

LaRouche Tells Mexico's Excelsior: The IMF System Is Bankrupt

Mexico's prominent national newspaper, Excelsior, published the first half of its lengthy interview with Lyndon LaRouche, beginning on its front page on Nov. 19, under the title "LaRouche Says IMF 'Is Bankrupt.' The World Monetary and Financial System Is in Its Terminal Phase." Journalist Fausto Fernandez Ponte had submitted written questions to LaRouche, answered during the latter's Nov. 4-7 visit to Saltillo, Mexico. After the newspaper's introduction, which has been translated from Spanish, the following text is that submitted by LaRouche in English.

Lyndon H. LaRouche, influential political thinker in the United States—who describes himself as the most important economist in the world of the past four decades, and heir to the U.S. classicism of Hamilton, Clay, Carey and others, and at the same time of the legendary Franklin D. Roosevelt—stated during a visit to Mexico, that the world monetary and financial system is in the final phase of a general debacle.

The IMF "is bankrupt." He says of his own country, that it is moving toward economic disintegration. And about Mexico-U.S. bilateral relations, he describes NAFTA [as] "a terrible error for all involved."

LaRouche—who a few days ago gave the keynote address to a conference at the Autonomous University of Coahuila, in Saltillo—gave written responses to questions formulated by *Excelsior* about a wide variety of issues.

The responses reflect LaRouche's theoretical formulations, his general statements on economic and political matters which have generated such controversy in the United States and Europe, and his "bedside" reading—classical drama, poetry, and "classical science in the Platonic tradition."

His book, *So You Wish to Learn All About Economics*, circulates in several languages—English, French, Spanish, Russian, German, Italian—as well as Ukrainian, Armenian, and Polish.

He addresses the following issues:

1. Bilateral Mexico-U.S. relations. Since Operation Juárez, formulated by him in 1982, relations "have substantially worsened."
2. Trans-border Mexico-U.S. integration. "I emphasize (a) expansion of the generation and integrated distribution of energy; (b) large-scale water management; (c) development of East-West and North-South railway networks."
3. The problem of water in the U.S. Southwest and north-

ern Mexico. "Leaving aside the matter of desalination for the moment, we mainly have two options for resolving the lack of water: one, bringing water to the north from the South of Mexico; the other, the NAWAPA project."

4. Migration of Mexican labor power to the United States. "Continued injustice." There is "malicious intent" on the part of Americans.

5. U.S. dealings with other countries. "The dogma of 'preventive war' is accelerating deteriorating relations with the rest of the world."

6. The international financial and monetary system. "There are no alternatives but to replace it." That system "is an international graveyard." The original principles of the Bretton Woods System must be revived.

7. The U.S. Federal Reserve. "It must be put through bankruptcy reorganization, as must the International Monetary Fund." The United States "is sinking under threat of a crisis of economic disintegration."

8. The victory of Luiz Inácio Lula da Silva in Brazil. "It will affect inter-American relations."

9. The economic situation of Brazil and Argentina, and the danger of the Argentinization of Mexico. "If we manage to prevent Brazil from sinking into a situation similar to that of Argentina, it is probable that we will also be able to save Argentina, while preventing a similar wave of horror from reaching Mexico."

10. The Free Trade Agreement of the Americas (ALCA). "Those who cherish such illusions should consult a psychiatrist."

Q: From your vantage point as a thinker, how do you view Mexico's economic, political and social situation, given the manifestations of crisis—seven of every ten Mexicans live in poverty—which are visible wherever you are in the country?

LaRouche: I see today's situation as a vindication of my published views, and proposals of Summer and Autumn 1982, including my book-length, August 2, 1982 report, *Operation Juárez*. Conditions have greatly worsened since October-November 1982; these changes of the recent twenty years must now be taken into account. That much said, what is essentially new today, relative to twenty years ago, is that the world's monetary-financial system is presently in the terminal phase of a general collapse. Twenty years ago, in "Operation Juárez," I presented a proposed action among the states of the Americas which would have opened up a new wave of pros-

perity throughout the Americas. Today, my proposals and recommended objectives are the same, but those reforms of 1982 must now be restated as a renewal of the principles of the original post-war Bretton Woods system, all within the context of a replacement of the presently bankrupt (in fact) IMF system.

Q: What is your opinion of the current state of affairs between Mexico and the United States?

LaRouche: At this moment, U.S. official relations with the world at large have been deteriorating. The U.S. government continues to refuse to acknowledge the reality of the general collapse of the world's present monetary-financial system, and the accompanying collapse of the physical economies of all of the Americas, of Europe, Africa, and in much of Asia. This pathological denial of economic realities, and Washington's increasingly hysterical commitment to its "preventive war" dogma, have caused a recently accelerating deterioration of U.S. relations with the world at large. Current U.S. policy-trends are seen by virtually all other nations of the world as intolerable imitations of a Roman-Empire style in international relations.

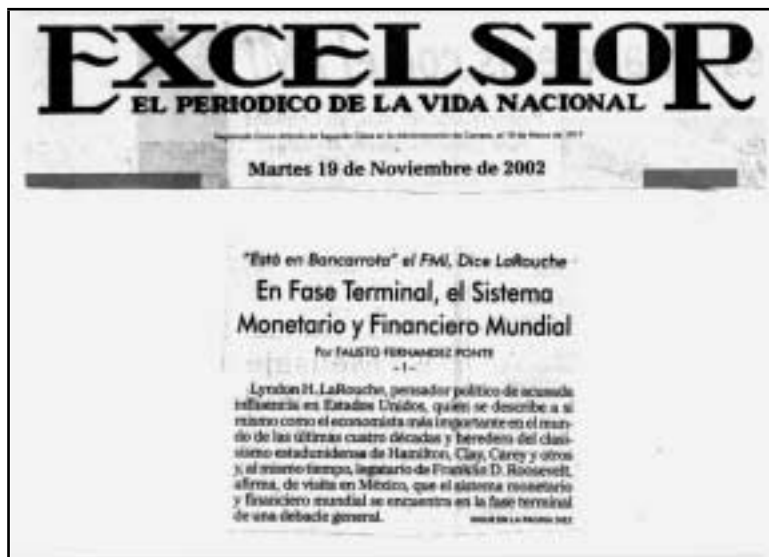
At this juncture, the current policies of the U.S.A. itself are in a terminal crisis. The United States is plunging into not merely a depression, but the immediate threat of a general economic breakdown crisis. If the United States is to outlive the coming two years successfully, it must begin, more or less immediately, now, to adopt policies of reform and economic reconstruction along the lines I have been demanding.

Many of those of us in the U.S.A. who are able to exert some influence, are not merely opposed to these trends, but are working, hopefully, to bring about a change in policy. I am more conspicuous in this than most U.S. influentials which share such concerns, but I have put myself at personal risk for such causes in the past. I now do so again. Of this risk, I do not complain. We are all mortal; therefore, what else does our mortal life contain, but the wish we might be able to contribute to mankind's better future?

Q: More than a few Mexicans, and Americans, think and demand that NAFTA be revised, and posed in terms that are more equitable to Mexico's interests. What would your position on this matter be, Dr. LaRouche?

LaRouche: NAFTA, like the "new economy" hoax, was a terrible mistake for all involved. The idea of "cheapest price" reflects the 1964-2002 degeneration of the U.S.A. as the world's leading producer nation, into the ruined and decadent economy of a "consumer society."

Agreements like the NAFTA so violently defended by then-Vice-President and "Baby Boomer" Al Gore, would not have been tolerated by representatives of the wiser previous



Mexico City's Excelsior daily features its interview with Lyndon LaRouche published Nov. 19 and 21, under the headline, "LaRouche Says IMF 'Is Bankrupt.' The World Monetary and Financial System Is in its Terminal Phase."

generation; to understand NAFTA we must take into account the cultural shift in the U.S.A. and Europe, from a commitment to a producer economy, to the spiralling decadence of what has been called a "post-industrial" or "consumer" society. This change in thinking was induced in those passing through adolescence during the 1960s, the so-called "Baby Boomer" generation. That generation, which rose toward leading positions in society over the course of the 1980-2000 interval, not only lacks any collective insight into the principles of productive economy, but most of them today have developed an obsessive hatred against the values of a successful economy.

During the course of the recent thirty-seven years, especially since August 15, 1971, the internal basic economic infrastructure of the United States itself has been destroyed. The transport, power, water-management, sanitation, health-care, and education systems we had prior to August 1971, have been largely destroyed by a form of madness called "post-industrial" and "consumerist" ideology. Since those ideologies have become the prevalent impulses of the U.S. generation under fifty-five years of age today—the generation dominating higher posts in the private sector and government alike—leading circles in the U.S.A. and elsewhere, tend to cling to defending a continuation of "consumerist" and credit-card-debt ideologies, even past the point it should have become obvious that those ideologies had been proven insane in practice.

Therefore, when all those combined considerations are taken into account, we face not only a breakdown in the financial and economic systems, but also [in] the mental stability of the leading circles of influence drawn from the under-

fifty-five age-group in the U.S.A. and Europe. Both the economic and mental-health problems must be taken into account in attempting to understand and to deal with the immediate situation in the world at large today.

Q: In terms of the migration of Mexican labor to the United States: What, in your opinion, can actually be done to benefit the immigrants who, in practice, are victims of racism, ethnic and cultural discrimination, of exploitation and even flagrant persecution?

LaRouche: I, like others, in both the U.S.A. and Mexico, have been wrestling with this injustice for more than two decades. The problem existed much earlier than 1982, but, as long as the principles of a producer, rather than consumer society, prevailed in leading circles on both sides of the border, reformers viewed the social and economic aspects of this injustice in terms of politically activated improvements in the social and economic conditions of family life and employment on both sides of the border.

Recently, as in the case of the ancient Rome which rejected the proposed economic reforms of the Gracchi, the under-fifty-five generation in leading positions of private and public authority in the United States today, has tended, increasingly, toward viewing the majority of the populations on both sides of the border as serf-like “human cattle,” rather than as citizens of a republic. This is to be recognized in the collapse of the physical standard of living of the lower eighty percentiles of U.S. family-income brackets since 1977. This moral degeneration in U.S. government policies of practice, is typified by the fact that the current majority of the U.S. Supreme Court has upheld a doctrine of “shareholder value” adopted from the Lockean slave-holder traditions of the treasonous, 1861-65 Confederate States of America. The ideological basis for the continued injustice toward Mexican citizens laboring in the U.S.A., comes less from malicious intents such as that erring majority of the U.S. Supreme Court, than the cruel indifference of that large mass of the U.S. population which has been morally corrupted by the rampant influence of the combination of “consumerist” and “credit-card-debt” ideologies.

I think that my own intentions in this matter are implicitly obvious.

Q: Mexico’s internal market is dominated by American goods and services, which displace those of national and local manufacture, with the resulting shutdown of companies, unemployment, and social uncertainty. In your opinion, what should be done; and, above all, what can be done to reverse this situation?

LaRouche: The worst of such effects are the natural consequence of NAFTA. However, such results were always the trend of developments built into the “free trade” policies imposed upon every part of the world but its own territories.

There are no existing alternatives to this deterioration except measures which require the replacement of the world’s present monetary-financial system (sometimes seen as a “cemetery-financial system”) by one resembling the original, post-war Bretton Woods system.

Q: Many Mexicans and Americans think, and are apparently convinced, that the U.S.-Mexico bilateral relationship is in crisis, even though Presidents Fox and Bush deny this. How do you see it?

LaRouche: I suspect that President Fox’s views may have been suddenly changed somewhat, as a result of some painfully disappointing behavior by President Bush. The conflict is actually between the current Bush Administration and the rest of the planet, including a growing, head-on collision between that administration’s current trends in policy and the majority of the U.S. citizens.

Q: Regardless of whether there is a crisis in the bilateral relationship, one fact is undeniable: It is unequal, asymmetrical, and it favors the United States to the detriment of Mexico’s economic, political, and social interests. How, in your opinion, can this bilateral relationship be improved?

LaRouche: At this moment, my emphasis is upon the relations between the states of the southwestern U.S.A. and those of northern Mexico. The presently urgent need for large-scale expansion of development of basic economic infrastructure within that portion of the U.S.A., and complementary needs of the same classes of investment in Mexico, suggest a politically practicable approach to this problem. I emphasize: a.) the expansion of integrated generation and distribution of power; b.) large-scale water management; and, c.) combined east-west and north-south development of modernized rail grids.

Notably, the common characteristic of a section of North America running north toward the Arctic Ocean from the area of Mexico between the two branches of the Sierra Madre is a rich area of potential development with a grievous shortage of water. If we put desalination aside for a moment, we have principally two approaches to overcoming the relevant water deficits. One is coastal canals bringing water from southern Mexico to the north; the other is the so-called NAWAPA project whose design was developed by the United States’ Parsons firm and others.

Thus, the infrastructural development needs of the states of the southwestern U.S.A. and of northern Mexico, are not only complementary, but are integral features of improved U.S.A.-Mexico cooperation. These also represent relatively large-scale potential for employment to absorb the effects of the collapse of employment in large sectors affecting Mexicans resident in the U.S.A. or employed in Mexico producing products exported to the U.S.A. Any initiatives on such infrastructure programs from within the U.S.A. will



Lyndon H. LaRouche, Jr. speaks at the Autonomous University of the State of Coahuila, in the city of Saltillo, Mexico, on Nov. 5. His appearance was broadcast to four other universities, widely reported in Mexico's North, and now in the nation's capital.

foster cross-border cooperation in the same kinds of programs for Mexico.

Q: What is your opinion of the very controversial way in which the current Mexican government conducts relations with other States, particularly with Cuba?

LaRouche: Simply, we must return to the orientation of the Franklin Roosevelt and John F. Kennedy administrations.

Q: Does the victory of Luiz Inácio “Lula” da Silva in Brazil prompt any particular reflections?

LaRouche: If Brazil is forced to submit to currently proposed types of conditions, the resulting collapse of Brazil will set off an immediate chain-reaction, blowing out not only the U.S. banking system, but also the IMF system. If Brazil is permitted conditions under which it could survive, that would also blow out the U.S. banking system and, therefore, the IMF, too. The only solution, therefore, is a general reform in bankruptcy-reorganization of the U.S. Federal Reserve System, and a reorganization-in-bankruptcy of the IMF by concerted emergency action of the most relevant sovereign nation-states whose property the IMF is.

This puts Lula in an interesting situation, whether he wished it, or not.

Q: Do you foresee any changes in Inter-American relations as a result of Lula’s victory in Brazil, and a change in the U.S. attitude toward Brazil?

LaRouche: Yes, as I have indicated above.

Q: On the FTAA (Free Trade Area of the Americas): In your opinion, could Lula’s victory delay the United States’ objective of creating a captive market in the Americas for U.S. goods and services, excluding Europe?

LaRouche: If the U.S.A. currently has such intentions, those in the U.S. entertaining such delusions should consult their psychiatrists.

Q: What is your opinion of the hounding of Hugo Chávez in Venezuela?

LaRouche: I see no leading faction there which offers much hope of benefit for Venezuela or its neighbors. I would hope that Venezuela outlives the folly being created by both leading forces visible there in recent developments so far. I sympathize with Brazilian President-elect Lula’s generous and statesmanship-like admonitions to the less experienced President Chávez.

Q: In your view, could Argentina’s crisis extend to Mexico?—although there are many Mexicans who think that our country has been in a process of Argentinization for many years.

LaRouche: Yes. If we can prevent Brazil from being plunged into similar situation, which is now immediately threatened, we could probably save Argentina, too, and also prevent such a tide of horror from reaching Mexico.

Q: What is your opinion of Vicente Fox as the head of the federal Executive Branch, that is, as Head-of-State? Would

you agree with some American and Mexican economists to the effect that Mr. Fox has no ideas, no Congress, and no political aptitude?

LaRouche: As a U.S. patriot, I am committed, despite the shortcomings and follies of President George W. Bush, to defend the U.S. Presidency as an institution, and to do what might be implicitly required to defend his life. I am a long-standing friend of Mexico, and treat its Constitution and institutions with the same quality of respect I extend to my own. My concern is the institution of the Presidency of Mexico, which means that I would wish Mr. Fox's Presidency to prove to be successful a one for Mexico, whatever his personal capabilities. The practical implications of what I have said involves principles of statecraft and other history which, admittedly, relatively few on this planet understand. It is perhaps sufficient, for the moment, that I state that fact, adding one qualifying observation, as follows.

Those of us who are actually qualified to seek election to the office of head of state, as I am, know two things which are indispensable points of guidance for any occupant of that office. First, that every man is mortal, and, therefore, his fundamental interest in life is what his life's work leaves as a benefit to the society which lives after him. Second, that once you swear the oath of office, you are, therefore, accountable to no personal or other special interest but the benefit of that nation, and to its unborn even more than its presently living. The power you have assumed is not yours to buy or sell; it partakes of the nature of a sacred responsibility, by which the future should rightly judge the outcome, the meaning of your having lived.

We have had more fools than geniuses as occupants of the U.S. Presidency. That should warn us, that it is the Presidency which is primary, and, only rarely, was there a truly qualified U.S. President, one of such true greatness as George Washington, Abraham Lincoln, or Franklin Roosevelt, who were, each in their time, an indispensable choice of occupant of that office.

Q: On APEC: What failed, in your opinion, during last week's APEC (Asia-Pacific Economic Cooperation Council) meeting?

LaRouche: It was necessary, useful, but not yet an adequate response to the emerging situation.

Q: On Iraq: What is your opinion of the so-called "Bush Doctrine" of pre-emptive military attack against Iraq and the overthrow of Saddam Hussein?

LaRouche: This is a virtual copy of Adolf Hitler's invasion of Czechoslovakia; a violation of the U.S. Constitution, an act of military-strategic lunacy which no competent flag-officer of any nation, including the U.S.A., would condone; and a mere pretext for launching a virtually perpetual, Roman-imperial-style, "Clash of Civilizations" war throughout the world at large. It is, in short, an unconscionable abomination.

Q: On Cuba: Would you propose that the United States suspend the economic blockade of Cuba?

LaRouche: Yes. To the extent I have influence on Washington, I would desire the mediating role of Mexican institutions, which understand conduct of relations with Cuba, in reaching the relevant changes in trading relations. I would hope a discussion of practical steps toward that would be on the agenda of early discussions between the Presidencies of the U.S.A. and Mexico.

Q: On OPEC: What negative or positive effect would a war against Iraq have on Mexico's role as a supplier of oil to the United States?

LaRouche: It would precipitate a collapse of the world economy, and of trade, from which every national economy, including Mexico's, would suffer monstrosly. Under the conditions of global economic collapse such a war would trigger, supply would exceed demand to such degree that no net advantage to Mexico's position as an petroleum-exporting nation would occur. Quite the contrary.

Q: On China: How would you evaluate China's future in the political chess game among the world's powers?

LaRouche: My Eurasia policy is based on developing a land-based system of Eurasia cooperation centered on such crucial pivots as the following: a) The "Eurasian Land-Bridge" development policy which my wife and our associates have been actively promoting since 1992-1993; b) The use of what I defined in 1998 as the "Strategic Triangle" of cooperation among Russia, China, and India, to bring other nations and regions of Asia, such as the ASEAN group, into a general agreement on security, Asia internal development, and global cooperation with western Europe as a leading long-term trading partner; c) A replacement of the present, hopelessly bankrupt IMF world-system of monetary-financial rule, by a new system modelled upon the pro-development, protectionist principles of the 1945-1958 Bretton Woods system of fixed exchange-rates. d.) Within the setting of those reforms, commitment to promotion of denoted types of mission-oriented physical-economic programs, featuring large-scale infrastructure development and technology development and transfer among nations.

Q: On the European Union: What prospective scenario do you see in international affairs, with the emergence of the European Union as an economic and political power, through the expansion of its membership from 15 to 25 states?

LaRouche: The European Union is, presently, implicitly bankrupt. The rumor that it threatens to become a trade-rival of the United States in economic progress, is a diversionary fairy-tale to be told to credulous children. We are facing an immediate collapse of the present world financial system as a whole. Nothing could save that system; either we replace it, or a general physical-economic collapse all

of the Americas and Europe were presently inevitable for the near future.

Q: On the UN: What should the United Nations Organization do in the face of the apparently imminent war of the United States against Iraq?

LaRouche: If that foolish war were ever actually launched, the chain-reaction after-effects of launching that war would probably topple the world as a whole into a prolonged new dark age. That war must be prevented, unconditionally. Were the UNO so foolish as to consent to such a war, there would be no life after death.

Q: As for you personally, what are your plans in the political life of the United States? Will you seek the Democratic Party's nomination for President of the United States?

LaRouche: Right now, I am the only visible person actually qualified to become the next President of the U.S.A. Presently, I am functioning as an "FDR Democrat" and also a future such "President in the wings," providing the policy-guidance which a President of the United States should be providing now, trying to make the incumbent President, in effect, a real President, despite the fact he was never, in fact, prequalified to become one.

Q: How do you see yourself, Mr. LaRouche? Or, in other words, who is Lyndon LaRouche according to Lyndon LaRouche?

LaRouche: On performance so far, the world's leading economist of the recent thirty-odd years; a statesman in the image of Plato's prescription for a "philosopher king;" and the U.S. individual who has been shown by 1973-2002 developments, to have been the political intellect most feared by the American Tory faction in the U.S.A. today. Two known, documented attempts at assassination of me through operations directed by a certain, "Wall Street"-controlled section of the U.S. Department of Justice, and the most massive, decades-long libel attack by mass media on any presently living political figure of the world today, have made that fearful hatred of me by the American Tories clear to all who have studied the matter closely.

Q: Where do you situate yourself in the American ideological spectrum: to the right or to the left of center?

LaRouche: I have no kinship with any among those three. I am a representative of the Classical tradition and today's leading intellectual representative of that American System of political-economy so described by Alexander Hamilton, Matthew Carey, Henry Clay, Friedrich List, and Henry C. Carey. Broadly, I represent the President Franklin D. Roosevelt current of the U.S. Democratic Party, and am the opponent of those who have rejected his tradition in the party.

Q: What are the books that you hold in highest regard?

LaRouche: Classical drama, poetry, and Classical science in the Platonic tradition.

Q: Where is the world headed, as you see and feel it?

LaRouche: Toward the greatest change in world affairs, either for the better or worse, since President Lincoln's victory over the treasonous Confederacy.

Q: It is obvious to many Mexican men and women that there is a terrible struggle for power in the world. What outcome do you foresee for that struggle?

LaRouche: I do not deny that we could lose this fight. If we fail, the world is now at the cliff's edge of a plunge into a planet-wide new dark age. If we win, as is possible, we shall establish a new order in the world based on a commitment to become, at last, a community of principled cooperation among perfectly sovereign, globalization-free nation-state republics. The present choice is, almost certainly, nothing other than one of those two choices.

We might be defeated by those bestial creatures seeking to establish a world empire through nuclear-armed tyranny; but they could never actually win. The only danger is, that we might all be destroyed by the failure of some among us to defeat them.

Q: Should we assume that the United States will be consolidated as the only superpower, or will other superpowers, such as China, emerge?

LaRouche: Neither is possible. Peaceful cooperation among most nations, or ruin of the planet as a whole, are the only available options.

Q: Millions of people think that the world today is more unstable and uncertain than a generation ago. If this evaluation is true, what can be done to change it?

LaRouche: We must win; no middle-ground solutions exist.

Q: Were you elected President of the United States, what would your priorities be?

LaRouche: Exactly what they are at this moment, and have been since my Spring 1946 days as a U.S. soldier returned from northern Burma, in Calcutta, India: A just new world economic order among sovereign nation-states, an order consistent with objectives of what Alexander Hamilton named the American System of political-economy.

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