

'Facing the Greatest Economic Depression in World History'

by Lyndon H. LaRouche, Jr.

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EIR founder Lyndon H. LaRouche, Jr. gave the following speech to the Club of Life conference in Paris on February 18. Subtitles have been added.

Some years ago, during early 1976, I presented to a leading Swiss banking official my estimate of the consequences of a continuation of the international monetary policies adopted by the 1975 Rambouillet monetary conference. I outlined the reasons these policies must lead to mass deaths among the most vulnerable and other developing nations. At the conclusion of my presentation of the case, this banking official replied, that my analysis was probably correct. Then, he added: "It is regrettable, but that is the price which may have to be paid to save the system."

Since that time, I have heard words to the same effect from many leading financial circles, from representatives of governments. Often, the observation is added, that people must die anyway, because, according to the dogmas of the Club of Rome and others, the world is overpopulated. During the past six years, since I first heard such evil words from a leading banking official, many millions have died, who would not have died but for implementation of the existing "monetary restraint" and "austerity" policies.

Since Federal Reserve Chairman Paul A. Volcker introduced his policy of usurious interest rates in October 1979, the rate of mass deaths caused by economic and monetary policies has accelerated. In Africa, under present trends, entire nations now existing will have been wiped out by the end of the present decade. It is on the verge of becoming far worse.

What I am about to report to you is very frightening, but unfortunately completely true. Therefore, before reporting these things, I should report to you the authority for what I say in these matters.

Since November 1979, my associates and I have published a regular, quarterly forecast for the U.S. economy. Over this period, those forecasts have been entirely correct in predicting

trends, and within a small margin of error in predicting the amount by which the U.S. economy would shrink or grow during the period ahead. For example, the general forecast we published for the first nine months of 1982, in December 1981, was within three tenths of a percentage point of the actual result.

During this same period, from October 1979 to the present time, all other published forecasts for the U.S. economy, including the forecasts by the U.S. government, and forecasts by such agencies as Wharton Econometrics, have been consistently wrong, even to the point those forecasts have been usually absurd.

We find a similar general result when we compare our own forecasts for various sections of the world's economy outside the United States and the forecasts made for those economies by governments and private forecasting services.

This immense superiority of the results of our forecasting work to that of other groups of economists, is not accidental. Here at this time, I will not present you a full explanation of all the reasons for that superiority. One of these reasons is related directly to the purposes of the Club of Life, and therefore I shall refer to that briefly here, in the appropriate location within my brief report. It was necessary that I indicate to you the very special authority I enjoy in the subject of economic analysis and forecasting.

The Anatomy of Economic Collapse

It is not only my own judgment, but that among many of my leading opponents, such as Signor Carlo De Benedetti of Venice, that the existing world monetary system will collapse during 1983, and that this collapse will occur most probably during the first half of 1983.

Any combination of defaults on debt, by both nations and significant private institutions, which strikes financial markets in the total of more than \$100 billion within any one-to-three-day period, would probably be sufficient to set off an unstoppable chain-reaction of general financial collapse. This would collapse not only Third World debt, of up to \$700 billion value. It would collapse the internal financial system of the United States, and of at least a number of nations of Europe. The total amount of financial values which would be wiped out by such a collapse would be between \$1 and \$2 trillion. A collapse of at least \$1 trillion is the figure given to the press by Signor De Benedetti. The actual range of potential collapse is between that figure and \$2 trillion.

Such a collapse would be worse than that which erupted in 1931. Comparatively speaking, the long drift toward a "post-industrial society" since the middle of the 1950s in the United States and since the middle of the 1960s in Western Europe as a whole, has savagely weakened both the social and economic structure of these nations, to a point that they lack

the degree of inner reserve strength, either economically or in terms of social and political structures, which most nations exhausted to struggle through the 1930s into World War II.

In the United States, for example, before the Great Depression, we employed approximately 55 percent of our total labor force in production and transportation of tangible goods. In 1946, we employed 62 percent of our total labor force in these categories. Today, we employ a shrinking 28 percent in those same categories. The considerable store of wealth we had when we entered the last Great Depression, within our farms, capital investment in industries, and so forth, does not exist. During the recent 15 years we have already torn down and used up most of such stored-up wealth. This fact has been concealed from most people's day-to-day experience, by the apparent prosperity still existing in the form of employment in administration, services, and wasteful occupations. We have overlooked the fact, that administration, services, and waste, are the overhead expenses of a national economy. The economy's wealth, like that of a farm or manufacturing firm, lies in the production of those physical improvements on which the material sustenance of life depends. In 1946, the United States employed 62 percent of its labor force as a cost of useful production, and only 28 percent as overhead expense. Today, the United States employs 62 percent as overhead expense, and only 28 percent as productive cost. The conclusion should be obvious.

Unless we correct the existing policies of most OECD nations, and drastically reform international monetary policies, the new financial collapse will most probably plunge Western Europe into a condition like that it has not known since the middle of the 14th century. In that earlier depression, the prosperous nation of France was ruined. The region now known as Western Europe lost an estimated one-half its parishes over the hundred years beginning approximately 1268. Today is not the 13th or 14th century. Many conditions have been altered greatly during the recent six hundred years. Nonetheless, that 14th-century collapse is the best historical example to suggest an approximation of the threat facing us now.

In the developing sector, the effects of a financial collapse would be far worse.

The Genocide Machine

There is a plan by a gentleman known as William Paddock, to use economic and other measures to reduce the population of Mexico by half, by approximately the close of this century. This policy is backed by numerous very influential circles in New York City, including a public endorsement of the Paddock Plan by George Ball. Luigi Einaudi, a close collaborator of former Secretary of State Henry Kissinger, produced some years ago the "Einaudi Plan," which maps out the depopulation of much of Ibero-America. Central

America is at the brink of doom. In leading circles tied to certain powerful New York banking factions there is a worked-out design for the virtual wiping out of the nations and populations of black Africa, except for Nigeria, which is permitted to keep about half its present population levels.

Famine, aggravated by regional and local wars, followed by cannibalism and eruptions of old and new varieties of epidemic disease of people, animals, and plant-life, are the genocidal conditions now threatening nearly all of the Third World—the weakest parts more immediately, the relatively stronger economies a bit later.

Already, in the United States and Europe, there are schemes with growing political backing, to introduce euthanasia as a policy of reducing the cost of supporting people in retirement. These are not isolated cases; they are growing movements, with widespread and powerful support from certain insurance firms and other financial interests. There was a case in Chicago recently, much publicized in the daily press, in which a baby was caused to die deliberately, over the parents' protest. The motive was a campaign run with backing of the major press in that city, saying that the baby was not worth the cost of keeping it alive. There is a trend of a similar nature, toward cutting off costly medical aid to persons over 55 years of age, on grounds that saving their lives cannot be justified by accounting standards.

The problem here is not that economic depressions murder people on a large scale. This depression could be stopped, with adoption of policies which are very practical. The death rate from austerity in developing nations could be stopped, with the right policies, policies which are very practical. The mass of bad debts, which threaten to trigger a \$1 to \$2 trillion financial collapse as early as March or April of this year, could be reorganized in such a way that that financial collapse could be stopped. The problem is that governments refuse to adopt those policies. The reason for this refusal is that the time has come when the fact that a policy leads to mass murder, is no longer considered evidence that that policy must be abandoned.

This condition has become tolerated among us, chiefly because of the widespread support given to propaganda issued by a handful of Malthusian organizations in the world, of which the most typical and important are the Club of Rome, the Aspen Institute, the Ford Foundation, the World Wildlife Fund, and the little-known but influential Cini Foundation of Venice. Since 1972, when a fraudulent book, called *The Limits to Growth*, was published by the Club of Rome, we have come to the point that influential political parties and other institutions no longer defend human life as sacred. Although the Club of Rome is not exclusively to be blamed for the genocidal death of millions already in progress in Africa, it is to the degree that newspapers, radio, television, movies, politicians, and large sections of the churches, give an aura of respectability to the Club of Rome and World Wildlife Fund, that

there has been produced the present condition, in which such rising genocide is tolerated by policy-shaping institutions of governments.

There is in progress today, a policy which has already killed more people than did the Nazis, and yet you and I, and others, who oppose this genocide are vilified with campaigns of the wildest lies, because we name the policies which cause this genocide, and because we name the names of those organizations, such as the Club of Rome, which have made those policies possible. In face of such lies and slanders from supporters of these genocidal policies, we find many hypocritical cowards, who present themselves as committed to the sacredness of life, slinking away from the fight, whispering rebuke to us, saying we have been impolite and unethical, because we attack openly an institution such as the Club of Rome. Where is the spirit of the Resistance against the Nazis, to rise to resist an evil today which is greater than that of Hitler?

'Post-Industrial Utopia'

The Club of Rome and World Wildlife Fund are not to take all the blame for the genocide spreading around the world today. There are two additional sources for the policies and practices we see in the living skeleton of an African mother whimpering dry tears over the bloated, malnourished body of the child which has just died.

There is a certain kind of utopia, which has invaded the policy-shaping of many nations today. This utopia is called by some a "post-industrial society." To provide this sect with the utopian conditions it demands, we must tear down that modern agriculture, that energy production, that industry, those institutions of medical science, on which the production of the material conditions of human life depends. If we accept this utopian demand, we would reduce the potential level of the population of Europe to approximately that of the 18th century, and the population of the world as a whole to no more than something between 1 and 2 billion people. These utopians have a powerful foothold within many political parties, both left-wing and conservative, throughout the world. The "post-industrial utopia" is already well on the road to becoming a reality. Shall we not ask these utopians, which 2 billions people or more they propose to kill to make their utopia possible?

Is there no more authority for morality and reason in the conduct of our public affairs? Must we tolerate a policy simply because some significant number of people desire that policy passionately? Have the rest of us no moral responsibility for tolerating the evil consequences of such a policy?

The third major cause for the genocide is the economists. I will consider only the cases of two of them, the worst cases: Mr. Friedrich von Hayek of the British Fabian Society, and Professor Milton Friedman of Chicago University and Chile. These two cases are the obvious

extreme cases, but they serve to expose the root of the corruption which causes most of the economists to demonstrate that incompetence in forecasting to which I referred earlier.

During the year 1763, just after Britain's defeat of France over the preceding seven years of war, two men were riding together in a carriage. The one was named William Petty, the Second Earl of Shelburne. This Shelburne was the chief political representative for the British East India Company. Later, he was to organize the national bankruptcy of France over the period 1783 to 1789, and to place William Pitt the Younger in power in Britain. He was also the Shelburne who trained Danton and Marat in London, and sent them from London to decapitate France. This was the Shelburne who was David Hume's immediate superior, both during Hume's activities as a British spy in France, and Hume's tenure as chief of the Edinburgh office of the British Secret Intelligence Service. Shelburne's specialty as an officer of the British secret services, was the destruction of France, and, at a later point in his career, the destruction of the United States as well. Hume worked under Shelburne, and so did the second man riding with him on the long, historic carriage ride. That man was Adam Smith, eleven years later the author of *The Wealth of Nations*.

The topic of conversation between Shelburne and Smith during that carriage ride of 1763, was Shelburne's new scheme for the destruction of France.

Franklin, Lafayette and Carnot

Lord Shelburne and Smith overlooked the fact of Dr. Benjamin Franklin, who began his international conspiracy against Britain during 1766, ten years before the Declaration of Independence. Wherever the spiderwebs created by Richelieu, Mazarin, Colbert, and Leibniz still existed, from Petrograd in Russia, and through the court of Spain, into the Spanish colonies of the New World, Franklin's conspiracy was there. This vast conspiracy not only gave my nation victory over Britain in 1783; it inspired Europe with the American cause. The Scottish financial interests behind the British East India Company and Shelburne, reorganized the British government in 1783, and prepared for what they intended would be the final destruction of France.

Again, they miscalculated. They feared Lafayette, the leader of the American Society of Cincinnati in Europe, and Pitt threw Lafayette into a dungeon, in Olmütz, where occurred the inspiring story of M. Lafayette's magnificent wife, celebrated by Beethoven in his opera *Fidelio*, where Pitt becomes Pizzaro. Shelburne did not anticipate Lazare Carnot, the hero of Ninth of Thermidor, the co-author of the great Ecole Polytechnique, and the man who revolutionized warfare around the pivot of a new model of mass-produced mobile field artillery. From 1794 to 1815, the greatest efflorescence in modern science and industry was unleashed by the Ecole Polytechnique not far from where we assemble today. This was the

Camot who threatened to continue war when Napoleon was defeated, and with that threat saved France from the dismemberment which the British had planned.

The British plotted on, directing their hatred against France and my own nation, and against everyone in Europe or the Western Hemisphere linked to the hated cause of Franklin, Lafayette, and Carnot. The British East India Company created the first chair in political economy for the Reverend Thomas Malthus, the collaborator of another East India Company employee, David Ricardo. Then, during the 19th century, the British East India Company's John Stuart Mill launched a new turn in British economies, called utilitarianism. This new British economics, of which Marshall, Keynes, Kaldor, Hayek, and Friedman are directly products, was based explicitly on an earlier design by Shelburne's most evil accomplice, Jeremy Bentham. This design was called the "hedonistic calculus," which asserted that there was no value in morality or economics except the experience of hedonistic pleasure and pain.

With the work of Mill, Jevons, and Marshall, it became asserted that the money-price of an object was nothing but a measure of the combined pleasure and pain experienced by the buyer and seller. With the takeover of control of the dominant part of the world's monetary system by the British and Swiss bankers, during events of the 1870s, this immoral doctrine of the utilitarians, blended with the Marxist offshoot from Ricardo and Smith, has become today the basis for the economic doctrine taught in our universities and practiced in the councils of governments. Von Hayek and Friedman are the extreme form of this hedonistic doctrine, the most immoral, and in practice the most genocidal under present conditions.

For the sake of the perceived advantage of a rentier-financier interest, like that Shelburne represented, and armed with evil doctrines such as those of von Hayek and Friedman, it is the policy embedded in the practice of international monetary institutions to destroy as many lives as needed, merely to secure an advantage for that financier interest and that evil doctrine.

Restore the Principle of Life

Where today is taught the political economy which created modern European civilization? Who studies the works of Tommaso Campanella, of Colbert, of the founder of economic science, Leibniz? Who studies the great economists of the American System, Hamilton, Mathew and Henry Carey, Erasmus Peshine Smith, and Friedrich List? Where in France might a student become acquainted with the economists who made France a great power under the supervision of Lazare Carnot, names such as Ferrier, Chaptal, and Dupin? The spiritual grandchildren of the evil Shelburne rule opinion in that profession today.

So, such financier arrogance, and such evil economic doctrines, have brought us to the brink of the worst economic calamity since the 14th century, and to the accelerating practice of genocide in the Third World. They are destroying our children, our ill, and our retired citizens, all in the name of the economic dogmas typified by the names of Hayek and Friedman.

Let the principle of life be restored to the teaching and practice of political economy, as I in my limited way have attempted to further this. Let us end the tyranny of the feudalist *fondi* behind institutions such as the Bank for International Settlements; let us return to what was known in former times as the American System of political economy. Let us at last fulfill the dream of the American Revolution, the dream of those who supported and admired the creation of a new model of constitutional republic on my continent's shores. Let us create now, at the brink of disaster, a New World Economic Order consistent with the *Populorum Progressio* of His Holiness Pope Paul VI. Let us create an order among nations premised upon the principle of life, premised upon a commitment of nations, to increase the productive powers of labor, such that nations may sustain the sacred lives of the individuals throughout the world.