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## To Win the Battle of Ideas





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# To Win the Battle of Ideas

## **EDITORIAL**

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# The New Bretton Woods System: Lyndon LaRouche's Moment in History

Dec. 9—The stakes are very high in the fight to move from the Dec. 1 Trump-Xi summit and the resulting U.S.-China trade truce, and from the next (still unscheduled) Trump-Putin summit, directly into the first Four-Power discussions among the United States, China, Russia and India towards a New Bretton Woods international fixed exchange-rate credit system—as designed by Lyndon LaRouche.

Now we see that alien elements in the U.S. Department of Justice are using provocative arrests and prosecutions, to try to shut down Washington-Beijing relations, just as they or others in the DOJ have been attacking Washington's relations with Moscow for years, and are trying to cripple and eventually remove the elected U.S. President.

Yet whatever the appearance to the contrary, those of us who are fighting to realize LaRouche's conceptions, do in fact have the means, if we use them, to overcome all the manikins which the British Empire can throw at us.

Matt Ogden's interview last Friday with LaRouche's friend Jacques Cheminade, the leader of the LaRouche movement in France is available in this issue of *EIR*. Among the other important conceptions he expressed, Cheminade said,

So, our advantage, compared to all these people, is the way I was mistreated in French politics. When they know what was done to Lyndon LaRouche in the United States, when they have a certain sense of what was done to me, because of the three Presidential elections [I ran in], they get it. They say "they have mocked you, they have attacked you, they have done to you exactly what's happening to us." So, we are understood

by them from this immediate standpoint. I tell them "you have to go deeper into the understanding." What we are trying to do, in various layers, is to give them what they need; to give them the nourishment to feed them, which is what they need to develop their thinking and go further than what they themselves expected. I was invited to speak at three universities in Lille, a city of more than one million people, in the north of France, near the Belgian border. There I told the students, "I got only 0.18% in the Presidential vote. Its very little." They replied, "It's precisely for that [reason] that we want you. Because we know that if they did that to you, it's that you are different. We want to know why you are different, and what you have in your stomach. Please tell us." So, we had very interesting exchanges with hundreds of them.

Study and master LaRouche's ideas. But be aware at the same time that the ideas cannot be separated from the person—his, but equally your own. Had Socrates listened to his friend Crito's well-meant advice to flee Athens and his imminent execution, no one would be talking about Socratic or Platonic ideas today. Had Einstein heeded three decades of advice by virtually every one of his "colleagues," that he confess his purported errors and join the "Copenhagen School"—all his theories would have died at that instant. Lyndon LaRouche has more than earned his immortality as a folk hero, as it has been said, both by virtue of his public actions, and by innumerable sorts of actions which will never be known to the public. This is your weapon, too—as it is Jacques'—once you seize that chalice.

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Lyndon LaRouche debates Abba Lerner, a leading Keynesian, December 2, 1971.



EIRNS/Alan Yue

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# I. New Hope for the Old Continent

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LAROUCHE PAC WEBCAST

## France Rises: The ‘Yellow Vest’ Movement Potential for a New Paradigm

*This is the edited transcript of an interview with Jacques Cheminade, head of the Solidarité et Progrès (Solidarity and Progress) party and three-time candidate for President of France. He was interviewed by Matthew Ogden.*

**Matthew Ogden:** Good morning! It is December 7, 2018. We’re joined today by a special guest from Paris, France. Jacques Cheminade, who is the head of the Solidarity and Progress party and a long-time friend of Lyndon LaRouche. Jacques was a candidate in the French presidential elections three times, last in 2017.

Jacques was out with the Yellow Vest protesters, the *gilets jaunes*. These protests have been sweeping France for now close to three weeks. Hundreds of thousands of French citizens have taken to the streets across France to protest the policies of the Macron government and to demand immediate change. This is a very rapidly developing movement. Jacques, let me ask you: Are we witnessing the development of a mass strike?

**Jacques Cheminade:** This is mass-strike ferment. It means that the past is being rejected, but the ideas for a future have not yet been put forward by the *gilets*



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*A Yellow Vest demonstration fills the Avenue des Champs Élysées in Paris on Nov. 24, 2018.*



S&P

*Jacques Cheminade speaks with Yellow Vest demonstrators, December 2018.*





S&P

*Cheminade speaks with Yellow Vest demonstrators, near the Millau Viaduc, a suspension bridge near Millau in southern France, December 2018.*

*jaunes* movement. There are very good people, all working together, protesting what they have been forced to suffer for too long. They are inexperienced in politics. They still lack a policy project. Our task is to enlighten them; to give them the sense of the different policies that are needed. But, we can't impose these ideas from outside. We can only offer the inspiration. So, our task is to inspire this movement, and to give them a sense of what they have the capacity to do.

It's a winter of discontent, I'll put it that way, and it's an emotional uprising. It's emotional in the sense that people feel that there has been no social progress in the last 30-40 years in France; that French industry is being erased, it is disappearing. These are people who have been hit hard by the carbon tax against fuel, against gasoline, and against diesel consumption. These are people who need their cars to survive.

At the beginning it was a protest with the cry, "We need our cars to go to work. We are here in France, and most social services have disappeared; the baker has

disappeared; the post office has disappeared. We need our cars to travel long distances to our workplaces, if we are lucky enough to have one. Those jobs are farther and farther from our homes, so we need cars. And all of a sudden, we were hit with this carbon tax, and we feel that this thing is using ecology as a pretext to loot and take our money."

Look at it from an historical standpoint, look at the movie, *The Battleship Potemkin*, in which you see how rotten meat served to sailors started the 1905 Russian uprising. Here, too, it is the same thing. People are reacting to something, and the government does not respond; it has turned a deaf ear. So, the process has continued. In this kind of social movement, people's level of consciousness gets higher and higher, and they begin to understand better and better why they are being oppressed, why they are being attacked, and they start to think ahead and ahead. In a certain sense, they start to think with the eyes of the future, as I characterized such vision in my program for my 2017 Presidential campaign.

The second great concern that emerged is the loss of purchasing power. They said increasing the taxes is one thing, but we are also losing our purchasing power—that really is the reason for our uprising. They have also said that the policy—and I have read what they are circulating—the policy is Robin Hood in reverse. The government is using ecology as an excuse to go after us. These Parisians keep talking and talking about the end of the world—but for us, it's the end of the month! We are the real victims of this policy.

The third step in this growing movement is a demand for different policies, including to stop the dictatorship and demands from the big banks. The Yellow Vests are now demanding, "Macron out! Out!" Macron should leave, but at the same time, everybody should leave; all the politicians are rotten. There is a certain populism in that sense. These people are protesting against something that has been hitting them more and more for the last 30 years. That is what you need to know to understand this process.

The established people, people in government, keep trying to launch provocations. That is what happens, fed by all the press, all the media show virtually nothing other than the violence that occurred in Paris. The demonstrations will be continuing in the provinces and in Paris this weekend. In Paris, it could be very hot tomorrow, nobody knows what will happen. Reasonable people have been saying, as we have been, "Organize

non-violence. Let's not fall in the trap of the provocations of the government, the black-block and the extreme right wingers."

When you look at the violence last Saturday, you see something very interesting. In the morning: There were a few extreme right-wingers who launched the violence. Then by mid-day, it was the extreme left-wingers, this so-called "anti-fa." In the late evening, it was people coming from the poor suburbs surrounding Paris, to loot. These groups tried to get some of these *gilets jaunes*, the Yellow Vests, involved in the violence, and some of them joined in because they were furious.

If you look more in depth, the police and the *gendarmes* are, in France, from the same social origin as the Yellow Vests. The *gilet jaunes* are not the very poor, they are the middle class and the working poor. These are people who find themselves at the end of the month saying we can't make ends meet. We need 50 euros more to make it; we can't continue like this. The political elite is in absolute disarray faced with this; the political elite tried to give, little by little, certain concessions. But these concessions, had they been offered at the beginning of the protests, might have been a way to divide the Yellow Vests. Now it isn't working; it's too late.

So, now a new sort of polemic is emerging, going more in depth, and in depth against the financial dictatorship, the City of London, Wall Street. Certain people are saying it that way, and thinking about what better



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*Yellow Vest demonstrators on the streets of Paris, Nov. 24, 2018.*

world should we have, and asking questions.

When I went to see them, people start to ask questions. What are you doing? What are you proposing? What is the long-term policy that we need? There is this dialogue which has started, and it's very interesting because the motion is spreading in all social layers. It's spreading to truck drivers, nurses, and now high school students. It's spreading. It's very important that farmers are also going into the movement. And it's spreading in Europe. You have *gilets jaunes*—Yellow Vests—in Bulgaria, in

Serbia. In Serbia, a member of the Parliament came into the Parliament wearing a yellow vest. Here too, in France, we have a deputy who came wearing a yellow vest in Parliament; he was punished for that, but he is continuing.

### Look to Martin Luther King and FDR

These people need a broader horizon; they need a policy; they need to think about how they can continue without staying at the same level of protest. So, that's a challenge, a big challenge for the future. Also, to see by what means they should act. We are saying, "Look, Martin Luther King in the U.S. is an example. It's organized non-violence to avoid provocations and the violent set-up from abroad, from the government, or some other provocateurs." This is the point at which we are now, and I was thinking about it, and I have a quote from Eleanor Roosevelt, the wife of Franklin Delano Roosevelt, which says quite well what



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*A Yellow Vest demonstrator's sign reads "Macron: Get Lost!" Paris, Nov. 24, 2018.*



we feel here, seen from the standpoint or with the words of an American patriot. She said, "It is better to light a candle than to curse the darkness."

So, we are trying to light the candle, and we are trying to enlighten the forces and see how they can work out with a long-term project, a political project, and let's say sweeping aside all forecasts and prejudices. The thing that helps us is that as early as 2009, I wrote something which certain people remember, because we distributed one million leaflets of that declaration. It was "To the anger that's coming," and it was 2009. I said this anger came in Russia in 1917, in Germany in 1989, in the United States in 2009, and in the whole world you have the same ferment among men and women. There are a lot of women among the demonstrators, which is very interesting because usually women don't go out to protest. They demand that all the prejudices and all established ways of thinking be swept away, and to get a new way of thinking.

So, they say in particular, and I have the quote here, they say, "We have read with a lot of interest what you have been writing, and we appreciated in particular that it is not such and such injustice which is at the core of the problem, but all the logics of the financial domination that destroys human life." So, there we are. We are at that point of thinking with the movement. They said it is not this and that; it is our lives that are at stake, our lives. Really, it's our lives. And we want to change our lives; we don't want the policy of the rich, for the rich, by the rich. We want the policy of the people, for the people, by the people.

The words of Lincoln are written into the French Constitution. It says, Title I, about sovereignty, and the second article, the principle of the French nation is of the



Eleanor Roosevelt, in 1943.

FDR Library



Many women are active among the Yellow Vest demonstrators: "It's our lives, too."

S&P

people, for the people, by the people. So, we have it; this is a true French-American connection, not the connection of the financiers of Wall Street with financiers in the City of London and financiers in the French big banks. There are four big banks which are fully associated with Wall Street and the City of London.

So, people thinking about that, start to increase their level of consciousness, and this gives a form to the mass strike ferment. So, at this point, I think there is a great hope, and at the same time a danger; because you have in France this rage produced by years and years of oppression. So, you have to give a positive form to that rage, and it's our challenge to be *Aufklärer*, as they say in Germany, people who enlighten the movement and are at the disposal of the Yellow Vests to answer the questions and give a horizon to the fight.

So, I would conclude this brief description of the situation by saying it should not be a description, it should be action, it should be motion. And the motion should be linked to in-depth thinking about what is happening in France and what's happening in the world, because you have not only these things in Serbia, these things

in Bulgaria. You have some of it in Germany, you have more in Belgium, and it takes different forms. It takes different forms of protest, but in the field, when they are on the roads, on the highways, or in the center of Paris, they tend to associate themselves.

The danger at this point is the provocations, and let's see what happens tomorrow. But it's a wave of protest which is very deep in society, and this will never disappear. The direction it will take depends upon all of us who are trying to give a future to this society and to this world. So, it's very interesting also that at the same time, our Schiller Institute is selling the New Silk Road report

in French; we have just updated it in French. There is a lot of interest here, even in part of the elites, to see if there is a way to get out of the dilemma and to find a future.

**Ogden:** Let me ask you to elaborate on that point, because while ostensibly the direct trigger of these protests was the fuel tax from the Macron government, the lack of a living wage, these conditions internal to France—this is by no means a unique French sort of situation. We’ve seen over the last several years this wave of uprisings against all established political parties—here in the United States in the past Presidential election, with Brexit in the UK, and in the new government in Italy.

**Cheminade:** It takes different forms in various countries. As you said, it’s a multiplicity going in the direction of a unity. That’s an interesting thing that’s happening. In France, we see groups of people—who have never been associated with political parties—who have, through social networks, but mostly by direct contact with each other in various parts of the country, decided to go out to demonstrate. This happened all of a sudden; nobody had predicted such a thing happening. We had a certain sense that something might happen, knowing what was going on.

But nobody thought that this would happen in France, because France is supposed to be controlled by the left, by the right, more than any other country, by all political parties,— every day they invent the new party trying to control the process. So, our advantage, compared to all these people, is the way I was mistreated in French politics.

When they know what was done to Lyndon La-Rouche in the United States, when they have a certain sense of what was done to me, because of the three Presidential elections, they get it. They say they have mocked you, they have attacked you, they have done to you exactly what’s happening to us. So, we are understood by them from this immediate standpoint. I tell them you have to go deeper into the understanding. What we are trying to do, in various layers, is to give them what they need; to give them the nourishment to feed them, which is what they need to develop their thinking and go further than what they themselves expected.

I was invited to speak at three universities in Lille, a city of more than one million people, in the north of France, near the Belgian border. There I told the students, “I got only 0.18% in the Presidential vote. It’s very little.” They replied, “It’s precisely for that [reason] that we want you. Because we know that if they did that

to you, it’s that you are different. We want to know why you are different, and what you have in your stomach. Please tell us.” So, we had very interesting exchanges with hundreds of them.

Also, we are launching a series with a young person in our organization, who is giving a sense of what economics is; what’s happening. So, it starts with the La-Rouche Triple Curve, with a comment on what is the current situation. Then it goes now to the issue of the debt; what is the debt and where it comes from, and how the French economic policy was controlled by the state, which was a Rooseveltian policy, between 1945 up to 1970. In that period of time, which is called here the Thirty Glorious Years, there was a big development with a planning agency and the state controlling the issuance of money and credit. This has been destroyed little by little. To give that sense to the youth now, and the youth were understanding what is happening also to the Yellow Vests, it’s I think a very interesting process.

We are trying to find a language that these young people can understand, using some of the language you find on YouTube, infusing it with our ideas and trying to hit them from that side—reaching students in universities, students who follow YouTube, and also students active with the Yellow Vests. A lot of our people have gone out with them, for example, one group went out in the streets of Paris carrying an enormous cardboard scale model with, “The Bank of France should be the Bank of the People; not the Central Bank of the Big Banks” written on it. This was a tremendous success; people were taking pictures from all sides. We told them, taking pictures is okay; but you need to use your mind now and to begin to understand what policies are needed, what political projects are needed to move forward.

**Ogden:** The YouTube [videos](#) produced by Benôit Odille are excellent.

Your declaration, with a series of clear policy points of what has to be implemented inside France, is being circulated among the Yellow Vest movement. Please tell our viewers about that program.

**Cheminade:** The first point is respect for the French Constitution; a government of the people, by the people, and for the people. So, this has to be respected. From this, you can derive all that the Yellow Vests are demanding. They are demanding many things, sometimes things that seem confusing. We have said to the Yellow Vests; your main demands should be fulfilled. First, the carbon tax should be eliminated, abolished. The gov-

ernment is now suspending it. Then, it was announced that the tax increase would be eliminated, but not the tax itself. The tax itself is the first problem; it should be eliminated; it has nothing to do with reality.

Then there was an income tax of the wealthy on financial flows that they decided to abolish. So, we are calling to bring back in force this “Tax on Fortunes” (ISF) immediately, which will compensate for the elimination of the carbon tax. At the same time, to work out with the middle-sized firms and the upper middle-sized firms and the Yellow Vests to see what policy could be conceived for development of France. What’s happening now is that all the jobs are near or directly in the big cities—and those are for the most part service jobs—while housing is much less expensive much further away from the big cities.

Jobs need to be developed where the people live, where they have housing. We need to have a policy where all of the territory of France is fully developed—in the past it was called the *Aménagement du territoire*, the management of all the territory of France. Now that French territory has been disorganized—we are calling for the reorganization of the French territory as it was done in the 1950s and the 1960s. We are stressing that when in 1983 the Mitterrand government decided to go for austerity in the name of Europe, it’s then that things changed and that the French lost national sovereignty of their money and they gave the state to the money-changers, as you would say there in the United States.

We called also for a re-examination of all the climate-change policy, and to have a discussion of what it means. We have here next Wednesday, an expert on climate change who was a member of the Intergovernmental Panel on Climate Change (IPCC). This guy was a member of the IPCC, but he challenged the conclusions. He said the statistics may be good, but the models that they throw at peoples’ heads are all fake. So, he said, let’s look at the statistics and look at the work of all scientists, and see exactly what it is and put that on the table.

Also, I said, you should go into the depth of what they need, and the depth of what they need is a policy for infrastructure, for the labs, for the schools, for the hospitals, and we need equipment of man and nature. This can only be done with Glass-Steagall banking separation and a national bank organizing credit, together with a planning agency associated with the national bank. In the national bank, there should not be experts from the Treasury or experts from different banks; there should be the people associated with the work of this national bank. Not a central bank, a national bank controlled by the state.



UN/Eskinder Debebe  
*French President Emmanuel Macron briefs journalists at the opening of the United Nations General Assembly, United Nations, NY, Sept. 25, 2018.*

Then, of course, we call for what you would call the two last Laws of LaRouche, which is the credit policy controlled and promoted by this national bank for the future. This, people start to understand, because they understand the difference; who owns the credit, owns power. Here the credit has been misused for entertaining people and preventing them from protesting, and mainly to feed the financial oligarchy. So, people start to understand that the problem is not more or less credit, it is credit oriented by the state for the people. And they start to understand what credit means in that sense, and that the national bank should be on top of controlling the credit. And that this power was abandoned by the national bank, because the national bank became a central bank, and it became the European Central Bank, and the European Central Bank is the true power in Europe, directly connected through the euro with Wall Street and the City of London.

So, then people start to understand from where their oppression comes, and they get more and more interested when they manage to master or control their rage, they start to understand the process by which they have been subjected for the last 30, 40, 50 years. It’s very interesting all of sudden that they’re thinking starts to go to a higher level, and they are interested in the way in which the state works and what the state means, and what it means for them to be a patriot and a world citizen, as Schiller said. We remind them that the French Revolution failed and brought Napoleon to power, be-

cause this was not developed.

The call for development of the society of France—let's say France in the best sense of France—above political parties, should meet and discuss these policies, and read the main works written by people on these policies, get acquainted with what was done by Roosevelt, by de Gaulle, or by others, and how there is a community of principle in the development of the United States, of China now with Xi Jinping, even of Russia under the Soviet Union. And also of course, Roosevelt's New Deal is the best example of these policies. People start thinking and making comparisons; their minds start to work, and that's the way, I think, really to change things. We are telling people we are calling to get rid of Macron; OK, but this leads to nowhere if you don't have other people to replace him.

These other people should be you in the process of thinking, working, and seeing what can be proposed nationally and internationally in France, in Europe, and in the whole world. It's from that sense that you should see what the New Silk Road represents as a principle. The Chinese would not do the whole job; you have to work, and we have to work with them, to make their job and our job much better. So, that's what we are working on, and that's why we are a political party and a political force.

**Ogden:** Last week we interviewed an Italian member of the European Parliament, Marco Zanni, who was here in the United States doing a series of meetings with members of the United States Congress and other representatives of the U.S. government. He was discussing exactly the same program: Glass-Steagall, bank separation; restoration of sovereignty over national banking for the countries of Europe; a direction of credit into productive employment; and also working together with the Silk Road and the Belt and Road Initiative, which is coming out of China.

These were very effective meetings that Marco Zanni had, and I think it represents a very rich potential for the United States to reach out to very specific representatives of this new process which is emerging inside Europe to put together this kind of partnership. How do you see what's happening with the Yellow Vests in France and the potential which is coming out of that, intersecting what is happening here in the United States?

**Cheminade:** It's a very interesting situation, because before the Yellow Vests insurrection, if you want to call it that, the process was much less advanced in France than in Italy. Then all of sudden, a shift of policy

comes from Italy, from something that is called "extreme right-wing" by the press. In a sense, all the political labels are being thrown to the wastebasket. They mean nothing. What has meaning is to see what is being done, what people are involved in. A very interesting thing with the Yellow Vests is that in France, a country that tends to be very blocked and rigid, these Yellow Vests actions are un-murking all the processes. I don't know what form it will take immediately.

We have a constitutional republic, so Macron may stay; but he will be under total pressure from the field, from the people, from everybody. And he would be paralyzed in his attempt to put together a policy for the oligarchical elites, the financiers. So, it will be a change; whatever happens is a big change, a big shift. So, this is very interesting for the United States, which I think if Trump decided to do so, he would be freed progressively from the people that are preventing him from doing what he has the instinct to do.

The thing is to be ahead of him by showing him the direction the world is moving in together. In Italy, with two heroic people, they managed to collect 217 signatures to promote, defend, and implement Glass-Steagall and to bring those signatures to the American Senate and House of Representatives. So, it's very important that we have that.

The Yellow Vests movement has created big changes. All the political parties are disoriented; they don't know what to do about it. There is big risk of more provocations against the coming Saturday demonstrations and the Yellow Vests have no security squads to protect demonstrators. Interestingly, the CGT and the Force Ouvrière, the two main unions who are allegedly on the "left" are planning to protect the Yellow Vests from the provocateurs. So, that's interesting as a convergence of interest, where you would not have expected this to happen.

So, our eyes should be not wide shut, but rather wide open to these shifts—and our minds even more, to seize every occasion, every opportunity to feed into this process, with our more than 40 years of experience. What our movement has done in the United States, with everything that Lyndon LaRouche has done in the last fifty or more years, we have a living power to change history for the good. To become alive to that, you have to understand and absorb LaRouche's works and make that alive right now.

This means to be, in a sense, the creators of inspiration—not people merely repeating things from the past. I say this because it is important to understand that





S&P

*Yellow Vest demonstrators block traffic outside of Paris.*

people only connect when they see something alive—then they are very happy to see ideas. With the Yellow Vests, most of whom are not politically educated—they immediately react to living ideas. If you give them something that seems to be simply repetitive or formal, they immediately say, “Oh, you’re just another politician, ugh!” It is very interesting to see mass-strike ferment happening right under our noses; it’s a tremendous opportunity. There’s danger in this, as the Chinese would say, but also a tremendous opportunity.

**Ogden:** I have one last question. This was the final question that I asked last week of Liliana Gorini, the leader of the *MoviSol* movement in Italy. I asked her, from your experience over 40 years, working for the victory, for the emergence of a just new international economic order, which Lyndon and Helga LaRouche have been calling for since the beginning of the 1970s. How do you see this process in the context of that history? What steps have to be taken to secure a victory in this fight?

**Cheminade:** As Schiller stated: “We all have to become patriots and citizens of the world.” There is a oneness. Also, let us not underestimate—or overestimate—what the United States can do for Europe, because of what is happening in China and what is happening in the United States. We have an opportunity to break with the Anglo-American Empire—the British Empire. The British author, Nicholas Shaxson, called it *The Men Who Stole the World*.<sup>1</sup> With their offshore

1. This book by Nicholas Shaxson describes the transformation of the territorial British Empire into a British or Anglo-American Empire based on off-shore facilities and the control over a dollar alienated from

banks, they think they can run the world from their “Treasure Islands.” These people have to be exposed for what they are. If we expose them from both sides of the Atlantic, inspired by what’s happening in the Pacific, then we have the world, and it’s our moment in history. It’s more than ever our historical moment.

I must also add the dimension of aesthetics, the dimension of *Aesthetical Education* is very important in periods like this to master and overcome rage and anger—to give people a positive direction. I think this, the work that we are doing on music, is essential. I just participated in a meeting in Marseilles on the subject, “Is the World Logical?” It was with a top French scientist. I said that the world fortunately is not logical in the form of the precise moment; it shifts, it changes. There is what Einstein said, you can never solve a problem with the elements that created the problem. We have to go above. Here we have people who have met these *gilets jaunes*—who are so different, with such different political ideas—in a really live way.

What we are doing in the United States, what we are doing in the whole world is a coincidence of opposites. So, you have it, and this process has a life of its own. I think it’s very important to feed and to feed and to feed and to give it a sense of joy; because it’s really joyful to see that, and to be part of it, of course.

**Ogden:** Thank you so much, Jacques. It was really a pleasure speaking with you. We hope to have a chance to speak with you again soon.

To learn more about our guest today and his party in France, visit <https://www.solidariteetprogres.org/>.

the American people, which has become a British imperial instrument.



# Building Bridges: Schiller Institute Delegation Visits Portugal and Spain

by Dennis Small

Dec. 8—Over the course of late November and early December, the nations of Spain and Portugal received state visits from China’s President Xi Jinping, and signed significant economic, social and cultural agreements with China in the context of the Belt and Road Initiative (BRI).

Spain was the more cautious of the two, agreeing only that “both parties believe that the Belt and Road Initiative is an important proposal in the framework of global cooperation, and recognize the potential of this connectivity platform.” Spain did this all the while looking nervously over its shoulder at the European Union bureaucracy in Brussels which, along with the British and their factional allies in Washington (such as Vice President Mike Pence), remains hostile to seriously engaging with China’s global infrastructure project. Nonetheless, the Spanish government and companies signed 18 individual agreements and memoranda of understanding with their Chinese counterparts.

But there is also a growing movement in Spain among business and political layers, for fully joining the BRI, and for playing a particular role as a link to Africa and Ibero-America, where Spain has long-standing historical and cultural ties. This is especially the case in Valencia, Spain’s third largest city and Europe’s sixth largest container port, where regional and national leaders are betting heavily on the Mediterranean Corridor and its African “mirror image,” the Trans-Maghreb Corridor, as the necessary extensions of both the land economic belt and the maritime silk road that are the two components of the BRI.



*Dennis Small*

EIRNS

In Portugal, the agreements signed during Xi Jinping’s Dec. 4-5 state visit were more extensive and in-depth than Spain’s. Portugal signed a memorandum of understanding “on cooperation within the framework of the ‘Silk Road’ economic belt and the 21st century ‘Maritime Silk Road’ initiative,” while the two countries signed a joint communiqué expressing their interest in “promoting cooperation with third countries, in regions such as Africa and Latin America.” Most significant, progress was made on China’s involvement in the development of the Sines deep-water port in southern Portugal, which both sides view as critical to linking Europe to the BRI in the Americas and Africa.

It is noteworthy that, in reaching these accords, the Portuguese government stood up to hostility and even overt threats from the British Empire and its spokesmen. Italy’s courage in standing up to Brussels’s fixation on austerity and hostility to China, now seems to be spreading to other European nations—such as Portugal.

## A Visit to Spain and Portugal

Immediately before Xi’s visit to Spain and Portugal, Schiller Institute representatives Dennis and Gretchen Small visited those two nations from November 11 to 21 for a series of meetings and speaking engagements on the BRI. What follows below here is adapted from a report on that trip given by Dennis Small to LaRouche PAC’s Dec. 1 weekly Manhattan Project meeting.

We recently returned to the United States from a two-week trip to Spain and Portugal, and Germany afterwards—a trip that was sandwiched in between the U.S. elections and the G20 meeting in Buenos Aires on Dec. 1. As it happened, Chinese President Xi Jinping visited Spain right after our visit there from November 27 to 29. He then flew down to Buenos Aires for the G20, went to Panama on the way back, and then went to Portugal, Dec. 4 to 5.

The trip was a bit of a reconnaissance mission with

the intention of presenting to people in those countries the Schiller Institute's new report, *The New Silk Road Becomes the World Land-Bridge: A Shared Future for Humanity, Vol. 2*, including its chapter on the Iberian Peninsula, "Spain and Portugal: The World Land-Bridge's Bridge to Africa and Ibero-America."

The purpose of that report, and of our trip, was to communicate not just all the lists and maps of wonderful global projects that can and must be built, and how the United States and China must work together to bring these projects about. From the outset, the stated mission of that report was to present Lyndon LaRouche's methodology of addressing the fundamental existential crisis that humanity is facing, and the solutions to it. Therefore, the projects we presented in that report were focused on the "game-changers" that kick over the chess board and change the entire way humanity is organized. Because nothing less than that is going to work.

Let me begin by indicating some of the problems that we ran across. It's important to search out the problems, and not avoid them. A key problem is that few people in either Spain or Portugal were willing to admit that the trans-Atlantic financial system is bankrupt—irremediably, totally, bankrupt—and cannot be salvaged other than through a process of total bankruptcy reorganization.

A second key thing which people had a lot of trouble with, is understanding what actually happened in the 2016 U.S. elections. How did Trump get elected? And even well-meaning people, very intelligent people, are bombarded internationally with the same kind of lies that we get from CNN, the *New York Times* and the *Washington Post*.

I'm singling out these two issues for a very particular reason, which is that neither fits into people's existing worldview. In other words, it's not something that adds up and makes sense to them. It's not something

FIGURE 1  
Trans-European Transport Network



that they can somehow shoehorn into their existing way of thinking; so therefore, they don't understand it. Because their starting point is: "Well we've got this round hole here, and you're trying to put in a square peg. I'm not changing the round hole, so that means you can't possibly be right."

So, the real challenge is that you somehow have to get people to think in a way such that you are affecting not *what* people think, but the way that they think; *how* they think. Because if you don't do that, it really doesn't matter *what* they think, because it'll all be coherent with their existing mode of going at things. They will, at best, keep trying to jam that square peg into the round hole.

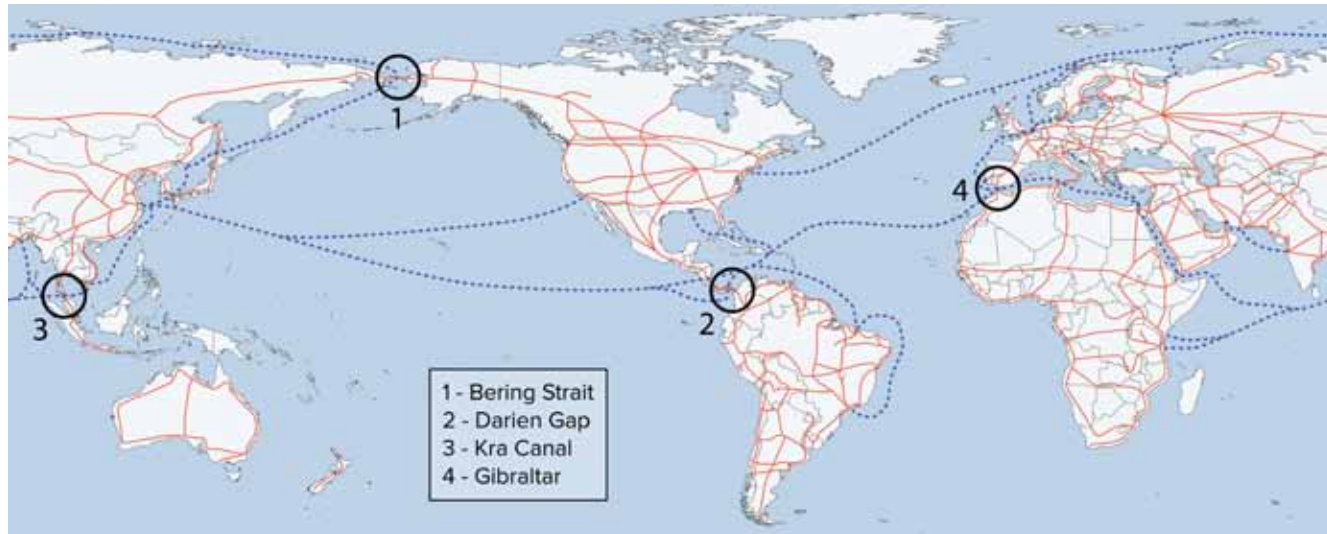
### Portugal: Where the Land Ends and the Sea Begins

One of the crucial issues in Portugal is the question of the port of Sines. As you can see in **Figure 1**, the European Commission's proposed Trans-European Transport Network is a viable network of rail lines, but under the bankrupt trans-Atlantic financial system it is never going to be built.

Sines is two things. It will be the westernmost point of the rail land-bridge stretching all the way from China, but which now goes only as far west as Madrid, arriving from Yiwu in China. Only part of the line on the map

FIGURE 2

## The World Land-Bridge Network



from Madrid westward exists—so that further work is needed to link it up all the way to Lisbon and the port of Sines.

In addition to being a rail terminus, Sines is also a port, the closest European Atlantic port en route to the newly expanded Panama Canal and the entire Western Hemisphere.

Sines is already Portugal’s major port, handling about half of its sea freight, but the idea is to expand it as a major deep-water port—it’s about a \$700 million project—to also be one of the major hubs of the Maritime Silk Road, linking Eurasia to Africa and the Americas (see **Figure 2**). Portugal’s proposal for Sines coheres with the Schiller Institute’s proposal for the Maritime Silk Road to not only extend from the Indian Ocean, through the recently expanded Suez Canal, cross the Mediterranean, and transit the Strait of Gibraltar to Sines, but to also extend from there into the entire Caribbean Basin region, through the new Panama Canal, the proposed Nicaragua canal, extending trade all the way across the Pacific to China. The Maritime Silk Road will also extend down into Africa, in similar fashion.

In our discussions in Portugal, we were frequently told: “We Portuguese have the sea in our DNA, and we intend to be part of the BRI.” Anyone who knows a little bit of the history, knows that that’s actually the case, going back to the era of Prince Henry the Navigator (1394-1460), Sines-native Vasco da Gama (1460s-

1524) and other great explorers. If you go to the world-famous Maritime Museum of Lisbon, you’ll see ships and so on, but it’s mainly a museum of the scientific discoveries in shipbuilding and astronomy coming out of Portugal, in the period of the 15th-16th centuries, which allowed them to be the explorers of the universe at that point.

This was famously expressed by Portugal’s most renowned poet, Luís de Camões (1524-1580), who wrote, “Here the land ends and the sea begins.” In fact, it was with this famous line from Camões that Xi Jinping began his article published in the Portuguese press before his arrival in that country.

### Spain: ‘¡Quiero corredor!’

Our second stop was Valencia, Spain’s third largest city and the Mediterranean’s number 1 container port. Valencia is the sixth largest container port in all of Europe, after Rotterdam and others, but top government officials and people involved in infrastructure told us: “We know that the world is heading towards the Belt and Road Initiative, and we know that trade with China is going to grow many-fold over coming years and decades. We’ve been involved with China for hundreds of years”—because Valencia was a silk port on the old Silk Road, and still features a famous silk exchange—“and so we are planning to become the third largest port in Europe.”

This includes expanding their port facilities to the

FIGURE 3

**Mediterranean and Trans-Maghreb Corridors**



nearby port town of Sagunto, which is about 30 kilometers north, and connecting it with an underwater tunnel for truck traffic to create a single, linked port.

That is not all that is being planned for Valencia. As can be seen in **Figure 3**, Valencia is part of a Mediterranean rail corridor, which is nearly complete, but which will be expanded and improved to fully link Spain to France and the entire World Land-Bridge. In fact, the national government has established a sub-ministerial entity called the *Corredor del Mediterráneo*, with headquarters in Valencia, to promote the project.

The relevant authorities conceive of this project not just as a European Mediterranean Corridor, but as side by side with the Trans-Maghreb Corridor along Africa’s Mediterranean coast. “You have to look at the Mediterranean Sea like a mirror,” top officials told us. “The Mediterranean and Trans-Maghreb Corridors are mirror images of each other, and are part of an overall development project, including the eventual construction of a

tunnel or a bridge across the Strait of Gibraltar. This is the only approach that will work to solve the problems of migration, poverty and terrorism that are devastating Africa; you have to develop the whole region.”

The thinking, at least in these far-sighted circles, goes further. They are mobilizing to organize the Spanish population itself in support of this perspective. They have organized bus tours up and down the Mediterranean coast of Spain, setting up informational literature tables on the streets, with petitions to be signed by the population under the heading: “*¡Quiero corredor!*”—“I want the Corridor!” And they are explaining why this approach is necessary for getting Spain as a whole out of the mess that it’s currently in.

When we left Valencia, we went to Madrid for two reasons: First, for political meetings there. Second, in order to travel on a high-speed train. As

we explained to our incredulous friends in Spain, we don’t have any high-speed rail in the United States. Spain, on the other hand, has significant high-speed rail: It is the second country in the world in total kilometers of high-speed rail, after China. The high-speed train from Valencia to Madrid travels at 300 kph—over 185 mph.

So, if anyone in the U.S. wants to ride a high-speed rail line, you’ve got a few choices: You can go to China, obviously. Second option, you can go to Spain. And a third place you can go is to Northern Africa: as of November 19, 2018, a high-speed rail line now connects Tangier with Casablanca! That train goes 320 kph, and it cuts the time it previously took to get there by rail from 4 hours 45 minutes, to 2 hours 10 minutes! Soon enough, you will also be able to go to Panama, to ride the high-speed rail line which the Chinese are proposing to build from Panama City to David, near the Costa Rican border.



We were in Madrid immediately before the Nov. 27-28 state visit of Xi Jinping to Spain, so there was a lot of excitement and policy planning in the air about the BRI. One of the most interesting meetings we attended was a book presentation by the 82-year-old head of Spain's Cátedra China think-tank, Marcelo Muñoz, who presented the new world order emerging under the Belt and Road Initiative to a packed audience of 150 top Spanish and foreign diplomats (including China's ambassador to Spain), businessmen, trade unionists, Sinologists, and others. Joining Muñoz on the panel were two former Spanish ambassadors to China.

The highlight of Muñoz's remarks was a discussion of how China's New Silk Road is creating the new world of the 21st century, which he illustrated with the signature World Land-Bridge map from the Schiller Institute's new Special Report (without identifying the source), noting that this is *the* vision of what awaits the world in the 21st century. He named the four projects highlighted on that map: the Bering Strait tunnel, the Kra Canal in Thailand, the Darien Gap, and the Gibraltar Strait tunnel—with the latter receiving enthusiastic support in further discussion from the floor.

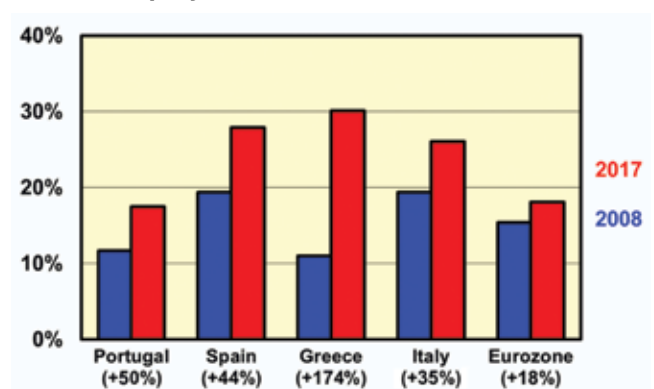
Concern over the direction of U.S. China policy under President Trump, and how to ensure that no conflict ensues, was a major element of the presentations by Muñoz and the other panelists. Spain's three-time former ambassador to China (and once to Russia), Eugenio Bregolat, stated that there are both sane voices in and around the U.S. administration and also hawkish ones (accurately mentioning trade advisor Peter Navarro by name). He counterposed the U.S. reaction to China's development today, to how the United States under Kennedy responded "with confidence" to the Sputnik shock in 1957, by leap-frogging ahead in science and technology of its own. America should do the same today, Bregolat emphasized, and not try to stop China's progress. Both Muñoz and Bregolat agreed that such cooperation is the solution. Muñoz emphasized that the common basis for cooperation between the two nations lies in the realm of scientific work, noting that Confucian philosophy is critical to that common endeavor.

### The European Union Problem

There are two critical issues which were major obstacles to many well-meaning people in Portugal, and Spain (and beyond) being able to fully understanding the global strategic crisis, and devising policy solutions

FIGURE 4

Real Unemployment, 2017 vs. 2008



to it. One is the international financial collapse. Misjudging it leads people in Europe to harbor wishful illusions about the role of the European Union; many people—less in Portugal than in Spain—still think, “Well, the EU will be the one to negotiate all this with China.” They don't like Brussels, they don't like the loss of sovereignty, they don't like the budget cutbacks, they don't like the austerity the EU imposed on them after 2008, but they say, “Well, we're stuck with the EU, and the EU has to be the one to negotiate a deal with China.”

The only reason they can still think so, is that it has not yet registered with them that the EU is joined at the hip to the existing trans-Atlantic financial system, which is *dead*. The EU is the representative of an *ancien régime* which that is defunct—the only thing missing is its formal burial.

Consider the following set of slides, which point to the physical-economic and demographic collapse of Europe, especially of southern Europe, under the British Empire's policies imposed by the EU. First, look at *real* unemployment, which is not just the official unemployment reported by Eurostat, but also adds in de facto unemployment, such as people who have given up on looking for jobs, people who have part-time jobs who want full-time jobs, etc. (see **Figure 4**). You can see what happened in 2008, when the last great international financial crash hit, and all financial instruments went into keeping the speculative bubble afloat: Unemployment increased by 50% in Portugal, by 44% in Spain, and so on. The situation with youth unemployment is far worse.

What is going to happen to these nations when the next, much bigger financial blowout hits—as it inexorably will?



FIGURE 5  
**Total Population**  
 (millions)

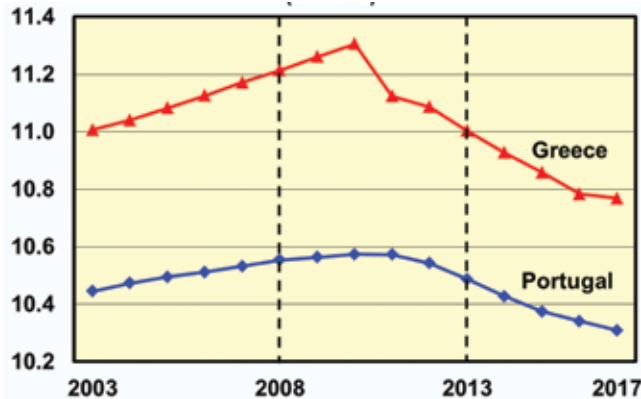


Figure 5 shows the demographic collapse underway, especially since the 2008 crisis. Look at Greece. The domestic resident population was rising, up until 2010, but has plummeted since then. The same is happening in Portugal, Spain and Italy. Figure 6 portrays the raw births and deaths for Italy: rising death rates and falling birth rates. This is the backdrop to the current Italian government’s refusal to further abide by the EU budgetary straitjacket, and to insist on working with China’s BRI.

There is a similar situation in Portugal, as Figure 7 shows, with only a marginal improvement in rising birth rates in the last few years—but which nonetheless are still substantially less than the death rate. In Spain, we witness the same phenomenon of demographic implosion (see Figure 8).

### Trump and Italy

Few serious Europeans deny the importance of getting the United States to work cooperatively with the Belt and Road Initiative. But most also have an opinion of the Trump Presidency which they have been fed by the liberal international and national media. Often the best way to get people to understand what’s happening in the United States, is by *not* discussing it—at least at first. Because people are fixated into an absolutely ideological way of thinking: You can beat them around the ears all you like, and they are still not going to get it. Much better to first discuss Italy.

Why Italy? Because the new Italian government came into office the same way Trump did, the same way

FIGURE 6  
**Italy: Births and Deaths**  
 (hundreds of thousands)

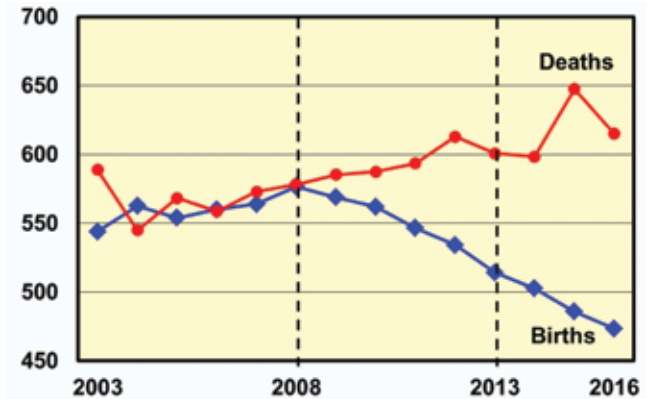


FIGURE 7  
**Portugal: Births and Deaths**  
 (hundreds of thousands)

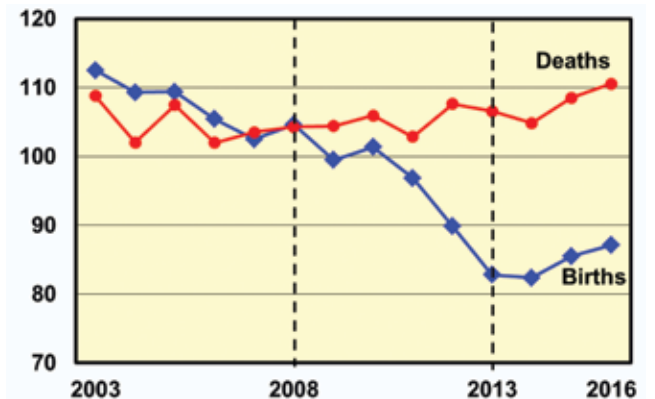
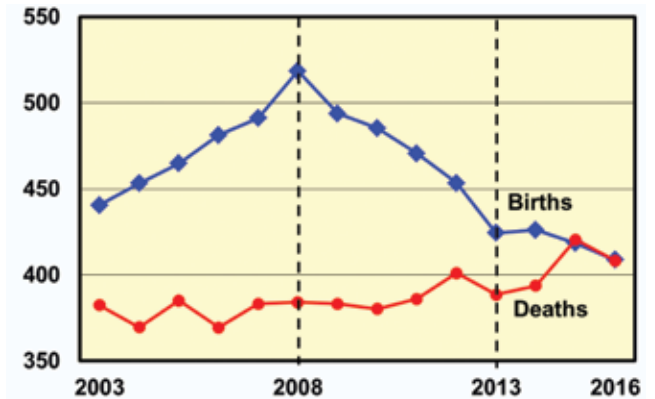


FIGURE 8  
**Spain: Births and Deaths**  
 (hundreds of thousands)



the Brexit vote occurred, the same way President López Obrador came into power in Mexico: swept along by a worldwide anti-Establishment wave. And what happened in Italy is that a government that the media insists is right wing, anti-immigrant, racist and xenophobic, in fact has established a policy nationally and internationally which is premised on Franklin Delano Roosevelt!

We told people to consider the statement of Paolo Savona, the Italian Minister of European Affairs, in his discussion before the Italian Parliament to justify Italy's refusal to buckle to the EU's demands for budgetary austerity:

I must greatly insist on the fact that it is necessary to replicate, a hundred years later, what Roosevelt did with the New Deal and his reforms. He put together the industrialized part of the northern United States with the southern agricultural part, and he succeeded. The experiment we are conducting in this moment is really a large effort of national unity. . . . We are aware that we must implement those reforms that Roosevelt started. Roosevelt made a substantial reform in the financial sector [a clear reference to Glass-Steagall—ed.], in competition, in industrial relations. Those who know history . . . know that he took very important initiatives.

Italy has also established a "Task Force China," which involves some 300 people from all walks of life, to work on developing relations with China to jointly develop Africa. Its August 2018 "Statement of Aims" says:

China can help Italy solve the immigration problem by helping Africa: China is the country that has invested the most in Africa (already \$340 billion, much more than the \$70 billion usually estimated by analysts), with effects that are already visible in terms of the impact on poverty rates and which, in the long term, should gradually help reduce migration flows towards Europe.

China's involvement in Africa offers Italy a historic opportunity of international cooperation for the socio-economic stabilization of the continent, crucial not only for a sustainable and socially responsible solution of the immigration problem, but also for the economic opportunities that will arise in the continent for Italian firms.

Our Portuguese and Spanish interlocutors in general had been aware that Italy was standing up to the EU, but they had little or no idea of the central policy issues involved. They had been kept in the dark and lied to by the media. Once that idea began to sink in, they registered that Italy, like the United States, is part of a worldwide process; that American voters also kicked over the establishment's chessboard in the last elections, and that Trump is the agent of that change.

In short, it is highly useful to cross people's wires, to present them with things that don't fit into their worldview, but which are incontrovertible, and which they desperately need to know. The issue posed is not to get them to change *what* they think, but *how* they think. It can be called "the power of negative thinking," if you like. Don't be "positive"; figure out what people *don't* get, and why—about what's *wrong* with the way they're thinking.

Just such a process is now underway across the entire trans-Atlantic sector, although people don't necessarily recognize it as such. Peoples are in motion, but motion alone does not solve the problem. Actual programmatic solutions are needed, which can resolve the tension that people have between what they want to happen, and their current way of thinking. That's another way of putting what Helga Zepp-LaRouche always refers to as Nicholas of Cusa's concept of the *coincidentia oppositorum*: the coincidence of opposites.

The basis for such change is emerging in Europe, and it involves a return to the best Classical cultural traditions of each of these nations. Let me conclude by citing what was stated recently by Michele Geraci, Italy's undersecretary of state for economic development, in discussions at the Peterson Institute in Washington, D.C.:

In Italy, we do high-quality manufacturing, not only because there are good engineers, but because the engineers wake up in the morning and they see art. They get inspiration from the culture, from the history which surrounds the Italian system, which helps people, even in doing industrial design, even people that do machine work. [So the government] needs to, just like the popes and the kings used to, finance artists, who can make paintings, that were not immediately monetizable, but they did help the whole population.

# Mass Strike Process & Government Crises: Europe Needs a Vision for the Future!

by Helga Zepp-LaRouche

Dec. 8—There is a revolt against Macron in France; Brexit chaos in Britain; and in Germany, the probable continuation of the same policies which have resulted in the decline of the popular parties—the Social Democrats (SPD); the Christian Democracy (CDU); and the CDU’s sister party in Bavaria, the Christian Social Union (CSU). In these three largest countries of the EU, the chickens are coming home to roost after years of neoliberal politics. The EU as an “empire,” as French Economy and Finance minister Bruno Le Maire advocates, is going the way of all empires: They disintegrate in the medium-term because of the conflict of interests between the claims to privilege by the ruling elite, on the one hand, and the common good of the population on the other—and because of overextension.

In France, with the protest of the “yellow vests,” as they are called, the long pent-up anger of the population has raged for three weeks against the policies of the last decades (in favor of the rich, the banks and the speculators.) For years, the French state encouraged Frenchmen to buy diesel-powered cars, so that by 2016, 62% of all cars and 95% of all delivery vans and light trucks used diesel as fuel. When Macron announced an increase in carbon and air pollution taxes, inclusively to motivate citizens to switch back away from diesel-powered cars, they saw



*Yellow Vest demonstrators in France.*

this as a total betrayal by the politicians. Raising fuel prices to motivate new-car purchases, even when drivers can afford neither gasoline nor diesel—that was the last straw.

The protest spread quickly, as farmers, truckers, fishermen, mayors, and students of all ages responded to the consequences of the upward-redistribution policy that has been the common denominator of every French government of the last 40 years. Macron’s capitulation—his withdrawal of the taxes—came too late; the genie of principled resistance to a system that was considered deeply unfair, had long been out of the bottle. Violent provocateurs mingled with the demonstrators, but this did not really affect the character of the movement. Faced with planned nationwide protests on December 8, the state mobilized 89,000 law enforcement agents. The govern-

ment spokesman, Benjamin Griveaux, warned that provocateurs wanted to overthrow the government, while other sources spoke of plans to storm the Elysee Palace—but in their demand for the resignation of Macron, the various groups were all in agreement. In view of the fact that the police union has declared its solidarity with the “yellow vests,” and that of course soldiers have families whose living conditions have also been hit, the proclamation of a state of emergency by the government is a two-edged sword.

The protest movement, which incidentally came about largely independent of all political parties, underwent a qualitative transformation within just a few weeks; what began as rage over tax increases, immediately turned into a process of discussion throughout a broad spectrum of the population about the nature and purpose of society, and the injustice of a government that deprives people of their minimum requirements for survival. Whether this mass-strike process will end in a Jacobin Revolution, or whether a new political class will emerge from this ferment that can achieve a victory for the common good—this will depend essentially on whether or not genuine leaders can emerge, who credibly represent the new paradigm.

In the United Kingdom, the destabilization of the government has taken a different form, but could lead to no less dramatic consequences in the event of a disorderly Brexit. Prime Minister Theresa May already lost a vote in parliament, when she tried to keep secret her government’s legal advice which she had received on the Brexit agreement she negotiated with Brussels. Twenty-six MPs from her own Tory party, and nine out of the ten members of her coalition partner, the Democratic Unionist Party of Northern Ireland, voted against her, and Mrs. May and her Cabinet were accused of disrespecting Parliament. If, when it comes to a vote on Dec. 11, MPs do not accept her agreement, or change the text so that it is no longer acceptable to the EU, a chaotic Brexit would be the likely consequence. [Editor’s note,



UN Photo/Cia Pak

*French President Emmanuel Macron.*



UN Photo/Cia Pak

*British Prime Minister Theresa May.*



creative commons

*CDU leader Annegret Kramp-Karrenbauer.*

Dec. 11: Amidst deeper chaos, May yesterday postponed this vote *sine die*, that is, without naming a future date, to try to renegotiate part of her agreement with the EU, acknowledging that she would lose the vote were it held on December 11.]

For derivatives trading through the City of London financial center, such a development threatens to become another “last straw”—that is, the occasion for a new financial crash. But in every other respect too, an uncontrolled Brexit would be uncharted territory. However, the other option of simply dropping Brexit, which is open to May as well, could cause an enormous political explosion, because the causes that led the British people to vote for Brexit in the June, 2016 referendum are still operative. Either way, May’s future prospects are bleak. However, if there are new elections, there is an alternative in the leader of the Labour Party, Jeremy Corbyn, who has a program for the re-industrialization of Great Britain.

But even in Germany, the EU’s largest member country and its economic heavyweight, the shifts in the political spectrum to the detriment of the two former major parties, are an indicator of the underlying instability. With the election of Annegret Kramp-Karrenbauer as the new party leader of the CDU, a short-term respite may have been gained for the Merkel government, but nothing more. “AKK’s” lead of 52% to 48% in her run-off against Friedrich Merz was quite close, and thus the influence of the wing within the CDU which pays tribute to the neoliberal



eral and neoconservative policies remains quite strong. More than a few of these CDU members would rather have a new Chancellor by the time of the upcoming election campaign for the European Parliament. And since AKK herself is regarded as a hardliner, both with respect to European policy and in her attitude towards Russia, the likelihood seems rather remote that she will replace the neoliberal paradigm that led to the losses of the major parties, with something new, such as the “New Silk Road” cooperative paradigm.

The common denominator among the governments of France, Britain and Germany, is their lack of insight into the reasons for the political changes of the past two years. These began with the Brexit vote in the UK, followed by the electoral defeat of Hillary Clinton, that in turn was followed by the election of the current government of Italy, and then by the cascading protest movement of the yellow vests in France. All these phenomena, to which we should add similar incipient tendencies in Belgium, Rumania, Bulgaria, Serbia, and other countries, all have something in common: The people of these countries can no longer tolerate the unfairness of the policies of the neoliberal establishment. The representatives of that establishment also share a common trait, which is that they cling to the hysterical conviction that they themselves are the best, the brightest, and the most wonderful—that they are people who could never lose elections, so that consequently only Putin could be responsible for their defeats. Whether they can truly believe this in their innermost selves, or whether, on the other hand, group-think has replaced their own thinking to such an extent that they seem to believe their own narrative, is still an open question.

In any case, six months before the European elections, the European Commission is expanding the taskforce that has existed since 2015 to combat alleged Russian disinformation, by more than doubling its annual budget to five million euros from 2019 onwards. In coordination with social networks such as Google, Facebook, Twitter, etc., which in turn are part of the “Deep State” surveillance apparatus in the U.S., this taskforce is supposed to promote the exchange of information about “Russian Fake News” and interference in election campaigns. And, who would have guessed: The first accusations have already appeared, that, of course, Russia is behind the yellow-vest movement!

Fortunately, more and more European governments are focusing on cooperation with Russia, China, and Donald Trump, beset though he be by the Deep State. According to *Forbes* magazine, Michele Geraci, the State Secretary in the Ministry of Economic Development in Rome, who has just returned from a successful trip to Washington, said that Italy and China are in the process of promoting close economic relations, and that Rome welcomes Chinese investors to expand the Silk Road program into European countries by investing in highways, airlines and ports. Italian infrastructure has long been in crisis, he said, while China is presently pursuing a most ambitious economic plan, and has proven to be a highly-rated investor in more than 65 countries. In his view, many other EU members, who are trying to stop Chinese investment, have cut themselves off from the potential of working with China.

It should be thought-provoking that Italy—whose new government is the result of the voters’ opposition to the austerity dictates of EU headquarters in Brussels, and to its geopolitical confrontation with Russia, China and the Trump administration—is in the ascendancy, and is quite stable when compared to France, Great Britain, and Germany. The same applies to Portugal, which has just become the first European country to have signed a formal cooperation agreement with China for the development of the New Silk Road, and a total of 17 other specific agreements.

There is indeed a way out of the manifold crises in Europe: The once-again sovereign nations of Europe must work together, as an alliance of the fatherlands (as de Gaulle had wanted), and cooperate with China, Russia and Trump’s America for an expansion of the New Silk Road on the basis of mutual advantage. Instead of militarizing the external borders of the EU, under the illusion that a new *Limes* [the line of defensive fortifications built by the Roman Empire to defend its southern flank in Africa] could seal off the European oasis, we need instead to create an entire new system of international relations, wherein we would cooperate as equals and on a “win-win” basis with the nations of Africa, Asia, and Latin America, overcoming their underdevelopment and poverty through the development of the New Silk Road into the World Land Bridge. Only in helping others will we save ourselves.

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# The Battle Lines Are Clear: New Paradigm, or Economic Chaos and War

*This is the edited transcript of the Schiller Institute's New Paradigm Webcast of December 6, 2018. A [video](#) of this webcast is available.*

**Harley Schlanger:** Hello, I'm Harley Schlanger from the Schiller Institute. Welcome to this week's webcast with our founder and President Helga Zepp-LaRouche. Today is Dec. 6, 2018.

There's a wealth of developments following the G20 summit. There's a series of shocks being delivered in Europe; we're seeing the financial system in a highly volatile state; but I think, Helga, we should start with the situation in Europe, because most Americans are hearing only a little bit about this. They can't put together a whole picture, but I think you have a good handle on it, so why don't we start with France. What's happening with President Emmanuel Macron and the situation in France?

## The Situation in France

**Helga Zepp-LaRouche:** As people may know, there have been demonstrations and blockades for the last two weeks by the so-called "Yellow Vests." This led to some significant violence in Paris, in which the Arc de Triomphe was attacked and there are reports of cars and windows smashed. But these violent excesses are not typical for this process which is going on in France. It's just some provocateurs who immersed themselves into this ferment which can only be described as a mass strike ferment, of the normal, mainly rural French population in the provinces. These are people who are workers, who are truckers, who are farmers, fishermen, who, despite a lot of hard work can't make ends meet. And they have started this process against the threat of increases in oil and gasoline prices and general fuel prices.



© Thomas Bresson

*Yellow Vest demonstrators in Belfort, France on Nov. 18, 2018.*

But in the meantime, in the last two weeks the situation has transformed itself completely. At first, Macron, tried to ignore the Yellow Vests but then realized he had to capitulate, so he postponed any such changes [in the increased fuel taxes] for the first half-year and then for a year; but this did not stop this process at all, because in the meantime, those people demonstrating who are supported by 80% of the French population, have started to realize that there is a much more fundamental question at stake, namely, where is society going? They have started to realize that a policy which is only made for the very rich must stop, and that a much more fundamental transformation is required.

This is a big thing. This is not just some provocateurs, but this is the majority of the French population, and the most dramatic thing I think is that the police trade union declared full solidarity with the strikers, and they will have an unlimited strike starting on Dec. 8 and that there will also be another nationwide big blockade and demonstration. There has been some dis-

cussion about whether the government should reintroduce martial law, which they had for a while because of the terrorist attacks earlier.

But that idea was strongly argued against, because as with the police, the likelihood that the army would take the side of the Yellow Vests is very great, because these are also people who have families who have brothers, who have uncles, nephews, sisters in the movement. When you come to a point when a government can no longer use the police, or the army quell such a protest, then you are normally talking about the loss of power.

We're obviously not yet completely at that point, but this is in the air. And I think it is a sign of the times, of the state of the neo-liberal order. The Brexit vote two years ago, which led to the election of President Trump, which led to the election victory of the Italian government, and now it obviously has reached France, and is already going into Belgium—these are all expressions of populations in these countries who are no longer willing to accept the neo-liberal order which is so fundamentally going against their interests.

**Schlanger:** You mentioned Brexit as an early example of this phenomenon. British Prime Minister Theresa May is still trying to finagle something on Brexit, but it looks as though she's in big trouble as part of this same insurgency, isn't she?

### The Situation in Britain

**Zepp-LaRouche:** Well, she just lost a vote in the Parliament. This vote was not about the Brexit deal with the EU as such, but it was about May's effort to keep the text of that deal secret. Now, that would have meant that the Members of Parliament would have to vote on something they could not even read! And naturally they rejected it with the additional vote of at least 26 Tories, her own party, and 9 out of 10 of the Democratic Union Party of Northern Ireland. So, her coalition is in shambles.

Next Tuesday will be the actual vote on the Brexit and the likelihood that May will lose is very high. What will happen then is an open question. She could be replaced by some other Tory, like Boris Johnson, or some other not so good successor. It could also lead to new elections, with the possibility of the Labour Party and Jeremy Corbyn winning that. Corbyn has a more reasonable program. He wants to reindustrialize Great Britain, and in general he has a completely different

policy. But that still then leaves the open question of what will happen to the derivatives market in the City of London, which is one of the huge bubbles. If there is an uncontrolled Brexit, all hell could break loose in an already extremely volatile financial system.

So, this is a very dramatic moment, and people should become active with the Schiller Institute, because only a New Bretton Woods and the general reforms my husband has demanded in his Four Laws—Glass-Steagall, national bank, credit system, cooperation in a New Paradigm—this total package, can we avoid disaster.

But this is really a transformation, as we have said many times. We are really experiencing the end of an epoch, and the emergence of a new one. What the new one will look like, it is not yet decided and not clear, but it will be one of what Friedrich Schiller would call “pregnant moments in history,” where the subjective intervention is what really makes the difference.

**Schlanger:** Another part of this “end of an epoch” is going to be the meeting tomorrow in Hamburg of the Christian Democrats (CDU) in Germany that will be selecting a new party chairman. The rebellion has not yet fully struck Germany, other than in voter discontent with all the parties. Do you see anything positive coming out of this CDU conference tomorrow? Or is it going to take something else to shift the situation in Germany?

### The Situation in Germany

**Zepp-LaRouche:** I'm not so optimistic, because the present three main candidates—there are some others who may have better ideas, but they have not yet been portrayed sufficiently in the press so that I would know about them—but among the three dominant candidates, Friedrich Merz has not said anything yet that would convince me that he's not a complete representative of the neo-liberal/neo-conservative trans-Atlantic establishment, naturally, the kinds of policies which are really the cause of the problem. And it's unfortunate that he's supported by the CDU economic council (CDU *Wirtschaftsrat*), because obviously people there think he is more competent on economic questions. But there is a big difference between “competency” concerning the financial markets and the speculative side of the system, and competency in the real economy. And this is unfortunately not going in the right direction at all.

Another candidate to replace Merkel as head of the



LPACTV

*Michele Geraci, Italian Undersecretary of State for Economic Development, is interviewed by EIR's Economics Editor, Paul Gallagher, on Nov. 28, 2018.*

CDU, Annegret Kramp-Karrenbauer (AKK, as she is called), has said some pretty provocative things which are also strategically stupid, namely that in the context of the Ukraine crisis, that if it could be proven that Russia is responsible, then NATO should immediately block Russian ships everywhere. That's the kind of Cold War talk which is really no help at all. And the third leading candidate, Jens Spahn, is a typical health economist, who has also extremely austere economic visions.

As I said, there are other candidates, but they're not being played up by the media. In general, I don't see anything positive coming. Should this lead to new elections, if Merz becomes the new chairman of the CDU, he could want to trigger an early demise for Merkel as the Chancellor; but with the present spectrum of politics in Germany, except for my party, the *BüSo*, *Bürgerrechtsbewegung Solidarität* (Civil Rights Movement Solidarity) and the Schiller Institute, there really are no organizations presenting the kinds of solutions for Germany, Russia, China, and the United States to work together in the new paradigm of the New Silk Road. So, the German situation in my view remains the biggest dark hole in the whole situation.

**Schlanger:** One of the better situations in Europe—so people can see that it's not all dark—is Italy. The Italians are continuing a diplomatic offensive, an economic offensive, an intervention into the U.S. Congress. Where is that heading in Italy now?

## The Situation in Italy

**Zepp-LaRouche:** Oh, the irony of the situation, is that Italy, which is being attacked so much by the mainstream media right now, is the only stable government in Europe, unlike Germany, France, and Great Britain. Maybe also Spain could be called relatively stable.

But Italy is doing good things. An extremely important delegation consisting of Marco Zanni, a Member of European Parliament (MEP), and Michele Geraci, the Undersecretary of Economic Development, were just in Washington having meetings with the Trump Administration, and members of Congress, to discuss Glass-Steagall and joint European-American economic programs for Africa. So there *is* a very useful discussion taking

place which is what should happen. I find it quite interesting that the current Italian government is positive towards Trump, towards Russia and towards China, to the dismay of the European Union bureaucracy. One can only hope that this kind of reasonable international cooperation spreads to other countries—it has actually spread already, but obviously, it has not touched the three big ones yet in the same way.

## What Happened at the G20

**Schlanger:** Last week, we were talking about the upcoming G20 summit, which took place over the weekend. One of the few things they did as the G20, is to reconfirm, by 19 of the 20 countries, the commitment to the Paris climate change protocols. Donald Trump was the one leader who rejected that. But then, immediately afterwards, as we were talking at the beginning of this program, the French people rejected Macron, who is using the climate change issue to raise the taxes on fossil fuels—so at least the majority of the French people are on the right side on that one.

But there was something very significant that did occur [at the G20], or actually two things: One, the meeting between Putin and Trump was disrupted by a combination of the Ukraine crisis and the [Kerch Strait] provocation set in motion by [President Petro] Poroshenko, and secondly by [Special Counsel Robert] Mueller. However, there was a very successful meeting between the Chinese and the United States, that is, between Xi and Trump. What's your report on that, Helga?



White House/Andrea Hanks

*Donald Trump and First Lady Melania Trump join fellow G20 leaders, spouses and guests at the Teatro Colón in Buenos Aires, Argentina on Nov. 30, 2018. On the right is Chinese President Xi Jinping.*

**Zepp-LaRouche:** There was a summit between the two Presidents, and some other members of their delegations. Both sides characterized the outcome as extremely positive, constructive. They agreed upon the truth concerning the tariffs, so the present tariffs will not be increased from 10 to 25% at the beginning of next year, which was the prospect hanging over the whole situation, but they will try to work out a comprehensive approach in the next 90 days and maybe abandon these tariffs altogether by finding other ways to reduce the U.S. trade deficit with China, by China agreeing to import more products from the United States—agricultural products and other things.

This is actually very good, because the rapport between President Trump and President Xi has been reestablished, which is an absolute precondition for solving these crises. China and the United States are the two most important countries—in the sense that one is the strongest economy and developed country, and the other one is the strongest not only developing country, but in the meantime, the voice of the developing sector.

So, if the United States and China work together, it will be extremely important for world peace and world stability.

And don't forget the unbelievable provocation, actually a double provocation, in the days just before the Putin-Trump summit was to occur. This provocation has yet to be finalized, because, as Russian Foreign

Minister Sergey Lavrov correctly said, the attempt by Poroshenko to send Ukrainian naval ships from the Black Sea into the Sea of Azov, unannounced, on a secret mission, and therefore provoking Russia to detain some of these Ukrainian sailors, was clearly meant to cause a freak out, to prevent the Trump-Putin summit.

### **Trump's Intentions**

But at the same time, as you said, Mueller escalated his assault against people who have been close to Trump: [Paul] Manafort, then Roger Stone, creating an environment where Trump obviously felt that he could not meet with Putin because of Russiagate, the anti-Russia hysteria in the United States was heated to the boiling point. So, this unfortunately

led to the fact that they did not meet.

That Mueller has so far not been successful, at least at this point, can be seen by Trump's tweet afterwards, which caused quite a freak out—namely, that he said that he can see in the future there will be an agreement between Putin, Xi Jinping, and himself about a comprehensive new arms control system, causing all the neo-cons to go ballistic and say “this is dangerous, this is highly risky.” And Trump also said that the U.S. military budget had now reached \$716 billion and this was “crazy”—and this was in his tweet.

*Forbes* magazine carried an interesting [article](#) describing Trump as having learned a lot in the last two years, that he realized that there is a serious arms race already going on, which is counterproductive and doesn't help any of the countries participating, and that there must be an effort to overcome it.

So, all the people who normally lose it when you mention the word “Trump,” should really look at Trump's intention, what comes out in his policies again and again, and the effort by the neo-cons to prevent him from doing that. If you don't make that differentiation [between Trump's intentions and the intentions of the neo-cons], then you are completely missing the boat on how politics works on a strategic level right now, and you will tend find yourself in the anti-Trump, anti-Putin, anti-Xi Jinping frenzy, which is actually where the war danger comes from.



**Schlanger:** And as you've been emphasizing, this tweet, in which Trump talks about getting together with Xi Jinping and Putin, is moving toward your husband's proposal for a Four Power agreement which is also necessary for a New Bretton Woods system.

Another thing: going back to the beginning of our discussion today of the problems in Europe, you mentioned that we're seeing an end of the neo-con/neo-liberal world order. There were two interesting aspects of that this week. You might say it was symbolic that George Herbert Walker Bush died just as this order that he had been calling for is crashing.

On the other hand, Secretary of State Mike Pompeo gave a speech which seemed to be calling for Bush's new world order, when he spoke in Brussels. So, I guess, Helga, this is the clash we see between these two systems, these two views.

**Zepp-LaRouche:** Yes. This Pompeo speech is worth looking at more closely, because on the one side, he gave lip-service to things Trump would say, like the need to uphold sovereignty and so forth, so somebody who has not trained themselves to read between the lines and understand how this faction fight goes, would tend to think that that's what Trump thinks. But Pompeo engaged in a total defense of the unipolar world order, which Trump is out to replace with a completely different system of sovereign states.

This is the kind of thing where, in my view, neo-con persons and forces are trying to somehow move in such a way to hobble Trump in a spiderweb, where he can't really do what he wants to do. The Hollywood-type spectacle around George Herbert Walker Bush's funeral, was obviously designed to make people forget what this Bush family is altogether: That the Bush family has



White House/Andrea Hanks

*Casket of former U.S. President George H.W. Bush arriving at the funeral service at Washington National Cathedral in Washington, DC on Dec. 5, 2018.*

been evil and rotten, starting with Prescott Bush's support of Hitler; then the George H. W. Bush who just died playing an absolutely key role in the prosecution of my husband; then the wars of George H. W. and George W. Bush in the Middle East.

The legacy of the Bush family is not really a good tradition in America. In the early 1990s, we published [\*George Bush: The Unauthorized Biography\*](#), which you can still buy and read: that will set the record straight. And since the whole spectacle was designed to count on people's short memory, it's worthwhile reading such an in-depth study. By the way, in a 1992 video about Clinton's election campaign, that book can be seen lying prominently on his desk. Obviously, this book played a role in defeating Bush 41, and therefore people should read it.



U.S. State Department

*U.S. Secretary of State Mike Pompeo.*

### **Freshmen Democrats Want to Work with Republicans**

**Schlanger:** I could say more about the Bush funeral, but I won't, because it was so disgusting, the way it was portrayed.

But there was another development, very significant, Helga, along the lines that you had said the politics in the United States has to go: You

had said the Democrats are in a situation where, if they go with impeachment of Trump, they will increase the polarization and destroy both of the parties. Well, 46 of the newly elected Democrats don't want to go that way, but are instead interested in the possibility of working together with Republicans towards solving things. This letter from them was just sent out. This is an important step, don't you think?

**Zepp-LaRouche:** Oh, yes, absolutely. These are 46 of the 60 newly elected members of Congress who had said that, rather than wasting energies on impeachment against Trump, there must be a bilateral, above-party cooperation to solve real issues, like infrastructure, health care, job creation; that they demand that the Democratic leadership should take that up; and that they want to meet once a month with that leadership to pursue this direction.

So, I think that if there could be a cooperation between Trump and the Democrats, as Pelosi also had indicated she would be open to, then you could, in this crisis moment, actually get something done, and the U.S. situation could actually be moved in a different direction. That is what the Schiller Institute and also our colleagues in the United States from LaRouche PAC, are fully mobilized to make happen.

So, contact us, and work with us, because this is really a pregnant moment. We are in turmoil. There is not going to be the old order; there's going to be the danger of war and chaos unless we quickly move into a New Paradigm. And the chances for that are actually extraordinary. So, get onboard, work with us.

**Schlanger:** The three primary issues that these Democrats referred to [in their letter], are issues upon which they could work with Trump. One is better-paying jobs; second, infrastructure; and third, health care, lowering prescription drug prices and things of that sort.

So here we have a situation actually begging for the policy of the Four Laws of Lyndon LaRouche, and this could become the basis for a collaboration, just as the Four Power agreement would be the basis for a global New Bretton Woods.

On the New Bretton Woods, we continue to see more developments from China. President Xi Jinping has been travelling. After the G20 Summit in Buenos



Aires, Argentina, he flew to Panama City, Panama where he met with President Juan Carlos Varela; and then he was in Portugal for three days. There are all kinds of developments in Central America. Helga, this is what you've been talking about—the Silk Road Spirit catching on everywhere.

### Portugal, Slovakia Join New Silk Road

**Zepp-LaRouche:** I think it's very important that Portugal is the first European nation which has signed an official Memorandum of Understanding (MOU) with China to cooperate on the New Silk Road. Xi Jinping went there on his way back to China from the G20. Prime Minister Antonio Costa and Xi Jinping not only signed this cooperation agreement, but also 17 other MOUs to work together on trade, economic cooperation, and scientific cooperation.

But most importantly, the text of the agreement actually says that China and Portugal will work together on industrial development of Africa and of Latin America: This is exactly the kind of model that we in the Schiller Institute have promoted—to establish new cooperation, not just on a bilateral level, but in joint efforts to solve the urgent problems of areas of the world needing that kind of intervention, such as in many parts of the developing sector.

The dynamic of the Silk Road is continuing. Even

Slovakia is now catching up with the broad gauge of the Russian railway system. These systems are being built to go all the way to China. There is also the Silk Road corridor going from Yiwu, a big industrial center near the coast of China, all the way to Barcelona and Zaragoza in Spain; another branch is being planned to reach Lisbon, in Portugal.

So, I think the pure dynamic of this kind of cooperation is really on the march forward.

### France at a Crossroads

France has two ways it can go: There is the not-so-good example of the French Revolution. A very promising effort to establish a French republic, inspired by the creation of the United States, was taken over by the Jacobins and ended up with the horror of the guillotines and the Jacobin terror, leading to the Empire of Napoleon Bonaparte and the Napoleonic wars, which naturally led to a great disaster in Europe. So, it could go that way. That way was described by Friedrich Schiller: “A great moment had found a little people.”

Or, more hopefully, this French ferment could line up with the desire to cooperate in a New Paradigm to create a completely new system, very much in line with the American System of economy, as practiced

by the young American republic. Taking this path would find France working with Russia, China, the United States, developing Africa, developing the Middle East.

So, a crossroads: We will see more turmoil, the financial system could come down at any moment, and in that moment, really even before then, we have to have the Four Laws of Lyndon LaRouche; and we have to have a new credit system. Tall orders, but not out of the question were all of you to help us.

For a long time, we in the Schiller Institute have been presenting these ideas. Lyndon LaRouche’s ideas have affected many parts of the world and are working now in processes clearly inspired by his work. But now comes the crucial battle. So, don’t sit on the sidelines. Join the Schiller Institute and let’s do everything we can to move the world to a safer place.

**Schlanger:** The one beautiful characteristic of a great moment is that the average person can now play a role in changing the future. We need you, our viewers and readers, to rise up to the great challenge before us. Helga, thank you very much. We’ll see you next week.

**Zepp-LaRouche:** I hope so.

NEW RELEASE, **Volume II**

## The New Silk Road Becomes the World Land-Bridge:

### A Shared Future For Humanity

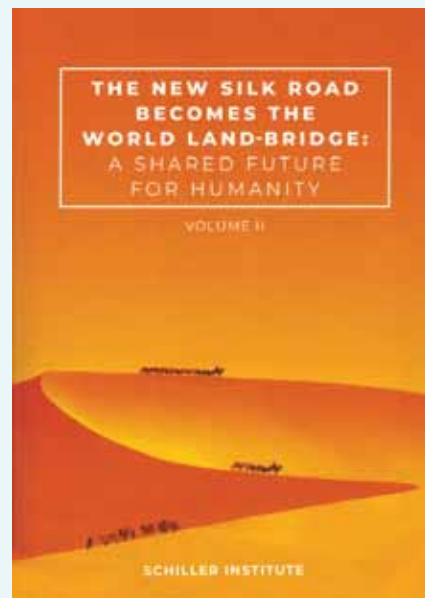
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## II. From the New World

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# America—An Unfinished Symphony

by Robert Ingraham

*The author extends his thanks to Fred Haight and Maureen McMichael for their contributions to this article, without which it would not have been possible.*

Dec. 10—The people of America are now crying out for something which will give their lives purpose, something which will define a pathway to a better and happier future. The signs of this are everywhere. The cultural cesspool of meaningless “escapism,” which has entrapped millions over the recent decades, is now under siege, as women and men, young and old, now seek, even demand, policies and ideas which will provide them with the opportunities for a more productive and meaningful life.

This is the clear lesson of both the 2016 and 2018 elections. The “letter” that has been delivered by the American people is unambiguous: “Stop destroying us.” But this is not a “negative” message. It is not a “protest.” It is a demand by citizens to be allowed to have a future. It is an unspoken insistence that America live up to its promise to be a nation “of the people, by the people and for the people.” This is a message of optimism, a determined commitment *that a better future, a more productive and happier life, is possible*, and what we have been witnessing is a willingness among growing numbers of Americans to fight for that future.

It is within the reality of this still unfolding potential that we present here a lesson—a vignette—from American history, one which has both parallels to, and a direct bearing on, the challenge we face today, and one



Cabinet portrait by John Collier

*Antonín Dvořák, in 1897.*

which, if carefully examined, will help illuminate the quality of political and cultural effort now required, if we are to be successful.

We shall look at a juxtaposition of two seemingly discrete, unrelated historical processes. These are the visit to America by the Czech composer Antonín Dvořák from 1892 to 1895 and the Presidency of William McKinley from 1897 to 1901. Thus, we are looking at a nine-year “slice” of America’s history, from 1892 to 1901. There are great lessons to be learned from doing this, and in many ways the current efforts of the Schiller Institute and the LaRouche Political Action Committee bear a striking resemblance to what was attempted at that time. Re-

quainting ourselves with those efforts will help to strengthen and improve our own efforts today.

### I. Dvořák in America

Antonín Leopold Dvořák, together with his family, arrived in America on September 27, 1892. They entered New York City only days before the launching of an extended celebration, honoring the 400th anniversary of Christopher Columbus’ discovery of what became known as the Americas. Beginning on October 10, for three days, Manhattan was the scene of continuous celebrations, parades, speeches and musical concerts. The center of events was Union Square, where Dvořák was temporarily residing in a hotel. Witnessing the ongoing festivities in the street below, he wrote a letter to his friend Karel Bastar:



Just imagine row after row [of marchers], an incredible procession of people working both in the fields of industry and the crafts, and huge numbers of gymnasts—among them members of the Czech Sokol—and crowds of people from the arts and also many nationalities and colors. And all of this went on uninterruptedly, from dawn until 2:00 in the morning. . . . Thousands upon thousands of people, and an ever-changing sight! And you should hear all the kinds of music! . . . Well, America seems to have demonstrated all it is and all it is capable of! I haven't got enough words to describe it all.

This was Dvořák's introduction to the "New World."

Dvořák came to America at the invitation of Jeanette Thurber, the founder of The National Conservatory of Music. Established in 1885, the Conservatory adopted a Mission Statement declaring its intention to operate at the highest European musical standards, to reach out to women, minorities and the handicapped, and to provide full scholarships to the poor, especially to the children and grandchildren of former slaves. By 1893, almost one third of the students at the Conservatory were African-American. Dvořák was to head the composition department of the Conservatory, and he was encouraged by Thurber to compose new music on American themes, particularly a symphony called "From the New World." Thurber also introduced Dvořák to an individual named Harry Burleigh.

The Conservatory was not merely a "school" or a local New York institution. In 1888, appealing to the U.S. Congress for federal funding, which was denied, Thurber argued,

America has, so far, done nothing in a national way either to promote the musical education of its people or to develop any musical genius they possess, and that in this, she stands alone among civilized nations of the world.

What was intended was nothing less than a national policy for the aesthetic education of the very diverse American citizenry.



*Façade of The National Conservatory of Music of America, 47-49 W. 25th St., New York City, December 31, 1904.*

### American Music

Writing later in life, Harry Burleigh recalled that when, in early 1893, he sang for Dvořák the Spiritual *Go Down Moses*, Dvořák immediately remarked, "Burleigh, that is as great as a Beethoven theme." Beginning as early as December 1892, Dvořák began working on various "American" themes for their incorporation into new musical compositions. During this time, from the very beginning of his stay in New York, Thurber arranged for Burleigh to sing the plantation spirituals several times a week for Dvořák.

Burleigh was the grandson of slaves, and it was through his maternal grandfather, as well as his mother, that he learned the plantation songs. Through his mother's employer, he was introduced to classical music, and by his early 20s he was already an accomplished classical singer. Accepted as a student at the National Conservatory,

at the age of 26, when he arrived in New York, he also joined the men and boys choir at the Free African Church of St. Philip's, a majority-black Episcopalian church, founded in 1809 and led for more than 30 years by the great African-American patriot and abolitionist Peter Williams, Jr.<sup>1</sup> Two other members of the



University of North Carolina Press

*The Reverend Peter Williams, Jr. (1786-1840).*

1. See "[Hail Columbia, Happy Land!](#)," by Robert Ingraham, *EIR*, Vol. 44, Nos. 42 and 43, Oct. 20 and 27, 2017.

Church choir also studied under Dvořák at the Conservatory, and the entire Church choir performed under the direction of Dvořák at an historic concert held in Madison Square Garden in 1894.

In 1941, speaking at a commemoration for the hundredth anniversary of Dvořák's birth, the 83-year-old Harry Burleigh, said:

It was Dvořák who taught me that the spirituals were meant not only for the colored people, but for people of all races, and every creed. In New York, I was with Dr. Dvořák almost constantly. He loved to hear me sing the old plantation melodies. His humility and religious feeling—his great love for common people of all lands—enabled him to sense the pure gold of plantation song. As an outsider . . . he honored this music with more authority than any American could, whether black or white. It was Dvořák who urged me to take these melodies to the world, to sing them alongside the great art songs of Schubert, Schumann, and Brahms. If I was the first to undertake this, it was Dvořák who instructed me to do so. . . . We will always remember him as a great musician, but also for his greatness as a human being who understood, in the songs of the plantation, proof of the Negro's spiritual ascendancy over oppression and humiliation, who understood the message ever manifest: that the eventual deliverance from all that hinders and oppresses the soul will come, and man—every man—will be free.

Consider that statement: "*the eventual deliverance from all that hinders and oppresses the soul will come, and man—every man—will be free.*" The spirituals which Burleigh sang, the themes Dvořák strove to incorporate in his new American music—yes, they conveyed the anguish and suffering of a people who have been oppressed, but their beauty, their essence is in the transcendence of their suffering. These are melodies



Harry T. Burleigh

not of stoic surrender but of liberation, and Dvořák saw in them the essence of the true *Idea of America*—a nation, constitutionally founded on a mission to develop an ever "more perfect union," where those who have been oppressed and denied hope, will see the beacon of a better future.

In his composition classes at the Conservatory, Dvořák instructed his students to compose new themes, many based on the spirituals. From these he would choose a handful that he considered suitable for "development." The students would then be instructed to incorporate the themes into an already existing Beethoven sonata, and to work on polyphony, key changes and modes to bring out the full potential of the themes.

As Burleigh states, elements of *Swing Low, Sweet Chariot* are to be found in the second theme of the first movement of the *New World Symphony*; the *Largo* movement of the same symphony was written after Dvořák had read the famine scene in Longfellow's *Hiawatha*; and other influences of the American Spirituals are apparent in all of the music Dvořák composed in America. But these finished compositions, as well as the work with his students, were not "technical" exercises. It was the *Soul of America* that Dvořák was investigating, and it was the ongoing creative mission of America that he sought to aid and propagate.

In early 1893, Dvořák stunned the American music world with his statement, as reported in the *New York Herald*, that "In the Negro melodies of America I discover all that is needed for a great and noble school of music." And in a May 21 interview with the same newspaper, Dvořák proclaimed,

I am now satisfied that the future music of this country must be based on what are called the Negro melodies. This must be the foundation of any serious and original school of composition to be developed in the United States. . . . These beautiful and varied themes are the product of the soil. They are American.

## Iowa, Chicago, and the Reaction

In June 1893, Dvořák, with his family, left Manhattan for an extended summer vacation at a Czech community in Spillville, Iowa. There, in a burst of creative energy, within an eight-week period, he completed the final revisions for his Symphony No. 9 (*From the New World*) and composed both his String Quartet in F (the “American”) and the String Quintet in E-flat.

In August, Dvořák traveled to Chicago to visit the World’s Columbian Exposition, a world’s fair organized to celebrate the 400th anniversary of Columbus’ arrival in the New World. While there, he conducted a performance of his Eighth Symphony and supervised the first public performance of his “American” String Quartet. Between May 1 and November 1, more than 27 million visitors attended the Columbian Exposition.

None of what Dvořák was attempting took place within a political or cultural vacuum. The Chicago Exposition itself was the scene of a sharp intervention by African-American leaders. A boycott of the fair was organized to protest the exclusion of African-American exhibits. An 81-page booklet, authored by Ida Wells, Frederick Douglass, and others was produced and distributed both at the fair and throughout the nation. Titled “The Reason Why the Colored American Is Not in the World’s Columbian Exposition,” the pamphlet also took up the issue of the dramatic increase of lynchings, both in the South and elsewhere in the country.

At the same time, a vicious attack was organized against Dvořák, escalating dramatically after the December 16, 1893 premier of his New World Symphony at Carnegie Hall. Out of Boston, an eighth-generation Boston “blue blood” and music critic for the *Boston Herald*, Phillip Hale, took the point in spear-heading the assault on Dvořák and his theories concerning “Negro” music.

This attack became a trans-Atlantic onslaught, one in which Dvořák’s friend and champion Johannes Brahms was also targeted. Composers from both Europe and America, including Anton Bruckner, were recruited to attack Dvořák, as was the Dean of Harvard’s music faculty, and many other “musical authorities.” Typical of these attacks was the statement by the composer John Knowles Paine, who wrote, “In my estimation, it is a preposterous idea to say that in the future, American music will rest upon such an alien foundation as the melodies of a yet largely undeveloped race,” as well as the statement by the composer George Chadwick, who stated, “Such negro melodies as I have

heard I should be sorry to see become the basis of an American school of musical composition.”

The Boston “music critic” William Apthorp wrote, “The great bane of the present Slavic and Scandinavian schools is, and has been, the attempt to make civilized music by civilized methods, out of essentially barbaric material. Our American Negro music has every element of barbarism to be found in Slavic and Scandinavian folk music, it is essentially barbarous music.” And Phillip Hale chimed in, calling Dvořák “an uncultured Czech in America . . . stupefied by the din and hustle of a new life.”

This battle raged through 1894 and 1895; yet, to appreciate what was actually going on, it is critical to take the controversy out of the realm of “music theory” and place it in its precise historical context. All of the events described above took place in the months leading up to the infamous 1896 Supreme Court *Plessy v. Ferguson* decision, a decision which reversed, as national policy, all of the victories for human freedom and progress won by Abraham Lincoln, Ulysses Grant, and the sacrifice and blood of hundreds of thousands of Union soldiers, by justifying racial segregation. It was the *New Birth of Freedom*, as defined by Lincoln at Gettysburg in 1863, which was the intended target of this oligarchical attack.

Undeterred, Dvořák continued his work with the National Conservatory, as well as his compositional efforts, including his Cello Concerto in B minor, Op. 104b, and his now little-performed *American Suite* in A major, Op. 98b. In April 1895, he left the United States and returned to his home in Europe. Shortly before leaving, he wrote and published a “Farewell to America” in *Harper’s Magazine*, in which he states:

It matters little whether the common inspiration . . . is derived from the Negro melodies, the songs of the Creoles, the red man’s chant, or the plaintive ditties of the homesick German or Norwegian; the germs of the best in music lie hidden among all the races that are commingled in this great country . . . [but] the most potent as well as beautiful among them are certain of the . . . plantation melodies and slave songs. I, for one, am delighted by them. When music has been established as one of the reigning arts of the land, another wreath of fame and glory will be added to the country which earned the name “Land of Freedom” by unshackling her slaves at the price of her own blood.

## II. McKinley

Eighteen months after Dvořák's departure from New York, William McKinley was elected President of the United States. McKinley is the unsung giant of American history. Washington, Hamilton, Lincoln, Franklin Roosevelt are names known by all, while McKinley languishes in near obscurity. Yet, his eternal place belongs shoulder-to-shoulder with these others. Between 1877 and 1933, it was McKinley who towered over everyone as the champion of the *Idea of America* and the great defender of the victories achieved by Lincoln and Grant between 1861 and 1877.

Consider the eulogies which McKinley delivered for Ulysses Grant on April 27, 1893, and Abraham Lincoln on February 12, 1895, the latter while Dvořák was still in New York. In the Eulogy for Lincoln, McKinley said:

Washington enforced the Declaration of Independence as against England; Lincoln proclaimed its fulfillment not only to a downtrodden race in America, but to all people for all time who may seek the protection of our flag. These illustrious men achieved grander results for mankind within a single century, from 1775 to 1865, than any other men ever accomplished in all the years since first the flight of time began. . . .

While in the Eulogy for Grant he stated:

Lincoln proclaimed liberty to four million slaves, and upon his act invited "the considerate judgment of mankind and the gracious favor of Almighty God." He has received the warm approval of the one, and I am sure he is enjoying the generous benediction of the other. . . . Grant

gave irresistible power and efficacy to the Proclamation of Liberty. The iron shackles which Lincoln declared should be loosed from the limbs and souls of the black slaves, Grant with his matchless army melted and destroyed in the burning glories of the war; and the rebels read the inspired decree in the flashing guns of his artillery, and they knew what Lincoln had decreed Grant would execute. . . . Grant believed in

the brotherhood of man—in the political equality of all men—he had secured that with his sword, and was prompt to recognize it in all places and everywhere. . . . We are not a Nation of hero worshippers. We are a Nation of generous freemen. We bow in affectionate reverence and with most grateful hearts to these immortal names, Washington, Lincoln, and Grant, and will guard with sleepless vigilance their mighty work and cherish their memories evermore.

Decades earlier, in 1867, the young McKinley delivered his first public speech. It was titled "On Black Equality." Therein, he says:

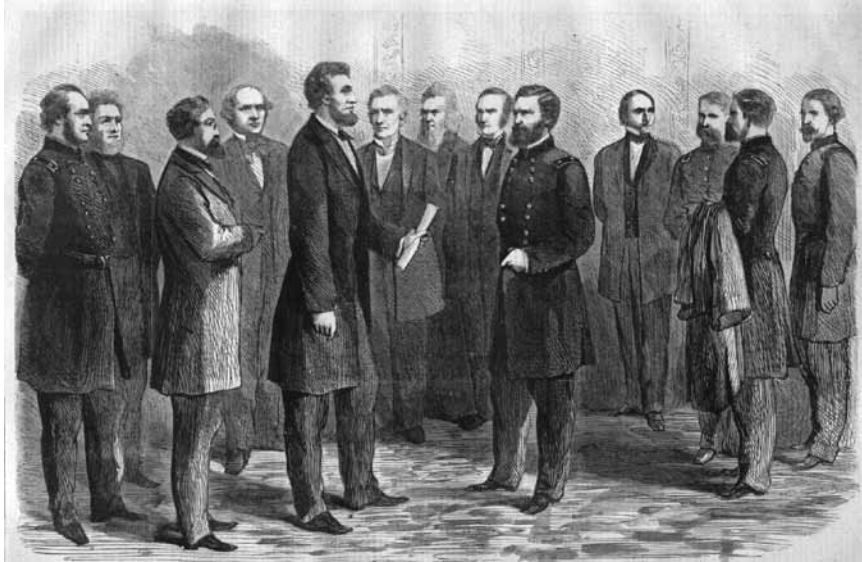
I speak for my comrades of the Grand Army of the Republic—the settlements of that war must stand as the irreversible judgment of battle and the inflexible decree of a Nation of free men. They must not be misinterpreted, they must not be nullified, they must not be weakened or shorn of their force under any pretext whatsoever. . . . It must not be equality and justice in the written law only. It must be equality and justice in the law's administration everywhere, and alike administered in every part of the Republic to every citizen thereof. It must not be the cold formality



Library of Congress

*President William McKinley delivering his inaugural address in Washington, DC on March 4, 1897.*





Harpers Weekly

Major General Ulysses S. Grant receiving his commission as Lieutenant General of the U.S. Army from President Lincoln on March 10, 1864.

of constitutional enactment. It must be a living birthright. . . .

Our black allies must neither be forsaken nor deserted. I weigh my words. This is the great question not only of the present, but is the great question of the future; and this question will never be settled until it is settled upon principles of justice, recognizing the sanctity of the Constitution of the United States.

### A Beacon of Hope

Following 1877, the great victory for humanity that had been secured by Lincoln and Grant, was reversed, step by step, such that by the 1890s every southern state had repudiated its “Reconstruction government,” removed its African-American elected officials and returned to *de facto* Confederate rule. This is best epitomized in the 1890 statement by Benjamin Tillman, newly elected Governor of South Carolina: “The triumph of Democracy and white supremacy over mongrelism and anarchy is most complete.”

In the 24 years from 1877 to 1901, it was McKinley, more than any other national political leader, who fought this reactionary tide. In the South, the Republican Party split between the “Black-and-Tan” Republicans, dedicated to continuing the work of Reconstruction, and the “Lily White” Republicans who demanded acquiescence in the Jim Crow laws. McKinley vigor-

ously backed the Black-and-Tans, and their support for him was critical in securing the 1896 Republican Party Presidential nomination.

In his first action as President, the delivery of his March, 1897 Inaugural Address, McKinley denounced the practice of “lynching,” the very issue brought to the 1893 Chicago Exposition by Ida Wells and Frederick Douglass, and as President he acted aggressively to secure government positions for many of the former African-American Congressmen and elected officials who had lost their offices with the reimposition of Confederate rule in the South.

This fight continued through McKinley’s years as President. The 1892 Chicago Exposition battle over

black equality was revisited at the 1901 Buffalo Pan-American Exposition in 1901. At the 1901 Exposition, there were two exhibits portraying blacks in America. One was on the theme of the “Old Plantation,” showing stereotyped, docile slaves; the other was an exhibit created by W.E.B. Dubois, celebrating African-American contributions to science, and the improvement of America.

For McKinley, as in the case of Lincoln, Grant and Dvořák—as well as what we see later in Martin Luther King—none of this was simply about “civil rights” for one section of the population. The fight was one of fulfilling the promise of America for all of humanity, the *Idea of America*, intended to liberate all peoples from the bestial oppression of oligarchical rule.

A clear expression of this intention is seen in the speech delivered by McKinley at the Pan-American exposition on September 5, 1901—his final speech. He says:

Gentlemen, let us ever remember that our interest is in concord, not conflict, and that our real eminence rests in the victories of peace, not those of war. We hope that all who are represented here may be moved to higher and nobler effort for their own and the world’s good, and that out of this city may come not only greater commerce and trade for us all, but, more essen-



Library of Congress

President McKinley, a Civil War veteran, speaking at the 40th anniversary of the Lincoln-Douglas debate in Galesburg, Illinois, October 1898.

tial than these, relations of mutual respect, confidence, and friendship, which will deepen and endure. Our earnest prayer is that God will graciously vouchsafe prosperity, happiness, and peace to all our neighbors and like blessings to all the peoples and powers of earth.

McKinley was assassinated the very next day.

### America's Mission

When the 1888 Presidential election resulted in the ascension of the Democrat Grover Cleveland to the White House, McKinley responded with a statement:

The Democratic victory has established beyond dispute or controversy the partnership between the Democratic free-trade leaders of the United States and the statesmen and ruling classes of Great Britain. It is a powerful alliance—a resolute and aggressive combination. If you have any doubt of it, I beg you will read the English press and the Democratic press of the United States just before and since the elections, and you will be convinced that they are fighting in the same unpatriotic cause, engaged in the same crusade against our industries. They rejoice to-

gether over the same victory. Theirs is a joint warfare against American labor and American wages, a plot against the industrial life of the Nation, a blow at the American Commonwealth.

McKinley, like Grant and Lincoln, knew that the British Empire was America's mortal enemy, and that the policies and axioms of that empire represented a view of humanity violently opposed to the principles which framed the Declaration of Independence and the U.S. Constitution. Today's revisionist historians accuse McKinley himself of being an imperialist, of creating an American Empire with the Spanish-American War. It is important here to set that record straight.

A Spanish colony, Cuba did not abolish slavery until 1886, and afterwards, the 400,000-plus "freed" slaves, as well as 100,000 indentured Chinese laborers, continued to be held in *de facto* bondage. Policies of the ruling government were brutal toward both the former slaves as well as the rest of the population. A revolt against Spanish rule had taken place from 1868 to 1875, and in 1895 another uprising began. The island quickly descended into chaos. Demands for U.S. intervention began immediately. In February 1896, the U.S. Senate passed a resolution recognizing the Cuban revolt and declaring a state of war with Spain. Although this was a non-binding resolution, the fuse for war had been lit. On the day of McKinley's inauguration, in March 1897, outgoing President Cleveland told him that he was leaving him a war with Spain.

In his December 1897 State of Union message, President McKinley was explicit that the carnage in Cuba was entirely the result of Spanish rule. He stated:

The cruel policy of concentration was initiated February 16, 1896. The productive districts controlled by the Spanish armies were depopulated. The agricultural inhabitants were herded in and about the garrison towns, their lands laid waste and their dwellings destroyed. This policy the late cabinet of Spain justified as a necessary measure of war and as a means of cutting off supplies from the insurgents. It has utterly failed

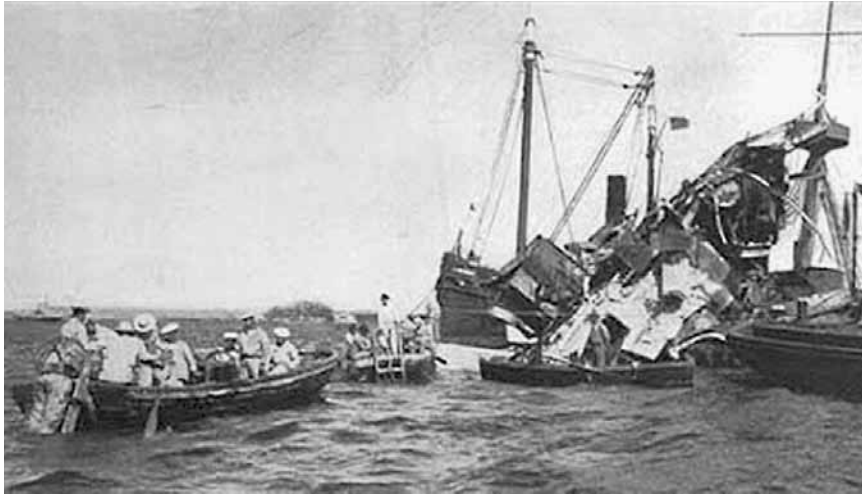


Photo by UIG/Buyenlarge

*The wreck of the USS Maine after exploding in Havana Harbor, Cuba on Feb. 15, 1898.*

as a war measure. It was not civilized warfare. It was extermination.<sup>2</sup>

Despite his moral sympathy with the Cuban rebels, McKinley resisted intense pressure from Congress, the news media, and from within his own administration to go to war with Spain during his first year in office. He launched an intensive diplomatic effort to persuade Spain to give up Cuba, so that an independent government could be established. Even at the point of the sinking of the *USS Maine* in February 1898, McKinley resisted the war cries and attempted to force a political solution. Yet, much like Donald Trump today, he was surrounded by adherents of the Anglo-American establishment who were demanding war.

William Randolph Hearst's *New York Journal* and Joseph Pulitzer's *New York Herald* howled for war, and after the *USS Maine* exploded in Havana harbor, the



*Romantic painting of Col. Theodore Roosevelt leading his Rough Riders in the battle of San Juan Hill, near Santiago de Cuba, on July 1, 1898.*

most friendly character and our commercial relations close and reciprocal. It should be our duty to assist in every proper way to build up the waste places of the island, encourage the industry of the people, and assist them to form a government which shall be free and independent, thus realizing the best aspirations of the Cuban people.

Spanish rule must be replaced by a just, benevolent, and humane government, created by the people of Cuba, capable of performing all in-

*New York Journal* issued a one-million-run "special edition" demanding war.

Within his own administration, McKinley had to contend with the likes of Teddy Roosevelt and other Anglophile imperialists. Roosevelt, then the Undersecretary of the Navy, used the opportunity of the absence of Secretary of the Navy John D. Long, to personally order a full-scale alert in the Pacific, preparing Adm. George Dewey for the attack on the Philippines.

On April 19, 1898, the United States declared war on Spain. Yet, McKinley made very clear to the American people, and to the rest of the world, the true war aims motivating America. In giving his consent to the Declaration of War, McKinley stated:

As soon as we are in possession of Cuba and have pacified the island it will be necessary to give aid and direction to its people to form a government for themselves. This should be undertaken at the earliest moment consistent with safety and assured success. It is important that our relations with this people shall be of the

2. This policy of extermination warfare would be repeated by the British Empire in the Anglo-Boer War of 1899-1902.



*President McKinley speaking before 50,000 people at the Pan-American Exposition on Sept. 5, 1901. He was assassinated the next day.*

ternational obligations, and which shall encourage thrift, industry, and prosperity and promote peace and good will among all of the inhabitants, whatever may have been their relations in the past.

### **III. Principles Must Always Lead**

To continue, for another moment, with William McKinley: On July 4, 1891, he delivered a speech in Woodstock, Connecticut. On that occasion, he stated:

It is a common thing to say, but a good thing to say, because it is true, that we have the best Government in the world. It represents the best thought and the best civilization; aye, more—it represents the hope and future of mankind; and yet it has never been as good as its principles. It was not so from the beginning, and it is not now. . . . Our principles are always better than our practices. This is true of individuals as well as nations. . . . Principles must always lead; they are the advance guard of right thought and action. . . . The founders of this Republic *declared* better than they *did*. . . . The Declaration of Independence, which sounded the voice of liberty to all mankind, was in advance of the thought of the great body of the people. . . . It took a hundred years of National life and National thought and

earnest agitation, and at last wasting war, to place this Government where the Declaration of Independence anchored it. . . .

There must, I repeat, be a remedy for every wrong, a road somewhere and somehow to be found, which leads to righteousness. We can only pursue the right as it appears to us; the rest we can leave to others, and the ultimate victory may be nearer than we think. When Lincoln entered upon the execution of his great office in the turbulent year of 1861, he had not formulated the immortal Proclamation of Emancipation. When Grant started upon his final campaign against Lee, in front of Richmond, he had not thought of that famous letter [of terms of surrender]. . . . Every great historical event in the world's progress has had its preceding steps.

Those who guided and directed could not always foresee with precision the outcome and the end; they only knew what seemed right and true to them, and so, pursuing the right and the truth, mighty epochs have been marked in the world's history, and mighty results achieved for mankind.

Thus, America—and the living Principle that is America—is an ongoing composition, one in which each new generation must take up the pen to continue its composition—never complete, but ever more perfect, always striving to fulfill past promises. This is what Dvořák saw in the essence and the potential of America, and this is what he sought to enrich and further with his efforts. This, too, is the commitment to which McKinley always remained loyal.

Today, that pledge is seen explicitly in Lyndon LaRouche's Manhattan Project and Helga LaRouche's Schiller Institute—to better the human soul, to improve our hearts, and in so doing, to ennoble each of us to act, to once and for all eliminate the still-present vestiges of British imperial financial rule. Our task is to accept the mission of Lincoln, Grant and McKinley, to learn the lesson of Dvořák's work with the National Conservatory and to awaken in the hearts of our fellow citizens a yearning for a human, productive and creative future.



# López Obrador Takes Office, Promises To Bring About the Rebirth of Mexico

by Gretchen Small

Dec. 6 (EIRNS)—Sworn in on December 1 in the midst of great national excitement, in his inaugural address of over an hour, President Andrés Manuel López Obrador laid out his plans to end thirty years of neoliberal looting of the country, so as to bring about “the rebirth of Mexico.”

His inauguration opens a great moment of opportunity for Mexico and all the Americas. López Obrador was elected, like Donald Trump in the United States and the Conte government in Italy, as part of an international wave of rebellion against the putrid old order crushing the trans-Atlantic world. Under that order, proud Mexico has been stripped of its productive capabilities and taken over, in large part, by the international financiers’ drug cartels, reduced to a nation exporting its people because they cannot survive at home.

AMLO, as the new President is often known, faces a huge fight against hostile international financial interests, to be able to fulfill his promise to retake the country for its citizens—much like his American counterpart, Donald Trump. López Obrador made clear in his inaugural speech that he is acutely aware of his enormous responsibility, citing a young man who told him, on his way to his inauguration: “You have no right to fail us.”

AMLO spoke courageously of how he will work with Mexico’s Army and Navy, which have a tradition of standing by the people, to protect defenseless citizens. And he told tens of thousands of supporters that evening, “There can be no divorce between the people and the government. I need you, because, as [President Benito] Juárez said, ‘with the people everything, without the people, nothing.’ . . . Without you, the conservatives will easily triumph over me.”

But Mexico’s crisis was caused by the dying international system, and its crisis cannot be solved solely within its own borders. To succeed, López Obrador will require a global New Bretton Woods system to be es-



*Andrés López Obrador giving his inaugural address in Mexico City on Dec. 1, 2018.*

[lopezobrador.org.mx](http://lopezobrador.org.mx)

tablished, providing credit for a giant expansion of the New Silk Road which has already begun transforming the globe. His relationship with U.S. President Donald Trump will be decisive in this regard. As López Obrador wrote to President Trump on July 12, “both of us know how to keep our word and we have successfully faced adversity. We have placed our voters and citizens at the center and displaced the establishment.”

The Mexican LaRouche Citizens Movement (MOCILA) addressed that necessity and Mexico’s role in bringing that about in an “Open Letter to López Obrador,” which it has circulated since mid-September to the country’s Congress, productive layers, policy makers, leading people on AMLO’s team, and the new President himself.

Titled, “China-Mexico-U.S. Economic Cooperation: How to Forge a Global New Paradigm and Rebuild the Nation,” MOCILA’s Open Letter elaborates the strategy and physical economic science of U.S. statesman Lyndon LaRouche, who decades ago had identified

the special world-historical role which Mexico should play in bringing a new economic order into being. Mexican President José López Portillo understood LaRouche and fought fiercely for that strategy in his 1976-1982 presidency.

Today, the MOCILA letter proposes,

Mexico has the historic opportunity to not only join the New Silk Road, but to use its special geographic and historical proximity to the United States to help integrate that country as well with the New Paradigm, through the proposal of triangular cooperation among China, Mexico and the United States to carry out great development projects for all of Ibero-America and the Caribbean.

Such an alliance of the U.S. and China (along with other powers such as Russia, India and other nations) is the only combination of forces capable of permanently defeating Wall Street and the City of London (the British Empire) and building a New Paradigm of universal development and respect for national sovereignty.

### Facing the National Calamity

López Obrador gave two speeches on inauguration day. The first was delivered before the Mexican Congress and international guests, and was broadcast live to tens of thousands of citizens gathered in Mexico City's giant Zócalo Plaza; the second he gave later in the day, face-to-face with the crowd at the Zócalo.

In his address to Congress, he framed his program of government as carrying out "the fourth political transformation of Mexico," which, he said, requires ending corruption as the number-one task, to bring about change as radical as Independence (1810), Benito Juárez's reforms (1858-1864), and the Mexican Revolution (1910-1920).



*Open Letter to López Obrador from LaRouche's associates in Mexico.*

He identified the center of that corruption as the transformation of the Mexican government after 1982 from the post-Mexican Revolution responsibility of the State to direct the economy to serve the common good, into a neoliberal system of robbing the national patrimony on behalf of an elite minority, national and foreign.

The privatizations of national companies carried out under neoliberalism were synonymous with corruption, and totally inefficient, López Obrador charged. He detailed the disaster of his predecessor's energy "reform," which partially privatized the state oil and electrical companies. Mexicans were told it would save the country, bringing in huge investments

to increase oil production to three million barrels a day. Four years later, only 0.7% of the promised foreign investment has come in, and oil production has fallen to 41% of that promised level, 1.7 million barrels a day, with the trend pointing towards a further drop. No new refinery has been built in 40 years.

Before neoliberalism, he told the nation, we produced and were self-sufficient in gasoline, diesel, gas, electricity. Now we buy more than half of what we consume of these products, he said. Mexico has not only become the greatest importer of gasoline of any oil producing country in the world, but it is now importing crude oil to supply the six refineries which have barely



*The Francisco I. Madero Refinery, owned and operated by Pemex, Ciudad Madero Tamaulipas, Mexico, August, 2017.*



cc/Alexander H.M. Cascone

*A new freight railway across the Isthmus of Tehuantepec will connect the port of Salinas Cruz (shown here) on the Pacific, with the port of Coatzacoalcos on the Gulf of Mexico.*

managed to survive.

Likewise, Mexico, the country where corn originated, is now the greatest corn-importing country in the world.

He went on: the neoliberal system has been “a disaster, a calamity for the public life of the country.” It has resulted in a tremendous concentration of income in a few hands, while “the majority of the population has been impoverished to the point of being driven to make their living in the informal sector, migrate massively out of the national territory, or take the path of antisocial behavior”—a euphemism for drugs and other crimes.

In the neoliberal period, the purchasing power of the minimum wage in Mexico fell by 60%; Mexican wages became one of the lowest in the world. Lawfully, Mexico has become the second largest source of migrants in the world; 24 million Mexicans now live and work in the United States, he pointed out.

## What Is To Be Done?

López Obrador proposed to his fellow citizens that the most severe and efficient means to end corruption, is “to do everything we can to abolish the neoliberal system and to subject its representatives to trial or summary judgment.”

How to replace the neoliberal system, is where the problems and difficulties enter.

López Obrador committed his government to take actions to reverse poverty, so that “those who are born poor are not condemned to die poor,” and so that millions of Mexican youth no longer fall into the category of “neither-nor’s,” youth who neither study nor have jobs. For the latter, he spoke of ensuring adequate wages for 2.3 million youth who shall be hired as apprentices, of offering ten million scholarships for all levels of school-

ing, and building 100 public universities.

He called for building projects from the south to the north of the country as the way to make “migration optional, not obligatory.” Two of those he specified for southern Mexico are critical for overall national development: building a new oil refinery in state of Tabasco and constructing a freight rail line across the Isthmus of Tehuantepec, connecting the port of Salinas Cruz on the Pacific, with the port of Coatzacoalcos on the Gulf of Mexico.

The Tabasco refinery, combined with the repair and upgrading of Mexico’s six existing refineries and government investment in oil production, can make Mexico self-sufficient in oil and gasoline again, he said. The Tehu-

antepec railway and expansion of the two ports it connects, will serve to connect the countries of Asia with the East Coast of the United States in less time, he said, and around it will be a corridor where lower electricity and gas prices and tax subsidies will be offered for industries and job creation.

Although he did not spell it out, the long-proposed Tehuantepec railroad today is a key project for Mexico’s participation in the global Belt and Road Initiative.

How exactly his proposal to turn a 25-kilometer wide swath along Mexico’s nearly 2,000-mile northern border with the United States into the world’s largest free-trade zone, with lower energy prices, value-added and income taxes, and a higher minimum wage, will work, however, remains to be seen. So far, discussion has focused on enticing investment into building more of the low-wage



*A typical low-wage duty- and tariff-free factory (maquila) in Mexico.*



assembly plants (*maquiladoras*) made notorious under the North American Free Trade Agreement (NAFTA).

### Extraordinary Opportunity for the Americas

The new President's priorities are clear. "It is not permissible ... to defend the State's power to rescue bankrupt financial institutions and consider it a burden when promoting the well-being of the neediest is sought," he told the nation. However, in order to succeed, López Obrador will have to broaden his approach.

In September, the President-elect warned supporters that the country is "bankrupt." Yet he insisted in his inaugural speech, as he had throughout the electoral campaign, that everything he intends to accomplish can be paid for out of the money saved by ending corruption, cutting the salaries of high-level bureaucrats, selling off the Presidential plane, etc. He promised to not take on any new debt, to spend only what the government has in its coffers, and to not touch the "autonomy" of the banker-run Banco de Mexico, Mexico's equivalent of the U.S. Federal Reserve. That would leave his government without control over the financial system, which is owned by the very foreign banks which survive by laundering the profits of the international drug cartels which are killing Mexico (among other nations).

Were he to adhere to the spirit of those two promises, López Obrador's plan for national renewal would not succeed. But under a national credit system, and in cooperation with the United States, China, and others for a New Bretton Woods international credit system, it will succeed.

López Obrador made it clear in his inaugural speech that he hopes to work closely with the U.S. President to tackle the enormous problems both nations face. He emphasized that since his election in June, he has been treated with nothing but respect by President Donald Trump. His Foreign Minister Marcelo Ebrard immediately flew to Washington, D.C. to meet with Secretary of State Mike Pompeo; both officials tweeted their satisfaction with the meetings.

Immediately on the agenda, is a regional development plan to resolve the migration crisis. On Dec. 1 in Mexico City, the heads of state of the three so-called Northern Triangle nations of Central America—El Salvador, Honduras, and Guatemala—together with López Obrador, signed a Plan for the Comprehensive Development of Central America, which had been drawn up at a Nov. 23 meeting of these nations' foreign ministers in Guatemala, to address the causes of and solutions to the wrenching poverty and drug-related violence that



U.S. State Dept.

*U.S. Secretary of State Mike Pompeo (right) with Mexico's incoming Secretary of Foreign Affairs Marcelo Ebrard.*

afflicts the region and causes people to emigrate.

From its side, the U.S. is proposing a plan called "Remain in Mexico," which calls for those seeking asylum in the United States from Central America, to remain in Mexico while their claims are processed, and to be offered employment vital to their being able to remain and live in Mexico. While associations of owners of low-wage *maquiladora* assembly plants have publicly spoken of 100,000 available jobs, the "Remain in Mexico" plan also involves serious infrastructure projects as well, including railroad corridors and particularly the new rail line across the Isthmus of Tehuantepec.

AMLO's government wants the United States to invest in its success, and Ebrard at a press conference has named a figure of \$20 billion over six years from the United States, with Mexico investing as well. Ebrard called it a Marshall Plan for Central America.

Many say that \$20 billion is completely "unrealistic," being much more than current American development and security aid combined. But that is false. The U.S. BUILD Act of 2018 alone authorizes the newly created U.S. International Development Finance Corporation (USIDFC), which supersedes the USAID Bank, to issue Treasury-guaranteed bonds for up to three times that amount, precisely for projects in the developing countries. The North American Development Bank, headquartered in San Antonio, Texas, could also be expanded by legislation or by cooperation with the U.S. Agency for International Development (USAID). The credit can be created and provided.

This is an extraordinary opportunity for the United States to create progress and end violence in the region, and to help its own capital goods industry.



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## III. Another Angle on LaRouche's Science

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JUNE 18, 1980

# The Meaning of World-Market Parity Prices for Food

by Lyndon Hermyle LaRouche, Jr.

*Issued by LaRouche as a 1980 Presidential Candidate in the Democratic Party, and published by Citizens for LaRouche, New York, N.Y.*

Many Americans have been subjected to the myth which falsely asserts that cheap labor means lower unit-costs of production. We explore that myth here for the case of agricultural production.

Once we recognize that the net-profit component of true parity values for agricultural products is the margin of investment on which technological improvements in unit-cost of production depend, we begin to comprehend the fact that such net profits are not an amount in excess of the "true cost" of production.

If we are to maintain an adequate supply of food at stable prices, not only must the total investment in agricultural production increase, the average capital investment per acre will also be increased. It is investment in agricultural improvements per acre, including land improvements, equipment and ratio of energy-consumption per acre my agricultural production, which is key to reductions in the unit-costs in agricultural output.

Since the improvement of marginal land is more costly than maintenance of prime land, the tendency is for agricultural costs and prices to rise, unless costs are kept down by increased efficiencies of the sort which can be realized only through capital-intensive, energy-consuming forms of technological improvements. Therefore, a certain rate of net profit on agricultural products is required even simply to maintain the volumes and productivity of production.

If we, then, examine what appears to be cheap food production in other nations from this same standpoint,

we immediately note the following fact. What rate of net profit do those countries require to bring their productivities up to U.S. standards over periods ranging from ten to fifty years (according to the relative backwardness of each such economy)? This calculation proves that the required amount of unit net profit for food production in those countries brings the true cost of that food production up to approximately U.S. parity-values!

This proof of parity-values for world food production also applies in the same way to all basic categories of commodities in the world market. The mathematical proof of this fact was developed by a joint product of the Fusion Energy Foundation (FEF) and the once-a-week *Executive Intelligence Review*.

### The ABCs of Productivity

The basic, first measure of *productivity* is the average number of hours of productive labor to produce a fixed quantity of *tangible output* of goods of *competitive quality*.

If nations and firms of differing productivities for production of the same products are anticipated statistically, it is proven that *productivity increases in direct proportion in the amount of true depreciation of invested productive capital per average working-year of productive labor*—exactly as Treasury Secretary Alexander Hamilton proved in his 1791 Report to the Congress *On the Subject of Manufactures*.

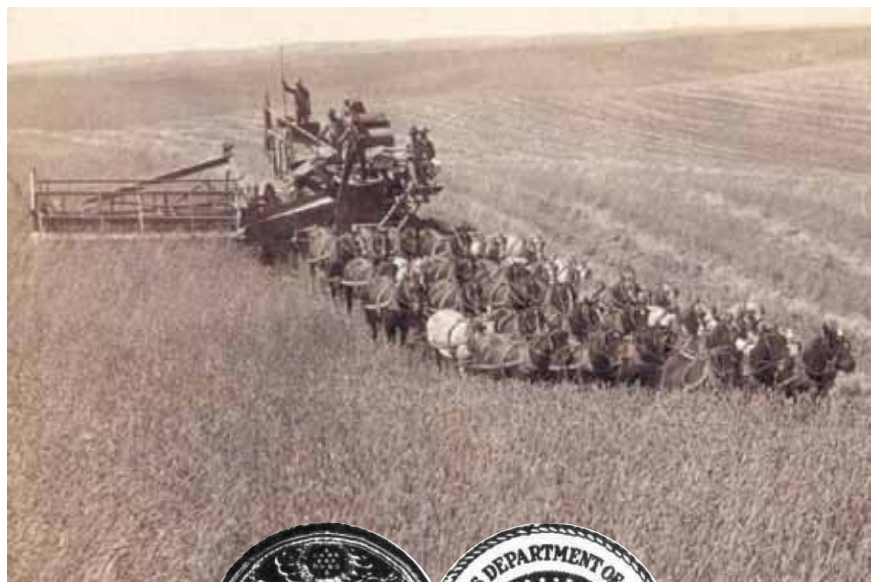
This does not mean that we can use the figures for depreciation reported by currently prevailing standard tax-accounting practice. Current tax-accounting practice grossly understates the *true current replacement-*

cost of productive capital being depreciated. We must use the price of the quality of capital goods which are *the competitive, improved substitute* for the capital goods being used up. The total depreciation (or amortization or depletion) allowed must total to an amount adequate to buy the up-to-date substitute for the kind of machine-tool or other productive capital being used up.

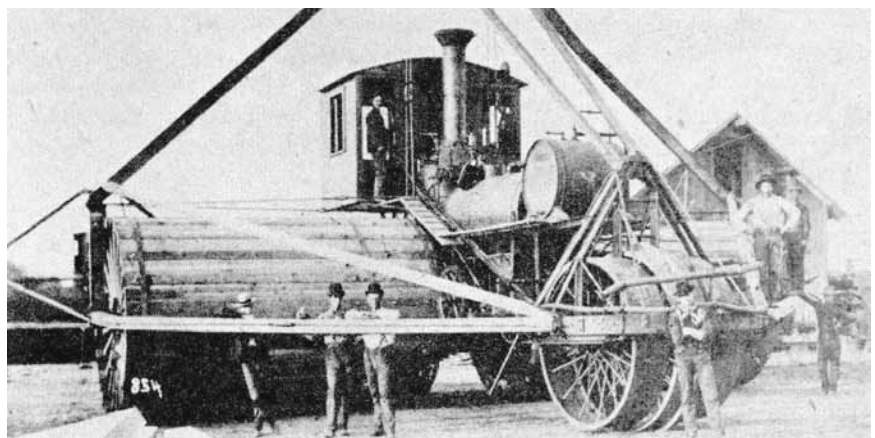
If we use the misleading, undervalued estimates of depreciation, amortization and depletion allowed by present, misguided tax-accounting practices, we do show that productivity correlates with levels of depreciation. However, those understated values for depreciation (and amortization and depletion) mean giving wrong direction to both investor's and government's policymaking in connection with both capital-replacement policies and tax policies. If we use correct figures for rates of depreciation, the proof that productivity correlates with depreciation not only proves the fact of the matter, but guides us to proper investment and tax-incentive policies.

Depreciation corresponds to the level of investment in what Alexander Hamilton terms "artificial labor." "Artificial labor" means those machines and other devices which supplement human muscle-power with the useful application of the energy produced by hydroelectric, steam, and other production of power for industry and farms. The greater the ratio of such energy in the form of "artificial labor" to human muscle-power, the greater the productivity of labor, and the better the possible quality of the product being produced.

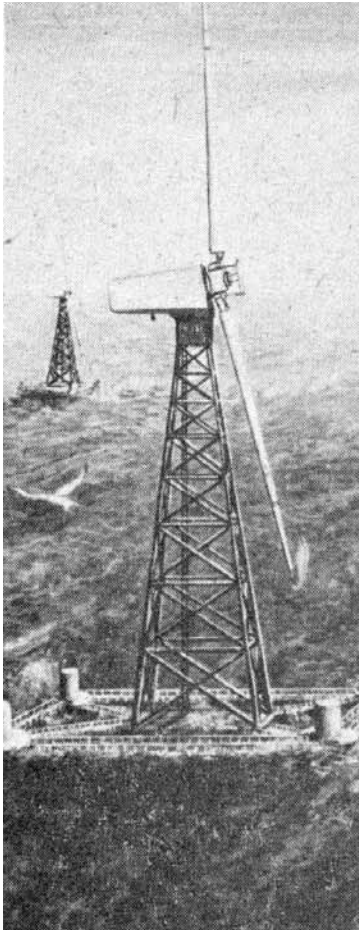
So, as computer analysis proves conclusively, the levels of true depreciation of an economy, a section of industry, and particular enterprises,



The Agriculture Department, established by President Abraham Lincoln on May 15, 1862, has traditionally promoted high-technology agriculture as "the foundation of manufacture and commerce." Above, top: A team of 33 horses cutting, threshing, and sacking wheat in Walla Walla, Wash., 1902. Below: A 41-ton tractor with wood-covered drive wheels, built in 1900 by the Best Manufacturing Co.



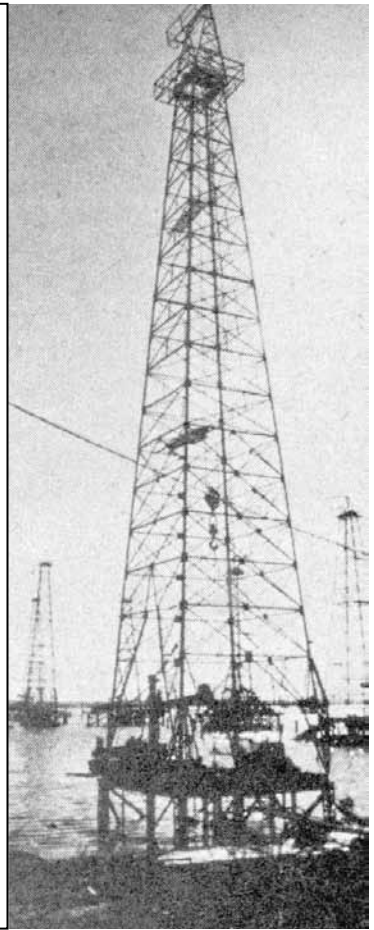
Courtesy Caterpillar Tractor Co.



Energy Flux Density	
Energy source	Power density (kilowatts/meter <sup>2</sup> )
Solar—biomass	0.0001
Solar—earth surface	0.2
Solar—near solar orbit (5 million miles)	1,400
Fossil	10,000
Solar at sun surface	20,000
Fission	70,000
Fusion (early commercial)	70,000
Fusion (theoretical limit)	trillions of megawatts

Comparison of Delivered Electric Power			
	Total energy costs (mills/kw-hr)	Total energy price (mills/kw-hr)	Capital investment (billions of \$)
Oil	25.1	45.7	0.94
Coal	24.2	31.7	0.97
Coal gas	41.7	55.7	1.67
Light water reactor	27.8	28.5	1.16
Liquid metal fast breeder	33.7	33.9	1.43
Fusion	45.2	45.2	1.92
Solar collectors	490.0	490.0	20.9
Solar cells	680.0	680.0	28.9



Even the Department of Energy has to admit that windmills, such as those shown in this artist's drawing at left, are not economical. The table of energy flux-density shows why: Wind power (solar, at earth surface in the table) as an energy source has an insignificant power density compared with fossil fuel. At right, an oil rig.

correlate with increases in the amount of energy used for production per productive worker employed.

It is not sufficient merely to have more energy used per productive worker. The energy used must be produced for use in production at the equivalent of an increase in temperature of the energy-producing process. The proper term to cover all cases is *energy flux density*, the term which covers such units of measure of energy-intensity as temperature and voltage, and numerous other cases.

*Energy flux-density* is measured, in first estimate, as the number of calories passing through a standard unit of cross sectional area of the energy-producing process, such as the square-centimeter or square foot.

For example, conventional fossil-fuel and nuclear energy production is about ten thousand times more energy-dense than solar energy, and about a million times more energy-dense than use of the solar biomass cycle for energy production. Potential cost of energy corre-

lates inversely with energy flux-density. That is, solar energy is intrinsically ten thousand times less efficient in total effects than nuclear-fission energy-production today, whereas the solar-biomass programs are about a million times less efficient, overall, than nuclear-fission programs.

“Overall efficiency” is a combined matter of direct costs and indirect costs, such as effects on the biosphere. Solar and solar biomass programs are ten to a hundred times more costly than conventional energy production, and when the added costs are compounded with indirect costs to the biosphere, solar-biomass programs are about one million times more costly to humanity, overall, than conventional fossil or nuclear production of energy.

Since there has been so much lying propaganda put out in favor of “solar” and solar-biomass” policies under the Carter Administration, a few words of rebuttal to that mass of lies must be added here.

The following table compares the apparently direct

costs of production of various modes of energy-production, comparing energy flux-densities of those modes with the capital factors of energy production as such. There, we see that the direct costs of capital for solar and solar-biomass energy-production are between ten and one hundred times as much as for conventional fossil fuel and fission-nuclear energy production.

### **The Case of Brazil**

Now, by what reasoning do we prove that the combined direct and indirect costs of low-grade solar and solar-biomass program range between 10,000 and 1,000,000 times those of fossil and nuclear energy programs?

Let us introduce this point by considering the case of Brazil.

In Brazil, under orders from international bankers and U.S. administrations, that country has reduced its use of petroleum, coal and nuclear energy development by relying on cutting down the Amazon rain-forests. Under this program, charcoal, instead of coal, has been used to make steel—back to the sixteenth century's energy technologies!

Under this program over 100,000 square miles of the Amazon rain-forest were destroyed for the combined purposes of attempting to create labor-intensive agriculture and burning of wood as a basic energy-source. As history should have warned any sensible person, the labor-intensive exploitation of rain-forest regions for agriculture quickly transformed the leached-out soil into an untillable mineral hard-pan called laterite. That happened, as should have been foreseen. It is also the case, that major weather systems of the world are crated and maintained by large-scale transpiration of moisture from plants. Cutting down the amazon shifted the Amazon high out into the Atlantic, and produced a worldwide chain-reaction among weather systems, with disastrous effects for Brazil and numerous other regions of the world.

It is that sort of secondary effect which points one's attention to the massive factor of indirect costs of resorting to such lunatic energy policies as solar or solar-biomass.

The reason most laymen, as well as inadequately educated engineers and others, might fall into the delusion of tolerating such programs as solar or solar-biomass is that they are ignorant of the magnitudes of the

kinds of secondary costs we have illustrated through citing the Amazon case, and have no knowledge of the special principles of energy-economy which must be applied to living systems, such as the biosphere generally, or the energetics of human society most emphatically.

In living systems, it is utterly incompetent to limit our attention merely to the raw energy-throughput. All living systems' energetics are based on the ratio of what is termed "free energy" to total energy throughput. In the aging of human organs and tissues, one of whose byproducts is cancer, the energy-characteristic of tissue degradation involved is a drop in the potassium-related ATP production of free energy within the cell. Similarly, all studies of the biosphere, and human societies as energy-systems, must concentrate on the sheer energy flux density of energy-throughput as a whole.

In living systems, our emphasis is on not only the rate of free energy, but the rate of increase of free energy as we proceed from lower-ranking living systems to more highly-developed living processes. The rate of increase of the free energy ratio so defined is known by the technical term "negentropy."

In all living systems, human society most emphatically, the quantity of energetics to be measured is not some scalar amount of raw energy throughput, but the negentropy of the system, and changes in the negentropy of the system.

Therefore, the indirect costs of using solar and solar-biomass energy programs are properly measured as decreases in the negentropy of both the biosphere generally, and human society in particular. There is a special case of such indirect costs, as which the negentropy of the biosphere as a whole ceases overall, such that a vector of entropy, or devolution of living systems occurs. In this state of devolution of the biosphere, some forms of life continue to maintain at least a limited energy-prosperity by evolving as dominant parasites and saprophytes destroying higher forms of organisms. This correlates with the outbreak of new kinds of pandemics in the forms of pests, human pandemics, animal pandemics, and pandemics of vegetable life, termed "sylvatics."

It happens that the world's weather-systems are a byproduct of relatively negentropic processes within the biosphere generally. So, the devolution of the biosphere of Brazil by lunatic solar-biomass economic



doctrines led to a degradation of the world's weather-systems.

A similar case is found in Africa's Sahel. The Sahel is the potential breadbasket for all of Africa, located on the south of the Sahara region. The Sahel has been ruined as part of a long-term process of desertification of northern African regions caused by combined labor-intensive practices of crude agriculture and overgrazing. With the reversal of those labor-intensive policies, by introduction of massive irrigation, fertilizers, and promotion of shrubbery along the northern rim of the Sahel, the Sahel could be brought to become of the great grain-producing areas of the world in about a generation. The transpiration of moisture from energy-dense crop production in that region would restore the weather-system bringing increased rainfall to the region.

Whenever we remove organic vegetable and animal waste from the biosphere, we lower the energy flux-density and negentropy of the biosphere. We must add relatively high-energy inputs to the soil to compensate for this, in the form of fertilizers and essential trace-elements, the latter being the essential catalysts of negentropic energy-production within the cell, as potassium is crucial to push out excessive sodium to maintain the ATP energy-production in the cell of animal tissue.

The way in which the biosphere maintains its vitality is through, chiefly, the role of chlorophyll and related processes in converting sunlight from "inorganic" into negentropic forms of organization of energy. This provides the basis for a human-habitable biosphere (oxygen replenishment, carbon-dioxide reduction, stable weather systems), and also supplies the basis for the essential food-chain of other plants, animal life, and human beings.

Thus, although solar and solar-biomass programs of energy production are lunacy because of the extremely low energy flux density of such modes, the indirect costs of such lunacy are far greater than the direct costs. Solar energy is indispensable to the biosphere's energy cycle because of the conversion of that energy into negentropy, fueling the planet's entire life-cycle. Whenever any government is criminally foolish enough to divert large parts of that flow of energy in the forms of solar or solar-biomass withdrawals from the biosphere's needs, the devolution of the preconditions for continued human life must result.

The indirect costs of such lunatic programs as solar and solar-biomass for society is to be measured as the cost to society of replacing the negentropy destroyed by the absurd solar and solar-biomass program's effects.

Similar, as the LaRouche-Reimann computer-based studies of the world and national economies proves conclusively, the reasons for the need to apply Riemannian physics (the most advanced physics in the world today) to analyze and forecast economic effects is that the economies of human society are ruled, in the final analysis, by the same principles of negentropy encountered in management of the biosphere.

The portion of net profit invested to effect capital-intensive increases in the technology of production, the source of all advances in productivity, appears in the energy-accounts of society as a the portion of totally energy-throughput corresponding to free energy. The investment of that free energy in the indispensable, capital-intensive way, results in increases in the true depreciation per person productively employed. It is net profit which enables us to increase the ratio of true depreciation still further, as the conversion of free energy (profit) converted into higher levels of productive capital.

The density of true depreciation in an economy, or principal sub-sector of an economy, is equivalent, in broad terms, to an increase in the temperature of an energy-producing system, the higher the operating temperature, the greater potential efficiency of the system. In the case of an economy, the higher the "temperature-equivalent" in the form of true, energy-dense depreciation-levels, the greater the potential productivity of that economy.

In other words, the investable net profits of agricultural and industrial producers is the true first cost of a health economy ... on condition that those profits are competently invested in technological improvements in the productive system.

Therefore, government under the American System protects the level of profits of technologically progressive free enterprise in agriculture and industry, by providing protected orderly markets of the sort required to maintain such profit levels for progressive firms and farms, and uses the tax policies of the government to tax heavily non-productive uses of profits while providing tax-benefits for job creating productive investment in advanced technology.

It is true that the technological improvements lessen the amount of direct labor required to produce any fixed quantity of product, but the expansion in levels of production of capital goods absorbs those displaced from one industry into expanded production of such capital goods.

## **Tax & Credit Policies**

True, under Jefferson, Jackson, the effects of the 1879 Specie Resumption Act, and the Federal Reserve System, the United States has drifted far away from the principles of the founding fathers' American System of political-economy. Today, the United States no longer has its own national currency—a group of international private bankers controlling the Federal Reserve System owns our currency, and more or less our federal, state and local governments as well. Our public as well as our private debts are chiefly owned by the same supranational private banking interests, who use control of those debts to dictate the policies of the federal, as well as state, and local, governments. Our republic has surrendered all efficient self-government over those aspects of policy which most efficiently determine the conditions of life and opportunities for the individual citizen and private entrepreneurs.

Through the British doctrine of “free trade,” anarchic competition and international bankers' control of our nation's principal supplies of credit, drives the profits of our producers down to sub-marginal levels. “Free enterprise” as established by the founding fathers is being wiped out by Professor Milton Friedman's “cannibalistic competition” doctrines, doctrines which have led to Nazi-like dictatorship in Chile and which Professor Friedman proudly announces he has copied from the policies of Nazi Finance Minister Hjalmar Schacht, plus the policies of the world's central drug-running entrepot of Hong Kong. This is what the Nazi-like Friedman and his foolish admirers term the “economics of freedom”!

Under the American System, it is the obligation of the federal government to establish a system of national banking, which issues a government-regulated, gold-supported currency in the form of United States notes. These notes are not passed out like mimeographed leaflets on street corners; they are loaned through the local private banks of the bank. Those banks using borrower's equity as a margin of security, loan deposited sav-

ings to worthy borrowers. The national banking system then makes available supplementary medium- to long-term lending funds by taking as much as sixty percent of the total loan given against security—against the account of the increase in national tangible wealth effects by prudent loans.

By gearing the additional issues of U.S. notes to the amounts which local bankers consider worth lending to worthy borrowers in terms of their own private-banking deposits loaned, the currency policies of federal national banking limit the currency issued to exactly the amount which investors and bankers can and will employ to make full productive use of otherwise unsold capital goods and otherwise idled capital-goods producing capacities.

Since such loans through the private banks to worthy borrowers pledging their own equity are fully secured, and since improvements to productivity cheapen the costs of production, proper government issuance of U.S. notes produces a *deflationary* trend in commodity prices and a rapidly expanding economy (and productive employment) at the same time.

By shaping tax policies to encourage savings by ordinary households, and to provide tax-incentives for productive investments, with tax-penalties for the incomes of wastrels, the laboring and producing portions of our citizenry prospers, while those citizens inclined to investments in Sodom and Gomorrah become the targets of emphasis for the federal tax-gatherers.

In that way we shape a national economy in which the individual citizens live modestly but well, putting the savings in excess of household-consumption requirements into those productive investments which cause the national economy to continue the cycle of upward-moving prosperity.

Let us apply these principles to the special case of designing a proper inheritance tax-policy for the farms of independent owner-operated agriculture.

Clearly, unless we are a national of lunatics, we do not wish to let inheritance-taxes liquidate our independent owner-operated farmer strata. Therefore, the inheritance-tax policy should not touch the tangible assets of agriculture of the farm in transmission by deed or will to another farmer. If the heir were to attempt to liquidate the farm, then the inheritance-tax should fall upon the heir under that condition and at that point.

The same principles ought to apply, obviously, to other essential forms of privately-owned or closely

held corporate producers. It is wasteful spending, not productive investment, which should be taxed heavily. As long as a farm's assets are "tied up" in productive capital which employs productive labor producing wealth adding to the national total, it is in the national interest to keep that entity intact. If the management and ownership lead the firm into bankruptcy, then the proceeds of the sale become taxable.

The management of that approach to inheritance taxation may be slightly complicated in some categories, in the case of the independent owner-operated farm, the principle and its proper simple sort of application are clear.

That illustrates the way in which maintenance of parity values through orderly marketing approaches combines with proper credit and tax policies to ensure that the net profits fostered by such policies are either invested as intended or become subject to the corrective action of relatively high rates of taxation.

This is not a "subsidy" for obsolescence or incompetence. The non-productive producer, the mismanager will eliminate himself by failing to keep his costs in line with those of the competitive producers on whose performance competitive standards of cost are based in calculating parity values. Now, need we engage ourselves in "land bank" and related sorts of programs. There is a shortage of food on the world market relative to human needs, and marginal production in agriculture is not profitable, even at parity values.

The federal government's role must be this. The government must negotiate treaty-agreements concerning world-market parity and projected volumes with nations. The government must secure treaty agreements covering three to five year volumes, prices and credit-arrangements for marketing of U.S. agricultural products. At that point, the State Department's role in the matter diminishes, and the Agriculture and Commerce Department's role predominates. The Agriculture Department, working in conjunction with the Export-Import Bank AIDS the marketing of exports, and the two intervene jointly into domestic markets to keep price movements orderly with the predetermined projections for an orderly market at parity values.

Through cooperation with other nations in promoting programs of world market parity to encourage improvements in agricultural output and productivity relative to growing world food needs, medium-term, three-to-five-year share of market and private treaty

agreements are negotiated, and long-term projections of estimated market and price are continually updated as encouragements for long-term investments.

Orderly market, parity, credit and tax policies thus represent a total package by which the federal government fosters the private initiative of the owner-operator farms with the minimal intrusion into the private sector. By using the Agricultural Extension Service and complementary channels of consultation with owner-operator farms, the development of accurate marketing commitments, worked out by farmers in a way needed for individual farmer's decisions on agricultural producer programs, will accomplish more than all the bureaucratic sorts of regulation. Accurate information, exchanged between government and farms, and government cooperation to maintain orderly markets in keeping with such accurate estimates, is the approach consistent with the American System.

The government's interventions into markets will involve maintenance of adequate strategic reserves, both for reserve emergency needs and to aid in balancing our poorer and better crop-years. Otherwise, government intervention should emphasize export requirements, accelerating and delaying government action in the manner of a grain handler to keep the flow at approximately parity values.

### **The Case of Mexico**

Presently, Mexico is both a food-exporter and a food-importer. Mexico's more developed agriculture dumps food and dumping prices on the world market, whereas the petroleum revenues of Mexico in effect subsidize a poor diet of relatively high-priced imported food, reflecting the presently poor condition of the Mexican farms producing for domestic consumption.

Mexico's present policy is to increase its petroleum production to whatever levels are required to purchase high-technology capital-goods exports. The objective of this program is to reduce the rural population of Mexico to about twenty percent of the labor force by the year 2000, shifting population to new, industrial cities along the coasts—where advantages of water-borne build freight mean substantial economies. Mexico has potentially about as much petroleum as Saudi Arabia, so that U.S. participation in the Mexico high-technology capital-goods import market



USDA

*The greater the ratio of energy input in the form of "artificial labor" to human muscle power, the greater the productivity of labor and the better the possible quality of the product being produced. Here, Mexican peasants use muscle power in a "food for work" program.*

is most impressive . . . if we had a sane policy toward Mexico at this time, which the Carter Administration does not.

Mexico's domestic food-production clearly requires massive rates of infusion of capital, which can not be accomplished at required rates without food-parity levels corresponding to parity levels properly determined for U.S. agricultural exports. Otherwise, the projected first-generation goals of advancement of agricultural productivity in Mexico could not be reached. It is clearly in the interest of the United States, as well as of Mexico, to effect trade and treaty agreements through which the United States participates in aiding the projected transformation of Mexico.

Given the wretched levels of income of populations of many developing nations, the governments of those nations would probably be well-advised to adopt a policy of declining subsidies of food consumption, to absorb the difference between parity prices and allocable portions of urban food consumers' incomes among poorer strata. Mexico is one nation which has the internal institutional mechanisms able to undertake such measures.

In all such cases of developing nations, the rate at which average incomes of the population can be raised is a function of the total care of productive capital formation in those nations. Mexico is potentially and actually in a most advantageous position in this respect.

Therefore, the marketing of U.S. agricultural exports into developing nations generally is tied, in terms of capital factors, to the general rate of overall capital-investment in those same nations. This means that the most efficient approach to organization of credit for agricultural exports is to include the financing of the good component of wages of productive labor as an included feature of the total financing of high grain investments packages for those same nations.

The case of Egypt merits comment.

Egypt's population, rising from about 39 millions, includes a most industrious category of Egyptian farmers. It is said that if a small drift of silt rises above the waters of the Nile, the Egyptian farmer will promptly develop a crop on that spot. The major labor force problem of Egypt is a semi-literate or illiterate urban slum population, which should not be returned to the land, but should be employed in new industrial cities in new industries of the sort mapped out for Egypt by West German experts.

If we defeat the problems of salination in parts of the old course of the Nile, that course could be opened up to the effect of substantially increasing the total arable land of the country, expanding agricultural production, while upgrading the so industrious Egyptian farmer, taking a growing chunk out of Egypt's dependency upon foreign food imports. This project is tied to the Qattara Depression power-project, a suitable adjunct to the creation of new, export-oriented industrial centers, in which to absorb unemployed and marginally employed from centers such as Cairo and Alexandria.

In brief, the United States should be involved in a total package of development for Egypt, as part of which credit for Egypt's required U.S. agricultural imports, especially over the medium term, in beef and dairy products will lead, while grain may tend to dominate in the near-term volumes.

As for Egyptian agriculture itself, it represent the



same sort of need for adequate parity values of product as we have indicated for the case of Mexico.

### **Beef and Dairy**

One of the great nutritional problems of the world today is the lasting biological brain-damage and lack of immunological potentials associated with deficiencies of animal protein in diets, most emphatically in the diets of pregnant and nursing mothers and children. While some parts of the world have religious taboos against eating beef, U.S. beef and dairy exports are the leading boom-export commodities of our agriculture for a long time to come. We can promote fish farms, pork production, chicken farms, and other animal protein programs—it will be a long time before other nations would approach the efficiency and quality of our large-scale beef and dairy output.

So, for the near-term, increases in grain exports will prepare the way for gradual diversion of much of increased grain production capacity into feeding of livestock. We must build up rapidly our beef and dairy herds, by encouraging ranchers and farmers to increase the ratio of capital investment in herds relative to volumes of beef and dairy-products produced. In all essential categories of agricultural production, policies must recognize that it is the total herd-size, the total acreage being maintained for current and future production which is the true capital cost of agriculture, not simply the direct costs involved in current output.

It is the same in the developing nations, where the costs of developing agricultural capacities, not fruitful in the immediate short-term measure of output-productivity, are a crucial part of achieving tomorrow's target-levels of productivity and volumes.

### **The Nuclear-Energy Parallel**

At present, a watt of electrical-energy production capacity from nuclear fission production costs about \$1.00. A present state-of-the-art fission-energy plant requires, under sensible arrangements, about four to four-and-a-half years to construct. The United States will require about 2,000 gigawatts of added nuclear energy, for both electrical energy and for production of synthetic chemical fuels, by the year 2000. That is about \$2 trillion, all of which construction must be started by the year 1995.

This means, relative to fossil-fuel and other modes of such energy production, a substantial reduction in costs per watt, and a massive reduction in even the direct costs of energy over the solar, solar-biomass, and

Nazi-modelled synfuel programs proposed by the Carter Administration.

The arguments against nuclear energy are all fraudulent, excepting the warning that we must tighten up security to prevent any sympathizers of Barry Commoner, Ralph Nader and Jane Fonda from bringing their potential saboteurs anywhere within the vicinity of the nuclear cycle.

Waste disposal is not a problem. 2,000 gigawatts of nuclear energy means about 2,000 tons of nuclear waste a year overall. Of this, about ninety-five percent goes directly back into production, so that we have approximately at net five percent of 2,000 tons—100 tons—as annual waste with which to concern ourselves. Nearly all of that 100 tons is disposable immediately as fuel for either a fission breeder reactor or a fission-fusion hybrid reactor. Any waste we choose to destroy can be so destroyed by known methods of bombardment. “Look mom, no waste!”

This nuclear-energy development, at an average rate of 100 gigawatts—\$100 billions—a year over the twenty year period, is a very highly security investment. Therefore, the Federal government should provide up to 70% of the total credit *for construction loans*, with private banks and utilities providing 30% combined equity and loans. This should be financed at between % and %5 per annum, with comparable effects on the average parity value of a watt of sold energy.

Misguided and malicious fools protest against such “loading” of investment factors of energy capacity cost into standard rates. In consequence of the lack of nuclear energy, prices per watt must zoom through shifts to alternative fossil programs under conditions of zooming costs of fossil fuels. While coal can be used economically close to region of production, and is environmentally acceptable using new, high stack plants, use of expanded petroleum-consumption for electrical-power generation is broadly contraindicated by considerations of rising price at this time. So, the foolish and malicious objection of including new energy-production investment charges in rates may appear to lower rates, but actually sense rates zooming—while also savagely undercutting private and tax revenues, as well as productive employment in the region affected.

The notion that less than parity prices mean cheaper food or cheaper electrical energy is the delusion of a fool who lives only for the next moment, and sees nothing of the consequences of his foolish decision for the year or so immediately ahead.

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