

Return to Roosevelt's concept of the Bretton Woods system

The following is the transcript of a live Internet video webcast, conducted by Democratic Party Presidential pre-candidate Lyndon H. LaRouche, Jr. on Jan. 11 from the Westin Copley Place Hotel in Boston, Massachusetts. (See www.larouche.com/campaign.org.) Subheads have been added.

Video clip from the 1944 Bretton Woods Conference, held at the Mount Washington Hotel, Bretton Woods, New Hampshire: “Today, men and women of different races and creeds are here assembled together, determined to work out by mutual cooperation a plan for a permanent contribution for the benefit of the people of the world. The specific task assigned to us is to formulate a practical plan for the establishment of a world fund, and for the stabilization of exchange. This is our immediate and essential objective.”

Lyndon LaRouche: What you looked at, of course, was Mount Washington. It's a local land-site in New England which I climbed a number of times, from the west, and from the east, and from the north. In my younger days, I used to do that regularly as sort of an annual, once- or twice-a-year workout, just to keep myself in some kind of condition, which I understand is something my opponents regret very much, that I did that.

But in any case, the point being that this Mount Washington is, at this point, perhaps the most memorable place in New England, in the sense that it is the place from which a monetary system was created which served the United States very well, and some of the world very well, from 1944, when this conference occurred at the Bretton Woods hotel—under there, Mount Washington—and until, actually, the middle of the 1960s, we had continued benefit of it.

Today, that conference, in 1944, is the most important issue which should be on the agenda of any candidate for President of the United States at this time. Any candidate who does not have that vision of Mount Washington and Bretton Woods on his mind, and on his lips, is not serious about politics. He may be serious about being elected, but not about doing any good for the country and the world.

There is no ‘economic boom’

We'll get down to this Bretton Woods thing in just a moment, as such. But first, I want to indicate to you, contrary

to the kinds of statements you're getting as propaganda—and I say lying propaganda—the United States economy is *not* better than ever, the United States economy is not growing at the fastest rate in its history, or anything of the sort. There are some people, in the upper 20% of the family-income brackets, who have more money today, than they did in recent past. But if you look at the conditions of life, and the communities for the lower 80% of the family-income brackets of the United States; if you look at health care, if you look at education; if you look at energy supplies; if you look at other basic economic infrastructure; if you look at Social Security, and all these kinds of things of importance; if you look at family relations; if you look at violence in the society, particularly among teenagers, among so-called middle-class teenagers; in all of these respects, everything today has been becoming *worse*, factually, since about 1971, when Nixon pulled the system down in mid-August of that year.

Under Carter, it became worse. At the end of the Carter administration, at the end of the first years of the Reagan administration, the United States economy, as we'd known it, as a successful economy, began to disintegrate. We had legislation such as Garn-St Germain in 1982, we had the ripoff of the savings and loan associations, under Garn-St Germain. We had, at the same time, the Kemp-Roth legislation, which started this process: junk bonds, derivatives. The economy today is not only worse than it ever was, in physical terms; we don't produce much any more.

Some of you remember, for example, 1966-67. Under the influence of the aerospace program, which had been launched by Kennedy, or, in an accelerated form by Kennedy, we had, around Route 128—here, around Boston—we had a fairly vigorous high-tech growth, real high-tech, not imaginary high-tech. In 1967, we had a disaster in employment among those firms in the Route 128 area. Later, we had an expansion of some degree around the 495 route, then gradually, at the end of the 1970s, we had some spread into the cheap labor markets in southern New Hampshire—Portsmouth, Nashua, so forth. Western Massachusetts survived, but the conditions of life, the opportunities, the future of the area was going downhill.

Around the whole country, it was worse. We produce less and less. We import more and more, chiefly produced by slave



Delegates to the 1944 Bretton Woods International Monetary Conference. That conference, states LaRouche, “is the most important issue which should be on the agenda of any candidate for President of the United States at this time.”

labor from South America, from Asia, different parts of Asia, by very cheap labor. We can not afford to buy the quality goods we used to have, and we don't get them any more. If you go to the malls, you get junk, at high prices—not fit to use, wear, or buy. But at high prices. But the stores you used to rely upon, the brands you used to rely upon, they're not as good any more. We don't do a machine-tool quality testing of products before they go on the market. You don't know whether it's going to work or not. This economy is going down.

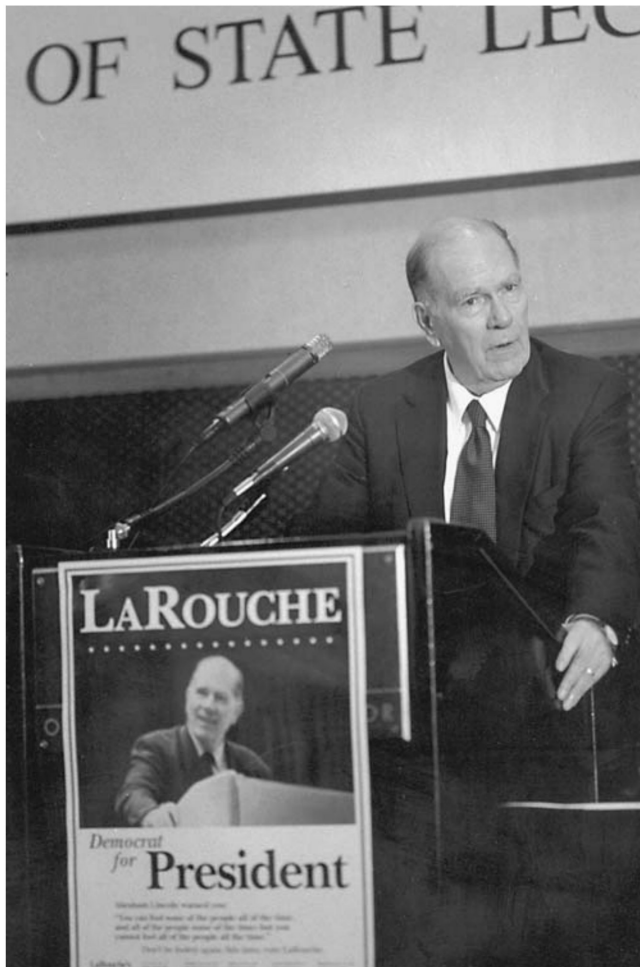
The United States *seems* to be in fairly strong position because we and the United Kingdom and some other countries, like Australia, Canada, and so forth have a great military power, muscle. And through that military power and other political muscle, especially since the Soviet system collapsed, the United States is able to bully other parts of the world into giving us credit, to giving us goods produced by slave labor. We also are able to borrow, at the point of a gun, virtually, from other countries; for example, we're ripping off the entire former Soviet Union. We're stealing the raw materials there, at bargain prices. That's been propping up parts of the world economy. But people of the former Soviet Union, Asia, East Asia, South Asia, are the principal markets for Europe. They're also the principal export markets, in the future, for the

United States, together with South America, Central America, which we're bankrupting, and therefore by muscle, by forcing them to reduce the value of their currency, by swindling them, by forcing slave labor on them, by looting them, and by forcing credit from them, the United States economy is being kept up in a giant bubble.

A parasite economy

Now, think back. Think back to 1974-75, before Carter was elected. We didn't have a perpetual Federal debt crisis in that year. It didn't exist. Yes, we had a national debt. It was large, it was considerable. But we didn't have a cancer of a prevalent, growing, incurable debt crisis. Under Carter, we got an incurable debt crisis, which has been growing cancerously ever since. And then, what did they do? Carter, the Trilateral Commission—Bush was part of the same thing at that time—the Trilateral Commission destroyed regulation. What happened to our transportation systems? All parts of the country that used to get under regulated transportation, regulated freight rates; they could get parity in getting goods delivered into the town on time, and goods delivered out. They had access to the United States as a total market in the world market.

When they deregulated, rails, to a large degree, and truck-



Lyndon H. LaRouche, Jr. addresses the National Black Caucus of State Legislators, Dec. 2, 1999.

ing, began to deregulate other things, the whole system, which had been built up to make the United States the most powerful economy in the world, was destroyed. The savings and loan system went down first. Volcker, who managed the Federal Reserve System into the ground until he was succeeded by Greenspan, who's a worse wrecker than Volcker, destroyed the housing industry as we used to have it.

We became a parasite economy; the debts kept growing, growing, growing. The United States today, lives on borrowing money, which it can never repay under present conditions, at the rate of between \$300 and \$400 billion a year, in what's called a current accounts deficit, borrowing this from other countries to enable Americans to borrow debts they could never pay, to buy goods which ain't fit to take home, to keep this economy going—and some call it “financial growth.”

In the meantime, since 1986-87, the United States has lived, financially, on looting other countries financially. For example, Japan: There was a meeting called at the Plaza

Hotel in New York City, and Japan agreed to jack up the price of the yen, in order to support the dollar, because the United States, at that point, in the '80s, could no longer compete with Japan, dollar for yen, in quality of automobiles and other things. We couldn't compete any more, because we were looting our industrial economy. So, we imported from Japan, which had better technology than we had. We forced the Japanese to raise their prices of their exports, in order to subsidize a relatively backward U.S. automobile and other industries.

Look at all the products of the type that you used to get from U.S. companies, that, beginning in the 1970s and early '80s, you began to get from Japan companies. Think of how many products have a Japan origin that used to be made by companies based around, say, Boston here. You began to get Japan products. Then, we turned around and looted Japan. We say, “Now you will raise the price of your yen, so that you can no longer compete in the U.S. market, at least in the same way. You, then, will loan money to the United States at bargain rates. You'll bail out and subsidize the Federal Reserve System and our banking system.”

We continue to do that.

Recently, beginning 1997, the Japan system began to collapse. It collapsed in the so-called 1997 Asia crisis. Now at that point, Japan had a bunch of bankrupt banks; as a matter of fact, the whole banking system of Japan was essentially bankrupt in 1997, as a result of this policy which had started in 1986-87. The system was bankrupt. What did Japan do, under the gun of Paul Volcker and other people? Japan began printing money, as credit, overnight, at *one-quarter of one percent interest rate per annum!* What happened to that money? Well, people from the United States, people from Europe, bankers, borrowed those yen, at borrowing costs of as low as one-quarter of one percent. They used the yen they'd borrowed to buy dollars, deutschemarks, francs, and so forth. They then brought those dollars, which they'd bought with yen, brought them back into the United States, to pump into the Wall Street speculative market. What did they invest in? They don't invest in industry any more. Oh, this investment in real estate—we've got a real estate bubble, the zooming real estate prices, for houses you would call a tar-paper shack, with a little bit glorified treatment, a few years ago. We have people all through the United States in these areas, who are taking on mortgages at a minimum of \$300,000, usually in the higher-rent areas, up to \$600,000 per house, or equivalent unit, and up to a million or more. These things are essentially shacks, if people didn't live in them to keep them maintained. They seem to be made of the same paper that was used to write the mortgages on. A strong windstorm or something might bring them down.

Now, these houses are being bought by people who have a \$50-, \$60-, \$70,000-a-year income as middle management in some of these so-called Nasdaq firms. These guys—how

are they buying at those prices, how do they buy a house carrying a mortgage price of \$600,000 to \$1 million? How is this possible, in these so-called suburban areas? Well, they have stock options, and as long as the money market continues to go up, the Nasdaq, the so-called Internet speculative stock market bubble goes up, then their stock options appreciate in value, now they can convert their stock options into assets to go into hock to buy the mortgages on these houses.

The coming market collapse

What happens when this market collapses, as it will soon?

Many of the people in the upper 20% of family-income brackets will instantly lose their employment. Their stock-option values will collapse, their salaries will disappear, but their mortgages will persist, while the houses are crumbling. Which means, that, as in the 1929-1931 period, but on a worse level, you will have mortgage companies and banks in bankruptcy, because they're controlling uncollectable paper on mortgages on these houses, and similar kinds of things.

Think of the malls that are springing up in some parts of the country. They're going to collapse too, these so-called suburban development areas.

What's going to happen to our power supply? We don't have the electrical power and other power needed any more. These things are going out of business. The prices are going up. If they continue to pump money into the system, print money the way they are, to try to keep this financial bubble afloat, we are already in the beginning of a hyperinflationary spiral like that which hit Germany in 1923.

If Japan goes, the United States goes. If Russia goes, who knows what happens? Europe is in the process of going. Ecuador has gone. Brazil is ready to blow. Argentina has gone. Mexico is ready to blow. Africa, most of southern Africa, is gone. Much of East Asia. Indonesia is disintegrating as a nation, under the conditions imposed upon it in 1997 by the IMF. It may stop disintegrating, but that's the condition now; its debt is climbing, and that's the fourth-largest-population nation in the world. And similar things throughout the world.

So, the whole world is disintegrating. It's about to come here.

If you look carefully behind the propaganda, which comes from the Federal government, which comes from the leading candidates, generally, which comes from most of the press, if you look behind the lies to the reality of the situation of banks, financial institutions, and other relevant institutions around the world, people that I talk to in these circles, in Europe and elsewhere, agree—and they agree with me, and not with these jokers—they agree that the world financial system is in the worst, not a cyclical crisis, the worst systemic financial, monetary and economic crisis of this past hundred years, and longer. And it's coming down fast now. No one can say, predict, what day is the market going to collapse. It's collapsing already, in one sense or the other. It's caught between

deflationary threats, hyperinflationary threats, wars spreading all over the world, a new war every month or so, which doesn't seem to quit. A new scandal, a new destabilization. We're in a crisis worse than that of the 1930s. We're in a crisis of the type, which, in terms of worldwide strategic implications, is the kind of thing that gave us Adolf Hitler in World War II.

And you have, in Washington, they're playing as if reality would never come. But it's going to come.

When this thing hits, with stronger force, when the illusions among the American population collapse—and it probably will be fairly soon—then you're going to have an effect upon the American population like that which some of us remember from December 1941. Those of us who are old enough to remember the mood of the U.S. population in most parts of the United States in 1941, will remember that the general feeling was: There is a war in Europe, it's spreading around other parts of the world, but *it's not going to come here*. Even when the Barbarossa attack on the Soviet Union occurred, people still believed here, "Yes, it's awful, but it will be handled; you'll see, *it will not come here*."

They'll say the American people will never support such a war, will never support getting into such a war. Then, suddenly, on one Sunday morning, Dec. 7, 1941, the American people changed, because suddenly, they had to face the reality that we were in World War II.

Now, many people didn't believe what we could do then. Roosevelt knew what we could do. He said it, and we did it. We had a great economic revival; we did what everyone thought was impossible. We produced more warplanes than Roosevelt had ever promised we'd be able to do; we took people off the streets, we put them back into industries, using skills they had almost lost after ten years of depression.

For example, up north of here, you have a city called Lynn, Massachusetts, where I lived, for a while. And in the central square in that city, you had a cafeteria, called Hunt's Cafeteria. It was the popular-priced, large cafeteria in the central square, which adjoined what had been the Boston & Maine railway terminal there at that time, with the local newspaper, the *Lynn Item* on the other side, and so forth, and so on. Now, in that period of time, on almost any given day in the late afternoon, you would see grown men standing in front of Hunt's Cafeteria, leaning against the wall, often picking their teeth with a toothpick, when they hadn't eaten that day. Such were the conditions at that time. These were often broken men, who had not had any decent employment at their trade, which they had had some skills at earlier, since the Depression hit. And there they were, trying to keep up the illusion, keep up their dignity, by picking their teeth with a toothpick, in front of the cafeteria, when they had not eaten a meal that day.

That was our condition. And out of such conditions, we mobilized, and we changed it. Oh, it took a year or so before people in that condition, going back into the factories, were

able to develop the skills to produce a quality product. We produced a lot of junk, and a lot of scrap in those factories in those first 12 months. But we got it going.

We're in a situation which is, for us—that experience is important. And for those of you who remember that experience as I do, it's important that you tell people about it, so they will understand that this is the way that things sometimes happen. Because I don't think we're going to be hit by nuclear weapons right away, but we're going to be hit by a financial crisis, which for many Americans will be just like being hit with nuclear weapons—the shock effect. What people believe now could not possibly happen, screaming people in the upper 20% of the income brackets: “It couldn't happen! I don't believe you. The press all tells me it's not going to happen. Wall Street tells me. The President says it's not going to happen. Everyone says it's going to get better and better. *Globalization and Glory Forever!*”

Illusions: worse than the 1930s

Well, that's the illusion. This is worse than the illusion we had back among people in the late 1930s. Much worse! People today are more *insane* than they were in the late 1930s, at the beginning of the 1940s, because then we had a sense of physical reality. We still believed that the secret to solving problems was to *produce* wealth. To produce agricultural goods. To produce industrial product. To produce things that worked. To fix up infrastructure, to build power lines, to clean up water systems. All the things that make physical life possible on a higher level. We *believed in that*. We just believed that we weren't getting it, the way we should. But we still had those values. And, when the war mobilization occurred, we were prepared to accept the mobilization, because it coincided with *what we knew was the right thing to do*. And we just did it. We said, “Why didn't we do it earlier? Why did we have to have a war to get us to mobilize to do what we should have done anyway?”

Well, Roosevelt did want to do it. But he was not able politically to do what he could have done until the war created a crisis where the American people would mobilize, and say, “Yes, don't get in our way. We're going to do it.”

We're now at a situation where the upper 20% does not generally believe in this any more. Oh, you may have a few machine-tool operators and people like that still running around, who still believe in production. They're a vanishing feature these days. Even competent engineers are becoming a vanishing species. They all want to sit down and design at the computer. Nobody wants to go out and see if this mathematical model will actually work, so they produce—That's why our space program failed. That's why this Mars exploration goofed. This is why we don't get satellites up regularly anymore, and many of the engineering and other people involved in implementing the programs are *incompetent*. Because they believe you can sit back, at a computer, play out a mathematical model, give an order to somebody who is not

properly trained, and hope that the thing will work. It may not work.

In the old days, we would test the product, competently, before we would put it out in design, or at least we'd make a test model and see if that would run before we got into production. Now, we're actually lofting planes before the design people even find out about it. And who knows what's going to happen next?

So, that's our situation.

Yes, we have a population which is in worse condition, psychologically, than it was in the end of the 1930s and the beginning of the 1940s. *But we must survive, the nation must survive, the people must survive, and the world must survive.*

And therefore, given the difficulties, given the insanity and the illusions that prevail among many people in the upper 20% of the income brackets, the fanatics, the “Third Way” people, the Gore lovers, the Bush lovers—or people coming out of the Bushes, or rolling in Gore—these people are based on a constituency which dominates party politics and elections these days.

If you look at the elections, you'll find that 30% of the possible voters, that is, citizens who should vote—either are voters or should be voters—that about 30% of this part of the population dominates and determines the outcome of elections. That 30% is usually dominated by people from the upper 20%, the so-called suburban level of income brackets, family-income brackets. Those upper brackets used to be, significantly, people who were involved producing things, or in the management or engineering, or something, of a firm which made a decent product, or maintained a utility, or did something of that nature—construction, what not.

Now, we don't have those kinds of jobs. We're in a so-called post-industrial era.

How do people make incomes in the upper 20% of income brackets unless they're Wall Street tycoons? They make it by working in a service area, as middle-management or more, producing something which we probably would get along quite well if weren't produced at all, performing a service we'd rather perform for ourselves. I mean, wouldn't you rather have a meal at home than go out and get a fast food by some poor guy who's working at a McDonald's or something? We pay a premium for getting our food cooked for us. We don't cook our own food. We don't have our own children at home any more. And we wonder why things don't turn out so well. You don't have family meals. You don't have a family culture. You're afraid to send the children to school, the way the conditions are in these schools.

And that's the life, the change in life, of this dominant layer of many of us, but especially this upper 20%, who believe that they've *got it made*. They haven't. They're living on the threshold of disaster. They're like people in Germany in 1922-23, who had all their income tied up in financial assets, and then the Weimar inflation in Reichsmarks, about the spring and summer of 1923, began to become a creeping

hyperinflation, like we're experiencing in real estate in the United States today, and other things. Then, by the autumn of 1923, the Reichsmark had *evaporated* in a hyperinflationary explosion. They couldn't print money at prices to keep up with the rate of inflation. It broke down. And the United States gold, with the Dawes Plan, stepped in to provide a new currency for Germany.

But in that process, those German families who had their assets entirely in savings, financial savings, things like that, were wiped out, *and their shirts turned from white to brown*. And Hitler, who was an also-ran, the Nazis were an also-ran in that period, in the fall of 1923, became for the first time, a significant political force in Germany.

So, you have a population here in the United States—they may not wear white shirts, or you may not be able to see what they've got under their beard—but they're middle-income families, the so-called upper 20%, middle-management, living in a world of illusions, counting on their money-management account, counting on their mutual funds to retire, not realizing, and not willing to think about the fact that when this system blows, *as it will blow, one way or the other, very soon, that's wiped out*.

Now, if we do not, as a nation, recognize that factor, if we do not solve this problem, when the Pearl Harbor effect of crisis starts, then their shirts are going to turn brown. And the George Bushes and the Al Gores, who are the prototypes of the kind of fascist leader that leads to new Hitlers, will be the leadership. And where the world goes from there is hard to say. But we don't want to go there.

Lies, and more lies

So we have two problems: We have a population which is—80% of the population fears that they have no voice in politics. The press gives you a list of the so-called *issues*: “Where do you stand on the issue? Plus, minus, or maybe? Up, down? What's your percentile change in your opinion today? Which candidate do you like the best? This one, because of his nose, or this one because of his chin?” And so forth.

So the people in the lower 80% are disgusted, because they know that nobody wants to discuss with them what the issues are, because the leading political machines, and the major press, which is either controlled by Wall Street or by foreign press syndicates such as Murdoch and Hollinger, tells you what the issues are! You don't tell them what the issues are, *they tell you* what the issues are. And you can comment on the issues.

So people go along with that. Most people in the lower 80% are still reading things like *USA Today*, or something, which tells you, “Here's today's discussion point. Here's what you're permitted to discuss with your neighbor. Here's what the pollsters tell you the issues are. Here's what these fabricated candidates tell you what the issues are.” And the lower 80% say, “I guess we've got to go along with it.” Or

they just turn away from politics with disgust.

We don't have political parties any more. We have political machines which are run from the top down by bureaucrats.

Then you have the upper 20% income brackets, which are much more involved in politics, but they're brainwashed by their own illusions. They think that Al Gore is human. They think that George Bush can think. Therefore, you have a situation in which, given the current trend in popular opinion, this country hasn't got a chance, is going to Hell.

Only a crisis of a Pearl Harbor type which will awaken the American people to an illusion, the fact of an illusion, which will prompt them to start thinking again, can save this nation, and possibly the world as a whole, because this nation is very important to the world as a whole.

Now, you don't do that spontaneously. People in the lower 80%, who haven't been doing much thinking lately, who have had no optimism, and no confidence that they could do anything, except choose their options—like going into a mall, and choosing, “Which piece of junk am I going to buy?” They don't control what they're going to buy, they control what they can select from what's offered to them. Cheap-labor junk from some strange part of the world they never heard of.

In that situation, with a leadership—look at the leadership of the parties: They're typified by the candidates. Well, George Bush, don't count him, he can't think. Gore? Gore is just mean, he's a mean thug, who changes opinion three or four times a day; I wish he'd change his shirt, his underwear, that often. Bradley's sort of a warm-hearted guy, relatively speaking, but he hasn't had a thing to say about any of the real issues that will determine whether this nation lives or dies. And what he says on real issues, such as health or welfare, or health care generally, and social security, that won't work.

How are you going to find the money to maintain programs, if you're not producing enough to maintain the tax revenue base, and the private income base, to do the things in the first place? You're trying to divide a cake that no longer exists.

The question is all these issues. Yes, I'm dealing with the health problem, which is one of the most important social issues in the United States today. We can no longer afford the health care we used to be able to afford. And, they tell us the country is getting more prosperous: We no longer have the Social Security that we once had guaranteed. And, they're telling us the country is getting more prosperous: We no longer have the education we used to have. And, they tell us, “The country is getting better and more prosperous, the education system is getting better.” It's all lies.

Leadership: the case of the 1930s

In this situation, with the population inundated with lies, not accustomed to thinking, because they weren't permitted to think, either they were deluded by illusions, the upper 20%,

or deluded by pessimism—“there’s nothing I can do about it” kind of pessimism—by the lower 80%, how are you going to get, in a crisis, a reaction which is actually going to solve the problem? So in that point in history, in all crises, the question of leadership is crucial.

I’ll give this example from Germany, the Hitler case, because it’s relevant today.

In January 1933: Remember, Franklin Roosevelt had been elected in November 1932, elected on a program to address the issue which should be familiar to us here today in this room: the “forgotten man.” Roosevelt’s campaign for the Presidency began with a campaign to address the problem of the forgotten man of American politics.

And when he came in, in 1933, he began to work on that problem. He restored the concept of the General Welfare, promotion of the General Welfare as a principle of government. He may not have done it as well as he should have, maybe he couldn’t, but he did it. But he was not going to be installed in office until the third week of March 1933.

In the meantime, Hitler had been defeated electorally in Germany, in the recent election. A new Chancellor had been elected, Kurt von Schleicher. The program of von Schleicher was based on a program which was not too much unlike my own. It was developed by the so-called Friedrich List Society, *and if this program had been continued, which had a resemblance to the Roosevelt program, then Hitler would have never come to power.* The Hitler movement would have been finished at that point.

But on the 28th of January 1933, London bankers, and their New York partners, including Prescott Bush, the father of President George Bush, who was then the chief executive officer for Brown Brothers Harriman, and a partner of the former head of the Bank of England, put Hitler into power in Germany, and brought von Schleicher down, and Hitler into power.

Hell broke loose.

Then, less than a year later, in July 1934, von Schleicher and others were assassinated by the Nazis in Germany, and Hitler, after the death of Hindenburg in August of that year, consolidated power as dictator of Germany. At that point, World War II was inevitable. Nobody could have stopped it.

Now, in that period, in January 1933, had von Schleicher stayed as Chancellor, had he not been toppled, had leading forces in Germany rallied to ensure that he were not toppled, then his program would have been implemented. Under his program, you would have had, in the third week of March 1933, about eight weeks later, you would have had Roosevelt as President of the United States, with a policy which was similar to that of the economic policy of von Schleicher, the so-called Lautenbach policy. Had that occurred, World War II would never have occurred.

So, it’s in these moments, and there are many such moments in all history, in moments of crisis, when a people have been corrupted by illusions or pessimism over a long period of

time, and the society is drifting in the direction of destruction, somewhere in these processes, there’s always a point of crisis, something analogous to “the Pearl Harbor effect,” at which a nation and a people have the opportunity to come to their senses and change the policies to change themselves.

For this, people require leadership which is qualified to rally them around the conceptions which they need to get the job started. That is history. Every major event in the history of European civilization, back from the time of ancient Greece, has always been that.

The problem is, right now, tonight, I’m the only person who is either a candidate for President, or who might become a candidate for President in this time, who is qualified to handle the problem this crisis represents. And I haven’t got a chance, unless the crisis hits. And we don’t have a chance, unless we prepare for this development. That’s what this is about.

What we must do

Now, what do we do?

All right, we’re going to scrap every change in policy bearing on economics which the United States has adopted since August 1971. It goes. Now, under our government, under our Constitution, the Presidency of the United States is a unique institution in the world—contrary to Kenneth Starr and other people who don’t understand these things. They’re more interested in girls and peeking under skirts and things, than finding out the truth of things.

But the President of the United States is the only true chief executive, elected chief executive, in the world. And the executive power of the United States is unique. It’s controlled by the Supreme Court, by the Federal court system, by the voters, by the population, and by the Congress.

But in an emergency, *the power of the President to act in an emergency, for the nation, within the bounds of checks and balances, is unique on this planet.* The President has the power of a dictator under those circumstances, but he’s not a dictator. He’s still responsible and accountable.

And only such a President, has the capability of initiating, on a global scale, the kind of thing which has to be done, not only in the United States, but in cooperation with other nations.

What has to be done? Scrap all these mistakes. We go back to—what?

Now, here we are. Imagine that the crisis has struck, and I’m President. And there’s general confusion and mayhem of an intellectual type, all over the place: confusion, screaming, terror, fear. Someone has to say: “Calm. Be calm. We’re going to fix this. Unite. Stop screaming. We’re going to fix it *now.*”

If the President of the United States is going to say something, what is he going to say? He’s not going to say, “I’ve got a grand plan that’s going to solve everything.” That’s not going to work, not with these people we have today, not with the condition of mind of the lower 80% today, not with the

condition of our educational system today, and not with our entertainment system today; not with the 20% today. No, it won't work.

In politics, in all real politics, you have to rely upon the fact that there's a continuity of proven precedents of things that *did* work, in the past, which are appropriate to the problem of the present.

So, what you do in an emergency, is you adopt measures which people can recognize were proven precedents that worked.

Now, what's the proven precedent that worked?

We went through the Depression, we went through World War II. We came out of the World War II period, with still a lot of mistakes made, but we survived, until about the middle of the 1960s. We were still going along as a viable, leading nation, and apparently on the surface, our prospects were good.

Then, in the middle of the 1960s—'66, '67—we began to change. 1971: the acceleration of change, downhill. Under Carter, a catastrophe. Under Reagan-Bush, we had a succession of catastrophes. Under George Bush as President, a horrible catastrophe. He and Thatcher ruined the world.

And Clinton really has done nothing to stop the avalanche since, because he's afraid. He compromises all the time. He's afraid. So he has done a number of things, he tried some things that were actually good. But he's done nothing to stop this avalanche of Hell, which keeps coming on.

So, in our history, and in the history of Western Europe, and in the history of other parts of the world, if you want to say to someone, "We know something that did work, that we stopped doing, which worked very well, and everything since then has been a failure, because we stopped doing what worked. So, we're going to go back *now*, to where we made the wrong turn in the road, and make the right turn in the road, by continuing the way we were going. We will make some changes, but we will make changes which are consistent with a proven example."

That takes us back to Mount Washington, to Bretton Woods. Now, what we got out of Bretton Woods wasn't exactly what Roosevelt had intended, because Roosevelt died in 1945, and the minute he was dead, before they could get him fully buried, Truman, under the direction of London, was beginning to take out as much as they could of Roosevelt's program. You would just think Roosevelt had never existed, the way they were going. They were trying to rip up everything Roosevelt did, including the UN.

The UN was never implemented the way he intended. The problems of the UN was, his plan was not installed. Truman went along with people like Acheson, and so forth, and did something different.

The same thing was true of the Bretton Woods system. Truman sank the economy in 1946. As a result of sinking the economy in 1946—the take-down of the so-called war economy—instead of making a transition to a recovery pro-

gram based on conversion, we shut the economy down. There were mass lay-offs among people returning as veterans from service overseas, the military.

You got a reactionary Congress, the one that Truman cursed about, in 1946 into 1948, the 1948 election. It was a terrible time.

But nonetheless, over the course of the late 1940s, the beginning of the 1950s, we began to get back a bit on track, particularly with the Marshall Plan. And we used the Bretton Woods system, in order to organize a recovery of Western Europe and some other parts of the world. The program went the best in Germany, where they had the best banking system, the best design of banking system.

Britain was very inefficient. They didn't use the U.S. Marshall Plan money efficiently at all. The Germans used it *very* efficiently. And the French a little in-between.

But it worked. There was a general recovery of Europe, of the United States. We began to produce on a large scale, exporting to Europe, for Europe's recovery. The Marshall Plan boom in the United States of exports, is what rebuilt our industry into the 1950s. And this system went along until 1958, with all kinds of regulation.

You had tariffs—a totally protectionist system. Fixed currency-exchange rates, a gold reserve system, a tightly regulated economy, a tax policy designed to foster production, investment in production and agriculture, industry, and so forth. Growth of school systems. They weren't too good in quality, but they grew. We raised the level of education—school-leaving age, through the veterans programs, for example, and other programs.

More people began going into university grades, college/university grades for more advanced skills. Things began to work.

Now, there were some things that should have been done, that weren't done. Roosevelt had intended, that when the war had been won, that the United States was going to use the power of its friends around the world, and its own power, to shut down immediately, every legacy of Portuguese, Dutch, British, and French colonialism and imperialism, and to shut down the free-trade system. And to bring in countries, the new countries freed from colonialism, as partners of the United States and of European countries, full partners, to create a policy of growth, world growth, which would be mutually beneficial to all.

We didn't do that. There were some good things done in respect to our special relationship to countries in Central and South America. But overall, U.S. policy after Roosevelt's death stunk, in these terms.

But we had a Bretton Woods system, the old IMF monetary system, and our regulated system here, which, with all its faults and shortcomings, moral shortcomings, and others, worked.

What we have to do, essentially, is in the moment of crisis, have mobilized enough people among the core of the popula-

tion, the natural organic layers of the population, to be prepared for this around the things I'm talking about.

And when the moment of the crisis strikes, we're going to have to move fast, before the white shirts begin turning into brown shirts. Because if you don't deal with swarms of people from the middle class, so-called, pouring around the country in madness and desperation, losing their homes, hopelessly, with no prospect of employment, you're going to have something awful in this country. You look at the execution rates in Virginia and Texas, it gives you a sense. There's something very bad in this population right now. You turn this loose, you're going to get something very nasty.

Introduce an optimistic outlook

So we must intervene, very quickly, to introduce an optimistic outlook in the U.S. population, which is not going to be based on conversation. It's going to be based on doing things which give people good reason to become optimistic. And that's what this is about.

So therefore, what we have to do, is we have to take this image of Mount Washington, which is about the only thing New Hampshire has left—I mean, they used to have farms, they used to have some industries, they used to have some other things. Now they've got tourism, and who knows what's going to happen to that next?

So, give New Hampshire back something. Show respect for Mount Washington, my friend that I used to climb. The hotel up there, the Bretton Woods hotel, is probably not as fancy as it used to be, but it's a place you can remember at least, and maybe you might want to visit some time. And take the guts of the workable features of the old Bretton Woods system, the model up to 1958 or perhaps into 1966, and say, we're going to go back to that system.

How are we going to do it? What we're going to do, obviously: The President of the United States must call an emergency conference among a group of nations, which represents, in effect, the majority of the human race. This means nations in Asia, Europe, and elsewhere; nations that agree to do this. Those nations, on the period of not longer than a weekend, essentially, must agree to revive the form of the old Bretton Woods system, with one fundamental improvement. And that is to bring in major nations of the world, such as China, India, and so forth, as full partners of the United States and Europe, in managing this new system.

We must adopt immediately a long-term economic policy—I'm talking about a thirty-year perspective: long-term credit, where these nations will put the old financial system immediately, by agreement among themselves, into government-supervised bankruptcy reorganization.

By doing so, that means we freeze all financial accounts. And then, as you do in a bankruptcy, certain categories of accounts you release money from. For example, all the big money stuff: Freeze it.

But then, we've got to take care of the citizens in their

communities. So therefore, people with savings, they've got to be able to have their savings secured, be able to draw against those savings, things like that. Pensions have to be paid; salaries, payrolls, have to be met to keep employment going. Infrastructure has to be maintained. So therefore, we have to regulate the way in which the reorganized financial capital is leaked back into the economy.

Under those conditions, with full guarantees for the debt of the United States Treasury, for reasons Hamilton cited earlier, we then have to, by agreement with these nations, create this kind of fixed parity system, which allows us to issue credit at 1% per annum; by being able to issue credit at 1% per annum, without fluctuations in values in currencies, you can make long-term loans inside the United States, and abroad, of up from five to thirty years.

Under those conditions, we can issue the loans, for what? In the United States, we have people who are unemployed, unemployable, or poorly employed. We have a power shortage that's going to kill us. We have a medical facility process which is actually killing us, as in the Boston area right now. We've got a health crisis here, as in many other parts of the United States and in the world. We've got to rebuild those facilities, rebuild that system.

We've got to rebuild the power system. Our national water-management system is in a crisis. We've got to rebuild it. Our transportation system, including our rail system, is in a crisis. We've got to rebuild it. We have whole sections of the urban structure, infrastructure of the United States, which is a junk shop. We've got to rebuild it. So, we have very much work to do.

If we put credit, through public and private channels, into infrastructure-rebuilding programs, not only will we employ people who otherwise will be on the streets, at useful work, but by employing them, we will generate a market in the communities where this work is going on, which will help to reinvigorate private businesses, and lay the foundations for general growth.

The international dimension

On an international scale, however, there's something much more fundamental, involving orientation.

For example, take the case of China, as a case in point. China's over—well over 1.2 billion people, and Macao has just joined it again, so that makes it even larger. And then India will soon be 1 billion people, if it hasn't already reached that level. And then, so forth, the countries of Asia.

All of this area of Asia is in that condition. Africa, particularly Sub-Saharan Africa, is in a much worse condition. It's beyond belief.

How can these areas of the world develop? Take China, for example. China has a growth rate, probably, in the vicinity of 8% per year. That's gross. But China has an internal problem. China's higher productive layers of the population, are situated traditionally along the coastlines. In the interior of

China, going westward toward Central Asia, China is underdeveloped, and the people are poor. If there is going to be political and social stability in China, and peace in the region for a period to come, there must be a high rate of growth, of technological growth, in the interior of China, bringing people up from absolutely poverty-stricken levels, up to higher levels, and so forth. This can not occur, without the infusion of machine-tool and similar kinds of high technology.

We have a similar problem throughout all of this area of East and South Asia. We have a much worse problem in Africa. We have built up similar problems in Central and South America. Some of them used to be fairly decent areas, but now they've been ruined by recent developments.

Therefore, we have a thirty-year mission, to say that nations which have scientific and machine-tool capability, and can revive it: nations such as the United States, nations such as the nations of Central Europe, central continental Europe; Russia, which does have a machine-tool capability buried in its former scientific machine—military-industrial complex; Japan.

These nations, which have a machine-tool export potential, to provide technology to countries which need technology, to enable them to raise their level of productivity per capita, including South and Central America: that we must adopt a mission, saying that we in the United States and other countries, which have the capability, must orient our economy for a period of twenty-five to thirty years to come, to envisage that over this period, our immediate business, our principal export business, will be exporting technology to those areas of the world which need it, in order to improve their own standard of living, their own powers of productivity.

Because they won't really be able to repay the loans we make on credit to them for ten, twenty, thirty years, so that's a long-term agreement. We need a system which can absorb the commitment to that kind of long-term agreement.

Then we in the United States, must reorient our health-care system, our educational system, our urban policies, our investment policies, in order to steer our potential in areas where we will not try to compete with the world in producing things that they can also produce. We are going to concentrate on the areas where we are needed. And we are going to export what is needed, within the bounds of our national economic security, to those countries which need it, to build up a new arrangement on this planet, an alliance, of cooperation, among sovereign, perfectly sovereign nation-states.

Roosevelt's vision

End globalization! Develop a true partnership among nation-states, cooperating nation-states, based on this conception, which was already Franklin Roosevelt's conception back in 1942 through 1944.

I have to make this clear to the American people: *That was the vision of Roosevelt.* Not because I'm endorsing Roosevelt. I'm not endorsing his mind, everything he said, everything

he thought. *But he had a conception, and an effort, and a policy, which was valid as a policy of the United States.*

He had a policy of economic recovery from the greatest depression up to then, which was valid. He had a vision of how to build a postwar monetary system, which would get us through the reconstruction of the postwar period, which was valid.

So, the mission is to educate our fellow-citizens about these things, make comprehensible what these precedents are, and say, "We're not coming to you with any fly-by-night funny ideas. We're coming to you, not with a wild scheme, not with some gimmick. We're saying, *we were wrong.* In 1966-1971, we made mistakes, bad mistakes. We didn't correct our mistakes, and we should have recognized them. And things got worse."

Now, things are bad and practically impossible. Now, let us stop travelling the road to doom. Let us turn around, go back to where we turned off the road, go back in the right direction, and pick up on ideas that worked, and figure out how to make them work today, and reach out to our neighbors in various parts of the world—those that wish to cooperate with us. And say, "Let us, as sovereign nation-states work together, and bring this planet finally back to some kind of peaceful, durable order."

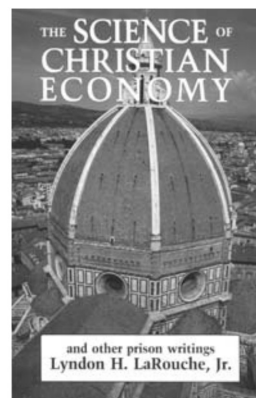
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