the basic problem of the Xers—they don't have any cultural optimism. You say, I don't want to commit suicide. Why? Because nobody will bury me. (Laughter)

Isn't that true? Xers, isn't that true?

You really feel like Heideggerian creature, or a Steppenwolf, out of Hesse's *Steppenwolf*. You feel like you were thrown into this society, that nobody cares. You're like somebody thrown into a strange jungle trying to survive. And you find people who belong to the same generation, in the same jungle, and you may gang up, and say, let's stick together. Isn't that the X generation generally? No education, no knowledge, no nothing. Here we are, thrown in like babies, like we were mentally born yesterday, into this terrible jungle. Nobody would bother to educate us, nobody would give us anything, we have no future. We're just trying to survive; we don't know why. (Laughter) We may change our mind tomorrow. (Laughter). Isn't that what's happened to them?

Okay, therefore, that's the reality of the population you're dealing with, in people under 35, and some people who've become Generation Xers by osmosis.

So, therefore, you have to start with the ugly reality

of the poor sinner we're dealing with. And somehow, take almost the worst cases in society, as we did during World War II. I had the experience when I was doing non-com, I was doing training in Texas, and you get these draftees coming in. And I would have a training platoon that I was running around with. And we would line these guys up on the company street, and I'd look at the way they couldn't line up on the company street, and I'd say, I think we just lost World War II.

But, that was the situation. We had a population, not as bad as today, but a population that had been ground down, intellectually, morally, and every other way, by this process of the 1920s and the Great Depression. In order to win the war, and to accomplish the other tasks that went with it, we had to mobilize everybody. We had



U.S. National Archives

*In 1939, the U.S. military counted 356,000 men and women in its ranks. During World War II, 16 million were recruited.*

to scrape the bottom of the barrel, and get the top-level performance, employing the bottom of the barrel people to do it. And that's the situation we're going to face in the world in the coming period.

### Policy, Not Program

So, we don't want a program, where somebody calculates, and proves on a computer, that, at these prices, and these elements, this is the budget, here's the package. It is not a package. It is a *policy*. It is a set of axioms which henceforth, will govern the way we shape policy.

Now, how do you do that? You do that, given the bunch of the creeps we have in the Congress today, some of whose humanity has not been checked carefully. There should be a species check on people, like in

the Congress, something people have overlooked here. You are going to have to *control* the institutions of government under our Constitution, by mass movement, the way that President Franklin Roosevelt tried to do it.

So, when you have a mass of people, who really don't know what they're talking about, in general, but who know we've got to go in a new way, and are willing to accept the idea that there is truthfulness, which can determine what is right, and that there are certain moral principles which determine whether this is really truth or not, and that population will have to *discipline* the politicians, and institutions of government, so that those in leading positions, in and out of government, who are initiating the policies of recovery, that these people get support, popular support, and the guys who don't go with the program, are put to one side. If they're civil service, we'll find, probably we'll send them down to the Galapagos Islands, where we'll set up a big research center down there, to study turtles. We can't fire them, because they're civil servants. We can, however, change their assignment.

Or, send them to Antarctica, to educate the pigeons, or penguins, rather.

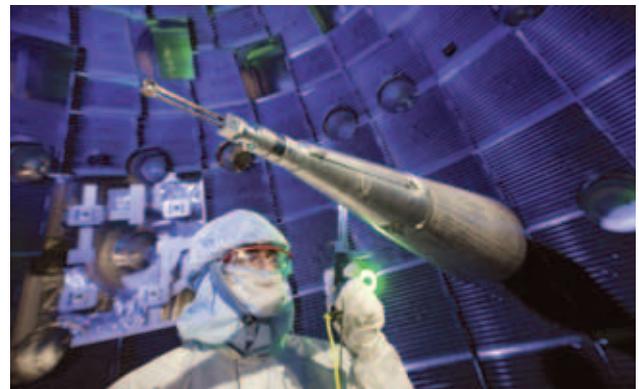
But, that's what we require. So don't think about program, in terms of somebody's got a bill, with a budget, and all the calculations all worked out—no. But what we are going to do, which takes the place of a program, we have certain target objectives. Including some specific programs.

Now, the one specific program area we have, is infrastructure. You know, we have a space program, but that's not a program—that's an open-ended effort, to conquer space, and to develop the scientific knowledge



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*Above: the AVE Tarragona-Madrid high-speed rail line in Spain. Right: a technician adjusts a laser target in a fusion experiment at Lawrence Livermore's National Ignition Facility in California. Below: High-voltage electric power transmission lines at the Grand Coulee Dam in Washington state.*



LLNL/Philip Saltonstall



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that goes with that, for the benefit of all mankind.

But, infrastructure. Transportation. Rebuild the world transportation system, on a modern, rational technological basis, on principles of physical economy, not on price considerations.

Develop enough power to meet the requirements of growth. No more blackouts and brownouts. Get a power expansion program going immediately.

Re-establish a healthcare system in the United States, in terms of institutions. On the federal level, by reactivating the Veterans Administration, because we have a lot of people becoming older, who are veterans. The Veterans Administration system is a fallback system, which, if properly expanded, can handle a great number of cases that need medical assistance, particularly drastic medical assistance, and that institution is presently not really there. So, make it there.

We need more physicians, competently trained physicians, with this program. We don't want some guy who learned how to stick a needle in someone four weeks ago. That's what you're getting now. You are getting welfare people, stuck in the hospital, performing procedures which were formerly performed by nurses.

And the value of a nurse is not that she knows how to stick a needle in someone. The value of a nurse is, she's there, and has enough medical training to recognize that something has to be done. And can initiate the procedures and make the calls to get that thing in motion, quickly. Or, to report to a physician, that I don't like what I'm seeing with this patient, and report what it is, clinically. A person who's a needle-sticker can't do that. So the idea that some efficiency expert says, well, you can train somebody to stick a needle in so and so for this procedure, and they can do it more cheaply than a nurse. Yes, but they don't have any eyes, or mind, to see the clinical symptoms which they should be observing, in the patient with whom they're dealing. They're not competent. We developed professional nursing for that purpose. I dealt in the war with nurses. I know what the difference is between a good nurse, and a bad one. We put all the bad ones on the poor wards, and we put the good ones on the wards which, like the surgical, or emergency, wards, which were most crucial. Because they would perform, they had the best clinical qualities, the best motivations, the best knowledge. We need that.

### **Build Real Infrastructure**

We need to reform the whole approach to urban development. This idea of urban sprawl is crazy. Think of this idiocy. This is not a program, it's a principle. Think of the idiocy of people travelling in this area, an hour and a half to work in Washington. Living in a shack that is assessed at say, a quarter million dollars, which will blow over in a windstorm, which they can't pay off anyway, and having to travel those extra hours, commuting to work, but also, as a result of commuting, and



USAF/Donald Hudson

*"The value of a nurse is, she's there, has enough training to recognize when something has to be done, and can initiate procedures, quickly." Shown: A U.S. Air Force nurse in training.*

these second-job requirements, to meet family income, it means that we are turning the children of those households into latchkey children, who are going to have emotional, and intellectual problems, as a result of that kind of situation.

So, therefore, we've got to rebuild the cities of the United States. Which in many cases, means, going down to the bedrock, ripping it out, and in a planned way, developing a new kind of city, using modern technologies and modern materials, which is a livable and safe area, for people to live close to the places that they have to move to in the course of daily life. Such as schools, and whatnot, recreational centers, all that sort of thing.

So, we're going to have to build the infrastructure. We're going to have to launch a massive, major water control project for the United States, which will pick up where we stopped in the late 1960s. What happened to the Red River, the next flood, which is forecast for Northern California, which they haven't fixed the place up *yet*, they haven't learned the lessons of the last century flood, and they're about to get another one. We must institute flood control, and water management. We must find ways of getting the excess water which we get in flood periods and steering it into places where we need the water.

For example, in the West, we have the Ogallala aquifer is dying out. Aquifers are deteriorating, because they're drained, because nothing has been done to fix this. We have to have a global, better control over water



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*"We're going to have to launch a massive water management control project for the U.S., picking up where we stopped in the 1960s." Two-thirds of California's fresh water comes from the Sacramento and San Joaquin inland delta, serving 25 million people and 3 million acres of farmland. Shown: the delta, peppered with islands.*

management. We get so much water out of the atmosphere, in rain, and the trick, to use that water many times over, before it gets back to the ocean, by a process of water purification, and similar kinds of methods, and loading up aquifers. We've got to do it.

We have to increase the amount of fresh water available to our country and other countries, in many cases through high-energy methods of desalination. For example, it is insane to feed Los Angeles fresh water, from the desert areas, from the arid areas of the United States, by long pipelines, when there's all the water they need, sitting right out in front of them in the Pacific Ocean. (Laughter). That's insane. We have the technologies, or are on the verge of the technologies, to deal with that.

So, we have a tremendous amount of work to do, to take people out of useless occupations, or so-called cheap, unskilled service industries, to take people who have no skills whatsoever, and put them to work under these kinds of programs. They will not be efficient the first year. They will not be efficient the second year. But by the third and fourth year, as we learned in World War II, they will become proficient enough to do more, more than do the job.

So, this is a more long-range effort. It's not how much this guy's going to make for you, this year, it's how much he's going to perform three years from now, four years from now. In the meantime, he's going to do something useful, and he's going to become a useful person in the economy, as opposed to what he is today.

So, we need these kinds of programs, in the sense of projects, project-directives and infrastructure, and we need to apply them in such a way, that we tend to bring the employment opportunities to the area in which the people who need to be employed, are present.

### **19th Century Development of U.S. Agriculture**

So it's matching people, available people, with available work to be done. But the right work. Right? Now this is the only way we can officially stimulate the private economy. The way we've always done it. The two ways which we've stimulated the economy in this century and in the past century. One is

through war, economic war mobilizations, particularly in this high-tech machine tool design mode. Secondly, the space program, which is another similar thing, but it's not a war program. Then through other science-drive programs, but largely through other public programs in infrastructure-building. The improvement of infrastructure creates the conditions under which private production can flourish, and private life can flourish. It also is a vehicle whereby government can mobilize credit and other resources to get large scale projects going which, through contracting and sub-contracting, become stimulants to the relevant private entrepreneurs to the region, including farming.

One of the best ways to develop agriculture in our century was—how? You put a transcontinental railroad across the U.S. and the agriculture development around the railroad. Then, but of course you have these thieves that took over the grain elevator operations, when these thieves from Minnesota and elsewhere moved in and by taking over the railroads, they took the grain sites, the grain delivery sites, and they controlled them. That's the Cargill operation, what became the Cargill operation. And they control the sites where the grain would be picked up by the railroad. Therefore, they could control the price they paid to the farmer and the price and delivery of the food and at what price on the world market.

But the system was good. The problem was because of the Species Resumption Act of the 1870s and similar measures, this system was corrupted and taken

over by the Cargill—actually the British interests operating through Cargill. And that kind of operation. But, the system works. If you bring the infrastructure project into an area, you must rely to a large degree on local labor, local subcontractors, and the development of new industries in those industries which are necessary to support the project. Therefore, if you consolidate government credit in the form of the printing of currency which is deposited in a national bank as opposed to a privately-controlled central bank like the Fed; if you concentrate that currency on deposit, onto the provision of Article I of the U.S. Constitution, the fact that that bank has that money printed, it can now loan access to that money as credit to both states and others, and private utilities and also to private contractors.

So, you've got a contract with a project, if it's a government-authorized project, you go to the bank, and, as we did with war-production subcontracts, that contract gives you access to the credit needed on a program basis, not a lump-sum payment, but a program payment. I need so much a week for my payroll, I need so much for this, so much for that. And the bank will deliver that credit to you, to meet your payroll, to meet your purchases of necessary equipment, and so forth, as we did with war production. And we can use the war production example, from the best experience of World War II, as to how to do that. We know how to do that. In that way, you can revive viable private industries. And you will also use this credit mechanism, and will use projects, to steer it in ways where you save vital private industries from going under, for lack of business.

You've got a farm sector, you've got a certain kind of industry in an area, it's in danger of going down because it's operating below its breakeven point. Now if you put in some business which is perfectly legitimate business, in that firm, you're going to save it. You're not going to make them rich right away, you're going to make them save it, by getting enough new activity to bring it above a breakeven point. And you can do that by simply adjusting the way, in which you implement your projects, so that you put your projects, as we've done in the 1950s and 1960s, as well as in wartime. Your project is accelerated or decelerated, in order to regulate the way in which this functions. To keep the whole economy going.

I guess the famous Kennedy statement—the rising tide must lift all boats—and that is the general policy

for administrating such a thing. You have your overall objectives which must be reached, but you have flexibility in reaching your overall objectives, you adjust that in order to effect, as Senator Kennedy said, cause the rising tide to lift all boats. That's the way you approach misery in cities, the way you approach other problems, by letting the tide of credit flow through these projects in such a way as to lift the relevant boats.

So, we don't want projects, in the sense of programs. We want projects in the sense of policies. The policy is a change, an axiomatic change in the way we think. So what we have to push, using programs and projects merely as illustrations, for this purpose, say, here's how society has to be run. And the principle you have to get across, is, we have come through 30 years of changes in policy, which have, except for the limited success of civil rights reforms, have all been disastrous failures. So we have to eliminate all of those policy changes, which were made in the past 30 years, which have been failures. That's the first thing we have to do.

### **Return to National Banking**

We have to go from a private banking system, which is totally bankrupt now anyway, to national banking, instead of central banking. We have to go back to the principles of regulation, or international monetary relations, of the pre-1959 Bretton Woods period. Once we agree upon that, what we've done is we have changed the mentality of policymaking around the world. We have set up relations among states, where the principle which governs the way actions will be taken, will be in conformity with these principles.

Then the job is to find good administrators who make that system work, in place of trying to fix the unworkable system.

So, the two things go together. The question of the organizing, as a first proposition I make today for discussion; the second thing, is you have to get a concept of axiomatic changes in the way policies are made, in place of the idea of what is your program, we'll take it in the Congress, and we'll vote it up or down. Because the Congress presently is incapable of voting up or down anything. You don't want this Congress operating on the basis of its present established opinions. We do not wish to submit what we propose to the Congress for a vote. We wish to submit the Congress as a whole for a vote.