

enterprise. They think the United States was built on free enterprise. What bull! The United States was built by rejecting the principles of free enterprise, the principles of Adam Smith. Free enterprise is a dictatorship of the braintrusters in London.

"These poor fools who are *parasitizing* on the accomplishments of people who thought the way we do, such as Benjamin Franklin, Hamilton, the Whigs, Abraham Lincoln, think they know how to run an economy — they don't. In the Republican Party, the Democratic Party, the commercial banking community, a good deal of industry, these leaders do not, as a whole, represent the combined brains and guts to survive.

"Free enterprise doesn't work," said LaRouche. "Look at the British Isles . . . ruined. Japan, on the other hand, is a prime example of a dirigist, industrial capitalist nation where the flow of credit is forced into the creation of new and the upgrading and expansion of existing industry. Dirigism is the only way to run an industrial capitalist system."

Shaping the Future Now

This free enterprise insanity prevails among the leading forces in the United States. Nevertheless, at this point, explained LaRouche, the institution which the U.S.

Labor Party proposed in 1975, the International Development Bank, presently exists.

"We did it, the U.S. Labor Party, with the elite of some Europeans, some Japanese; with the aid of leading Gaullists, with the aid of the Pope, and with the aid of some people in the United States who do have the brains and guts.

"A few of us who are on the inside know what was adopted at Bremen. The Bonn Summit is very important, but it is not crucial. It is a formality with three features: It is to bring the Japanese officially into the arrangement worked out at Bremen and also to bring the Saudis officially into the arrangement, because Helmut Schmidt has a Saudi plenipotentiary power in his back pocket. The wealth of Saudi Arabia sits in Schmidt's pocket as a negotiating tool to get certain things done at Bonn.

"The United States," continued LaRouche, "is going to be advised and influenced to tolerate, accept, and gradually join the new arrangement. We expect to have these two features completed after I am in the White House in January of 1981.

"In the transition period between now and the time I get into the White House, the world will begin to move and consolidate around the conception of the International Development Bank. Once the United States

LaRouche On The Gold-Backed Monetary System

There is nothing sacred about a monetary system. It is not the gut of an economic system. There are people who say, "You've got to work within the existing monetary system." They don't know anything. Maybe they can conduct banking business, do good things in a *clerical* sense or administrative sense, but they don't know anything about finance. If a group of states, or governments, working with a hubristic person such as myself, decides to do so in the general interest, we can destroy monetary systems on a world scale and create new monetary systems *overnight*.

What you do is decide what your economic system is going to be, what your economic policies are going to be, and you design a monetary system to suit that purpose. And the only kind of monetary system that works in the capitalist world or a world that includes industrial capitalism is a gold-based monetary system.

During the period ahead, the value of the dollar will rise, per agreement between us and those with whom we collaborate in Europe, to a value of three deutschemarks. It is now about two. Rising to three will take a little time but it will happen. The price of gold as a monetary reserve unit will rise internationally to a price that rotates around \$240 per ounce in terms of current dollars.

When these two conditions are fulfilled, then all major currencies in the world will be pegged to a fixed

rate in this gold reserve system. The values will no longer fluctuate, they will be fixed at a rate that will be the same over a period of years. If the dollar is worth three deutschemarks in 1980, it will be worth three deutschemarks in 1986: the price of gold will continue to be \$240 per ounce of gold. Every currency and every value in the world will be pegged against that price.

The dollar is now two marks. That's an artificial value based on speculation. Why is it going to rise to three? Because there are hundreds of billions of dollar debits sitting on Japanese, Saudi, West German, and other books. We don't need to print any more dollars to have a big expansion of credit. There's already too much credit doing nobody any good except churning the speculative markets.

What are we going to do with these dollars? The first thing we're going to do is to pool large numbers of these dollars, approximately \$50-100 billion worth, in a central pool called the European Monetary Fund. This pool will be a mixture of dollar credits plus gold and some other currencies. We can essentially ignore the other currencies because they have the same function that other currencies have in any central bank. The basic reserve currency will be the U.S. dollar, which will be associated with and valued as an equivalent in terms of gold. The first form will be this pool; various central banks and other institutions get together and create a pool called the European Monetary Fund. This is a cooperative venture of central banks and other agencies, in which at least the major commercial banks will participate through central banks.