

## The Weeks of Crisis Before Us

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We have reached the point at which the institutions of the states of the Americas and Europe will either end their hysterical denials of economic reality, or those nations which have not already plunged into an already accelerating process of disintegration will begin to do so very soon. The statistic left hanging on the drooping Christmas trees sends a simple, plain message. The world in general has now been plunged already into the greatest economic depression since 1929-1932. Up to now, the Congress and Presidency have shown no interest in any actually competent measures for dealing with that reality.

This present world depression was no surprise to me, nor to anyone who paid attention to my published record as the world's most successful long-range economic forecaster. The fact is, we could have stopped it at any time during the past thirty-five years, had we chosen to do so. Unfortunately, none of the Congresses or Presidencies of the past thirty-odd years have chosen to do so. So, because of that indifference to economic reality, the present world depression was allowed to happen. Now, it has arrived on the Congress' and President's doorstep.

So, all of the principal causes leading into this depression have been well known over more than thirty years. It should be emphasized here, once more, that I am personally on record as warning publicly of each step toward this crisis, and have been consistently right in every forecast which I have detailed, prior to 1971, in the course of the 1976 Presidential election campaigns, and the campaigns of 1980, 1984, 1988, 1992, 1996, and in 2000. At any point my warnings had been heeded, even as late as January-February 2000, the continuing march toward collapse could have been halted and reversed.

The question now, is whether people have finally learned their lesson. Have the members of the incoming Congress learned their lesson? Has the President learned this lesson? Are they willing to change, while they still can?

So, now, between this month's opening session of the U.S. Congress and about January 29th, the credibility of the present major national parties' leadership, the Congress, and U.S. Presidency will be put to an awful test of their fitness to lead this republic. Here, in this summary report to you, and to the President and Congress, I point to the nature of the crises those institutions of government must face during the present month. On January 28th, when I shall deliver my own "state of the union" webcast, I shall be able to tell you how those institutions have performed in the meantime.

Under the reforms begun by President Franklin Roosevelt, until the assassination of President John Kennedy, the U.S. had risen from the Great Depression created by Presidents Coolidge's and Hoover's misleadership, to become the world's leading producer nation, and its greatest national power. Then, from about the time of the official launching of the U.S. war in Indo-China and the inauguration of the first Harold Wilson government of the United Kingdom, the so-called Anglo-American powers, have transformed the most powerful and prosperous nation of this planet, our own, from a producer society, into an increasingly decadent form of "post-industrial," consumer society, while destroying our own family farms and industrial employment, and while looting the cheap labor and raw materials extracted from the relatively poorer populations of the world.

Our republic's government led a 1971-1972 change, from a fixed-exchange-rate to a floating-exchange-rate form of world monetary-financial system. This change was aggravated by catastrophic measures of deregulation launched over the 1971-1981 interval, producing a state of affairs in Europe,



*It is in the most vital strategic interest of the United States, that Eurasian cooperation go forward, and that we increase our role as Transpacific partners to promote such long-term development. Here, President George W. Bush and South Korean President Kim Dae-jung, in Seoul in February 2002. Inset: LaRouche campaign organizers in Washington, D.C.'s Chinatown, Dec. 30, 2002.*



throughout the Americas, and beyond, which transformed the world economy of the 1946-1964 interval, from one which had been formerly subject to risks of manageable cyclical economic crises, into a form of world economy gripped by accelerating descent into what has become now a terminal, or systemic economic crisis of the presently bankrupt world monetary-financial system.

The perilous conditions of the U.S. water-management, rail and air mass-transport, power, pension, and health-care systems, are typical of the extent of the physical breakdown of a U.S. economy being looted to the breaking-point by the orgy of monetary hoaxes and financial-market speculation orchestrated under our present, decadent Federal Reserve System. This Christmas, as the railway conductor used to tell the passengers when the trains still ran, we reached the end of the line.

## **Solutions Exist**

There are actions which could and must be taken by the U.S. Federal government, to deal successfully with both the present world economic crises and also the diplomatic "hot-spots" of today's world. The key to the control of the economic crises, is simply to return to the kind of economic thinking and practice of the 1933-1964 interval, and scrap the fads of "post-industrial consumerism" which have rotted out the nation since the period of the 1964-1972 Indo-China war.

This month's big question is this. Are the present White House and leaders of the Congress in such a state of drugged-like mental dependency on policy-shaping habits of the recent thirty-odd years, that they would rather let our nation die of an "overdose" of those acquired habits, than accept the obvious policy changes which must now be made? The month of January may or may not be the last chance for them to come to their senses, or nearly the last. What the Congress and President do, or fail to do, during this month may not be the last chance to save the world from a spin into the depths of a world depression, but no sane person would choose to risk that chance.

Meanwhile, in some parts of the Eurasian continent, an impressive first step toward a possible worldwide economic recovery was begun with German Chancellor Gerhard Schröder's history-making year-end visit to Shanghai, China. The world's most modern and efficient mass-transport passenger system, the German Transrapid design, became operational between Shanghai and its airport, with the German Chancellor and China's Prime Minister Zhu Rongji riding comfortably seated, at speeds of greater than 400 kilometers per hour. This event could prove to be the beginning of a long ride to prosperity for the world at large.

The technology-sharing arrangement between Germany and China is part of an emerging commitment to general economic recovery throughout most of the Eurasia continent.

This prospect of recovery intersects the combined effect of three proposals which my wife and I, and our collaborators,

presented to numerous governments of the world over the course of the years 1988-2002. These proposals all focussed on using the occasion of the breakdown of the Soviet system for developing a new form of economic-development cooperation throughout the Eurasia continent. Since 1992, these proposals have centered around the concept of a Eurasian Land-Bridge-corridor development, and since September 1998, the establishment of a "Strategic Triangle" agreement, among Russia, China, and India to create the framework of multi-national cooperation among the nations of Asia for large-scale, long-term economic-development cooperation with the nations of Western and Central Europe.

The U.S. Congress and President must study the following connections within Eurasia very carefully.

Western continental Europe has now been dragged into the same, present world financial collapse which is presently hitting the U.S.A., its Federal states and municipalities. The recent official collapse of the value of the U.S. dollar by nearly 20%, was not a reflection of competition between Europe and the U.S.A.; it was a reflection of the presently accelerating collapse of the present world monetary-financial system as a whole, the dollar-denominated world monetary-financial system. One need only consider the scale of financial claims, from around the world, which are denominated in the dollar-system, to see the connections. If the dollar goes, the world monetary-financial system goes.

Things must be changed radically. There are solutions.

The characteristic feature of the keystone economies of Western continental Europe, is the export-oriented economy of Germany, followed closely by those of Italy and France. However, the high export-ratios of these three economies are almost as much a reflection of the presently accelerating collapse of those countries' internal economies as the relative success of their export potential. As Germany's Chancellor Schröder indicated during his recent televised address to the population, long-term cooperation in technology-sharing between Germany and Asia is the only economic program in sight which can lift Western and Central Europe out of its present plunge into a deep depression.

The basis for the Chancellor's optimistic outlook for cooperation with Asia, is to be sampled in the effects of the recent revival of the Strategic Triangle proposal delivered to Delhi in 1998 by then Russian Prime Minister Primakov. Cooperation among Japan, Russia, China, and the Koreans, toward reopening the rail routes across Asia, through China and Siberia, to the port of Rotterdam, is typical. The recent Asia conference on Mekong River Basin development, which India's Prime Minister attended, is typical of the great hopeful effort for these large-scale forms of cooperation within Asia. The new Transrapid link between Shanghai and its airport, typifies the link to large-scale new forms of economic cooperation between Europe and Asia.

It is in the most vital strategic interest of the United States

that these forms of Eurasian cooperation go forward, and that we increase our role as Transpacific partners contributing to the success of these measures for long-term growth. Our diplomacy, in Asia, including the Middle East, should be a servant to those hopeful perspectives for durable, peace-promoting cooperation in such long-term development.

## **The Crucial Economic Action To Be Taken**

What we need, to make those new forms of expanded economic cooperation and diplomacy work, is to put the presently bankrupt world monetary-financial system into bankruptcy reorganization. This means that the most relevant among sovereign nations' governments must act in concert to put relevant central banking systems and the International Monetary Fund into a form of receivership for bankruptcy-reorganization.

Unless that is done, the efforts at debt-collection by monetary-financial agencies will do to the world what the mid-Fourteenth-Century collapse of the Venice-controlled Lombard banking system of the Bardi, Peruzzi, et al. did in wiping half of the parishes of Europe from the map, and one-third of the population, during that century's so-called "New Dark Age." To allow some similar development to proceed, again, today, would be a clear-cut crime against humanity by all responsible for the relevant, culpable decisions.

Such emergency action requires reference to study of relevant precedents. The U.S.-led 1946-1958 economic recovery under the Franklin Roosevelt-shaped Bretton Woods design, is the relevant model for study of principles to be used for the needed emergency action by a concert of governments today.

Although it was Roosevelt's, not Keynes' conception of a gold-reserve-based, fixed-exchange-rate monetary system, which is required for these present circumstances, in which the credibility of "independent central banking systems" is doubtful, the U.S. is not the economic power it was two generations ago. Agreement by a concert of powers were needed for establishing the needed reform of the international monetary system. The discussion of these leading technical matters should be proceeding among governments now.

In the present national economic emergency, it is important that Americans in particular understand the fundamental, organic difference between the economic system established by the circles of our Benjamin Franklin and the political and monetary systems of Europe. European states today are chiefly dominated by relatively defective, parliamentary forms of government which are modelled upon the Eighteenth-Century Anglo-Dutch liberal design, a Venice-styled model which was set up in the interest of the Dutch and British East India Companies' financier interests. Under that model, central banking systems representing such a concert of financier interests exert more or less great veto powers over not only the policies, but continued existence of parliamentary governments.

Under the U.S. Federal Constitution, and its constitutionally supreme Preamble, the nation is the perfect sovereign, such that government centered in the Executive, acts, with consent of the legislature, to create and control national debt, credit, and the rules governing the monetary and financial practice of the nation. Such are the features of what Friedrich List described as the American System of national economy, which Treasury Secretary Hamilton described as the American System of political-economy.

Despite the Federal Reserve Act dubiously designed by Manhattan agents of Britain's King Edward VII, the clear intent of the Federal Constitution persists, waiting to be re-awakened. Notably, when sovereign states, whether the U.S.A., Europe, or elsewhere, are required by sheer force of circumstances, and by natural law, to place so-called "independent central banking systems" in receivership, the relevant government is compelled by that circumstance to assume the kind of role in national banking consistent with the U.S. Constitution and the opinions of Hamilton and List.

In practice, today, the powers reserved to the Federal government by our Constitution and our history, require Federal actions in those urgent matters on which the states and their counties and municipalities are not allowed to act. Therefore, under our present Constitution, there is no hope for a sustainable recovery of the U.S.A. from the presently spiralling economic and monetary-financial collapse, unless the Federal government creates the needed new credit and regulatory authorities by aid of which the states are enabled to escape the virtual bankruptcy-collapse which now immediately imperils nearly all of them.

The first-steps required, to this and related effects, during the month of January, are essential for the U.S.A. itself. Yet, such actions by our Federal government now, will unleash the needed chain-reaction effect needed for joint anti-depression acts with our partners in Europe and the Americas as a whole. That cooperation will also provide the means for ending the rampage of genocide now reigning over Sub-Saharan Africa.

## Diplomacy for Peace

There is no competent reason for the U.S. to continue its currently aversive policies toward Iraq or North Korea, nor to continue to regard the gangster-ridden present Sharon government of Israel, or Netanyahu's candidacy, as anything different than which superabundant evidence of thuggery shows it to be. The U.S. has relatively great power, both in its own right, and, additionally, through its legitimate and other strong influence upon governments around the world. I wish our government would learn, as most recent administrations have usually not, that the very idea of strategic dogmas of national rivalry based on the misanthropic doctrines of Hobbes, Locke, Gibbon, and Bentham, is to diplomacy what syphilis is to marriage.

The objective of the foreign policy of the U.S.A. must be

an extension of the policy which then Secretary of State John Quincy Adams presented as the premise for the composition of the 1823 Monroe Doctrine. Our global strategic objective must continue to be war-avoidance motivated by an overriding continuing devotion to the emergence of a community of principle among perfectly sovereign nation-states. That principle is set forth as the supreme law implicit in the 1776 Declaration of Independence's adoption of Gottfried Leibniz's explicitly anti-Locke "pursuit of happiness," and the same notion embedded as supreme constitutional law of our republic, the general welfare principle, in the Preamble of our Federal Constitution.

Take the case of North Korea.

Presently, cooperation in economic development between the respectively sovereign portions of Korea is a matter of vital interest to all Eurasian states gathered around the Russia-China-India Strategic Triangle. These include the Koreans, Japan, China, and Russia. They include the nations of South-east Asia. They include India, and implicitly the other nations of South Asia. The stability and progress of this cooperation is of vital interest to a depression-wracked Europe, and is a critical environmental factor in the strategic cross-roads region known as the Middle East. Any agency which threatens the fabric of that needed cooperation will be confronted by all.

In the region of Asia in and around the Korean Peninsula, the U.S.A. has relatively great power at its disposal, and enjoys the complementary advantage of the points of common interest among the nations of the region. Proper U.S. policy is to transform the interests so represented into the force of constructive diplomacy.

The situation with Iraq is comparable. The influence of the U.S.A. and its available partners in the Middle East, is enormous. Why waste, or even ruin that region, with ventures which any astute diplomat would avoid?

The truth of the matter is that, within the English-speaking powers of the world, a certain circle of fanatics has been built up around a group called the "utopians." These are so-called because they were brought together as a powerful faction around the utopian ideas of British intelligence interests' H.G. Wells and the Bertrand Russell of "peace and world government through preventive nuclear war." The homicidal lunacy typical of utopians, such as Bernard Lewis, Zbigniew Brzezinski, and Samuel P. Huntington, has made such utopian causes popular among certain like-minded so-called think-tanks, such as RAND Corporation. The principal danger of war in the world today is to be traced to the influence of fanatics of this or analogous types who may be attractive to eccentric utopian-minded publishers such as Rupert Murdoch and Conrad Black.

Starting the needless wars promoted by utopian fanatics, and turning the U.S.A. or other nations into police-states as part of a utopian sort of pro-war hysteria, is the quickest route toward losing the very freedom we profess we defend.