



What Each and Every Nation Must Do Now: **Wall Street Gave Us This Crisis; LaRouche Has the Solution**

April 10—The Western financial system is now teetering at the edge of a general, systemic blowout which is about to usher in a new global Great Depression, far worse than that of the 1930s. The skids are being greased by the predatory trade war which the gullible Trump Administration has unleashed against the whole world—but especially China—on the advice of Harvard-trained quacks and hedge fund managers like Stephen Miran.

President Trump seems to intend to free the world financial system from the speculative aspects of globalization, which would be a legitimate effort. But the interpretation that the whole world looted the U.S. puts the whole story upside down. It was the neoliberal financial system of Wall Street and the City of London, which developed after President Nixon took down the Bretton Woods System and introduced floating exchange rates in 1971, that created a mechanism to loot productive capacities in all countries, including the U.S. The present efforts by the countries of the Global South to set up an economic system which would allow their own economic development is a revolt against the conditionality policy of the IMF and the World Bank.

President Trump is right: the U.S. has been robbed, but so have the countries of the Global South—as well as other countries around the world. Therefore, we are all sitting in one boat, and the effort to correct the mistakes of the system must be a cooperative one.

Wall Street and the City of London have drooled their way to creating a \$2 quadrillion speculative bubble which cannot conceivably be paid, no matter how many wars they launch and how much they slash countries' budgets. They have destroyed the productive economies of Europe and the United States, packaged as post-industrial gobbledygook. They have looted the nations of the Global South

through debt servitude and related colonial policies.

To make matters even worse, they have introduced their speculative cancer into the U.S. Treasury bond market itself, undermining the very bedrock of the post-War trans-Atlantic financial system. And they are proposing to postpone the day of reckoning of their inevitable bankruptcy by pumping the system full of worthless cryptocurrency and so-called “stablecoins,” while also demanding that the Fed go back to the policy of lending endless zero-interest money (Quantitative Easing)—only this time on steroids.

But you can't simply propose to bring all of that crashing down, through a modern variant of the Trilateral Commission's and Paul Volcker's “controlled disintegration,” or Schumpeter's “creative destruction,” as many of Trump's advisers insist.

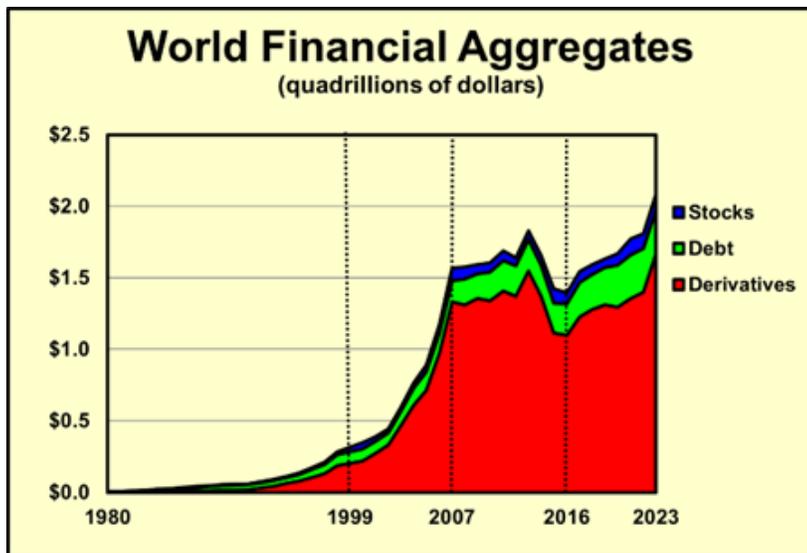
With what are you going to replace the current hopelessly bankrupt system?

Schiller Institute founder Helga Zepp-LaRouche has answered that question directly, by insisting on the need to establish a new paradigm, a new global security and development architecture, which must take into account the interest of every nation on the planet, based on the proven principles of her late husband and renowned economist Lyndon LaRouche, starting with the central concept that Man is *not* a beast. President Trump should follow his initial healthy instincts and consult in depth with Russian President Vladimir Putin and Chinese President Xi Jinping, and jointly convene an international conference among the nations of the world to establish a New Bretton Woods System. Such a gathering would deliberate on the underlying principles, as well as the specific policies, to be adopted for a new international security and development architecture that will address the

interests of each and every nation. Where there are difficulties and disagreements, these will be worked out according to the Westphalian (Judeo-Christian) principle of the “general welfare” of all—not by aggressive pronouncements and threats against others that, in any event, don’t even address the underlying cause of the crisis.

Decades ago, Lyndon LaRouche specified the policies needed to “lick the depression in a single day,” policies restated in his 2014 “The Four New Laws to Save the U.S.A. Now!”

1) The \$2 quadrillion speculative cancer has got to go—Wall Street and the City of London are going to have to take the hit. The original Glass-Steagall Act of 1933 should be reenacted, splitting the banking system into two:



on the one hand, the commercial banks that engage in productive lending (and that therefore get the full backing of the FDIC and the government in general); and on the other, so-called “investment banking,” i.e. wild speculation, which will be rolled up, frozen, and given no government backing. No more bailouts of the cancer. This will also do wonders for balancing the federal budget.

2) The productive sector of the economy— which since 1971 has collapsed as fast as the speculative bubble has grown, as is indicated in LaRouche’s famous Triple Curve graphic—must be revitalized with a new source of productive credit to finance the great infrastructure projects and reindustrialization needed. This includes reconverting the Military Industrial-Financial Complex to useful production, which today is a net drain on the productive economy.

One viable way to create such productive credit flows, the way Alexander Hamilton did with the First National Bank of the United States, would be to nationalize the Federal Reserve, rather than using it to bail out the bankrupt banks to the tune of tens of trillions of dollars. This could begin with the creation of a National Bank for Infrastructure in the New York Fed, to begin with power, water and other infrastructure projects for the United States, and international loans to development projects. The bank would be capitalized initially by trade-ins of Treasury debt for equity in the Bank.

3) Reach treaty agreements with similarly inclined nations, to reestablish a fixed-exchange rate international financial system, like we had before 1971, that will provide a favorable, predictable framework for global infrastructure and other investment projects. There is every reason for the United States to join with China’s Belt and Road Initiative and cooperate with the nations of the BRICS—which now represent well over half of humanity—in this global development endeavor.

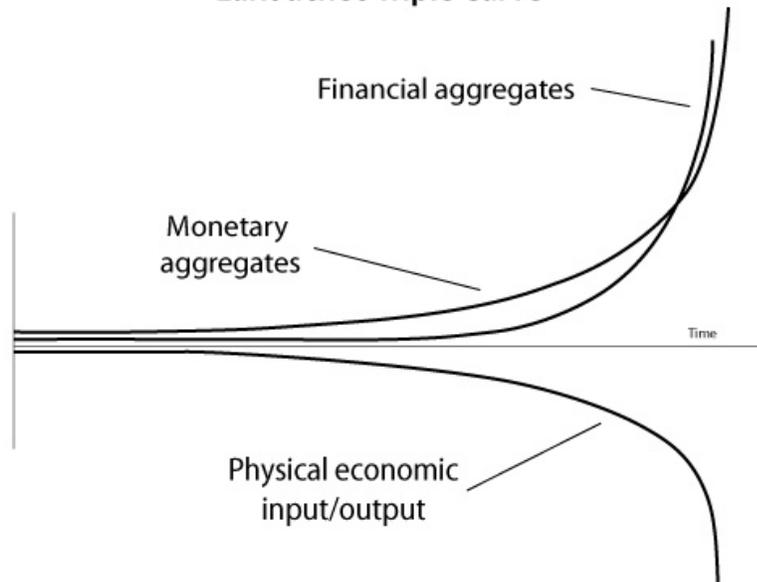
If the United States returns to such a policy, the Global South will no longer feel the desperate need to de-dollarize and otherwise distance itself from the sinking financial Titanic that is Wall Street and the City of London. They will happily embrace American offers to cooperate on such projects.

4) The future of humanity requires an unending emphasis on science and technology, especially in the frontier areas of fusion power and space exploration. These are the perfect areas for the U.S., China, Russia, India and the BRICS to cooperate for the benefit of all. Such a fostering of the creative human spirit is the source of all true economic value.

Lyndon LaRouche took up this issue of principle in his book-length study, *On the Subject of Tariffs and Trade*, which was published by *EIR* magazine in its February 13, 2004 issue. LaRouche there explained:

Now, we are in the grip of the terminal phase of a general collapse of the existing world monetary-financial system. As I warned, we are also gripped by the threat of a general fascist insurgency, as merely typified by the impact of U.S. Vice-President Cheney’s revival of a strategic doctrine of ‘preventive

LaRouche's Triple Curve



nuclear warfare,' and a Nazi-like replacement of the traditional military forces and doctrine of modern civilization, by a military doctrine echoing the Roman imperial legions and the Nazi intent to establish a world-reigning international *Waffen-SS*.

LaRouche concluded that study with the following policy perspective:

The national economic interest of the U.S.A. corresponds to the level of development of the productive powers of labor, which corresponds to a reasonably targeted level of improvement of the sustainable potential relative population-density of our nation considered as a whole.

This achievement depends, essentially, upon the development of the employment of those powers, as Plato defined powers, whose typical expressions are accumulations of experimentally validated universal physical principles, or of cultural principles of a kindred import.

The development and maintenance of those employed powers, and further improvements in that direction are, to a large degree, made possible through various forms of capital investment in the physical capital of basic economic infrastructure, in public infrastructure, in capital improvements of entrepreneurial enterprises, and in the physical and cultural standard of living of the family households of our national labor-force.

Under the provisions of a protectionist form of policies of tariffs and trade, if operating within the framework of an international fixed-exchange-

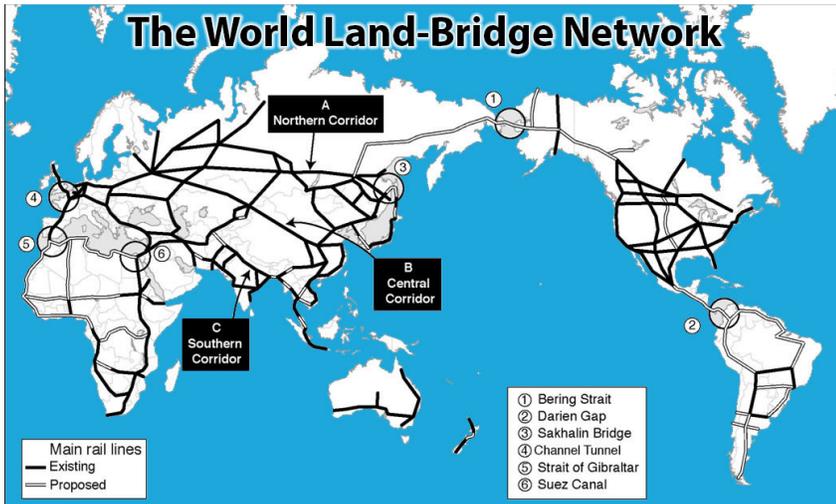
rate monetary-financial system, it is practicable to define a spectrum of 'fair prices' of commodities at the export-import interface of our economy with the international market. In that case, prices of our commodities may decrease as a result of technological advances which do not lower quality, except that wage-reductions may not be routinely employed as a means for price-reductions of commodities. Trade (import, export, or both) may be used as an added means for regulating forms of price-stability intended to protect the relative physical value of capital invested. In general, lowering standards of living of households as a means for making goods 'more competitive,' is effectively outlawed.

Look at what I have just said against the background of that aspect of the post-1977 wrecking of the U.S. economy accomplished by deregulation of freight and passenger traffic. The result was to concentrate traffic among a limited number of 'hubs,' with the effect of driving communities in outlying regions into virtual collapse, and often depopulation. This meant that the productivity of the U.S.A. as a whole collapsed per square kilometer, with an accompanying net collapse of the net physical output of the produced by the population as a whole. Insanity? Yes: insanity engendered by the spread of the lunatic dogma of 'free trade.'

The object must be to increase the effective physical output both per capita and per square kilometer. This desired effect is fostered by standardized freight-rates, convenient mass-transit of passengers among both principal hubs and regional centers, to such effect that the optimum use is made of the potential represented by the total population and total area of the nation.

Similar advantages from regulation of trade and tariffs are to be sought among nations, more or less on a global scale. Thus, we must encourage the relevant physical capital formation throughout the planet, to optimize the rate of increase of per-capita and per-square-kilometer gross and net outputs.

The general principle, bearing on tariffs and trade, illustrated by those cases, is the urgency of shifting the notions of cost and profitability away from cheapness of the physical-capital costs of production and distribution, to gains in the margin of growth per capita which are obtained through raising the



That emphasis on basic economic infrastructure, is the only durable means for promoting a general regrowth of a viable private sector.

However, none of this could be accomplished, without reference to the successes of President Franklin Roosevelt in saving the U.S.A. from both a depression at home, and the threat of a Nazi-led world-empire. This requires junking Adam Smith and everything that smells of him, and returning to the constitutional principles of the American System of political-economy as described by Treasury Secretary Alexander

Hamilton and others. This means the restoration of those practices of regulation, including protectionism, associated with the Franklin Roosevelt revolution of the 1930s."

objective standard of living and quality and relative intensity of capital formation.

The initial emphasis must be upon large-scale and massive investment in basic economic infrastructure, to effect an urgently needed, qualitative change in the environment of production and family life.

LYNDON LAROCHE EXPLAINS THE CAUSE OF THE COLLAPSE

What is collapsing today, is not an economy, but a vast financial bubble, a bubble whose chief economic expression is the U.S. financial system's role as 'The Importer of Last Resort' for the world at large.... In effect, the world has been supporting, until about now,

a vast U.S. dollar-denominated financial bubble, all largely for the purpose of propping up an inflated, intrinsically bankrupt U.S. economy's role as 'importer of last resort' for much of the world. What happens, when that financial bubble moves into its inevitable chain-reaction-collapse phase? That is what is happening now."

Lyndon LaRouche, Dec. 23, 2000

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SATURDAY, May 24, 10:00 a.m. EDT

10:00 a.m.-1:00 p.m.—Panel One: Strategic Challenges and the Emerging New Order

2:00-5:00 p.m.—Panel Two: The Beauty of the Diversity of Cultures

7:00-10:00 p.m.—Panel Three: The LaRouche Program To Create 3 Billion New Productive Jobs in a Generation

SUNDAY, May 25, 9 a.m. EDT

9:00 a.m.-12:00 p.m.—Panel Four: The LaRouche Legacy Foundation on the Actuality of LaRouche's Ideas

1:00-4:00 p.m.—Panel Five: Shaping the Earth's Next 50 Years

6:30-9:30 p.m.—Panel Six: The Industrial Revolution 4.0: Space, Fusion and AI