

The Greatest Disaster Is The Greatest Opportunity

Lyndon LaRouche gave the following address in Warsaw to a meeting of the Schiller Institute Society of Poland, on May 24, during a visit there May 22-25. Subheads have been added. In addition to this meeting, his public events included an address in the Sejm (Parliament) and a seminar with scientists at the Warsaw Polytechnical Institute (EIR, June 8 and 15, 2001).

This is one of the greatest moments of opportunity in all modern history. It is, like most great moments in history, also a moment of great danger. At present, the dominant nation in the world, the United States, is led by a very unfortunate man, George Bush. Most of the world agrees that George Bush is a global disaster. What I have from friends in high places in Asia, what I hear from Russia, what I hear from Western Europe, even from my adversaries in England: This is a global disaster, this Presidency. But in the nature of things, sometimes the greatest disaster is the greatest opportunity.

The world is gripped at the present, by the worst, biggest financial crisis in all history, in all human existence. I have some reports from the United States on what is being said officially there. I can assure you, what is being said by the U.S. government is lies; it's not a mistake. It's a lie. Everybody in the United States who understands the situation at a high level agrees with me. The present world financial system is doomed, and nothing can save it. But, a financial system is not the world. A financial system is paper. It's imagination. If governments say the paper is no good, the paper is no good.

Let me give you a picture of how bad the situation is on the financial side. According to best estimates, official estimates, the Gross Domestic Product of all nations of the world combined is estimated at \$42 trillion equivalent. Of this, the United States represents an estimated \$11 trillion a year. In the past approximate 12 months, the United States' financial values have lost nearly \$11 trillion. On the books, what is admitted publicly, is, about \$6 trillion have been wiped out of financial assets of the United States during this period. Actually, there is another \$4 trillion or so, in hidden losses, which will come to the surface soon. The United States has been operating at a loss, as an economy, for a number of years. At my last actual count, late last year, the rate of the current account deficit of the United States was about \$600

billion a year. That is, the United States was spending \$600 billion more than it was earning on the world market.

In addition, the United States was being supported, not only by what it was not paying for, but the United States was receiving trillions of dollars of influx of foreign exchange into the United States for investment in the U.S. financial markets. So that, at present, any collapse of this inflow of money, from Japan, from Europe, and so forth, into the United States, means an absolute catastrophe for the U.S. financial markets.

Deflation and Hyperinflation Combined

For example, under tremendous threats, the Japanese government recently capitulated to U.S. demands to go back to what is called a zero-interest-rate overnight loan policy. What happens is, people in Japan, operating in Japan, will borrow yen at approximately 0% cost from Japan. The yen that are bought, are then exchanged for U.S. dollars, or euros, or other currencies. These dollars, borrowed dollars, then go into the U.S. market to add to speculation, financial speculation on the U.S. financial markets. In addition, the United States itself is printing money by monetary methods, very rapidly, in immense volumes. As a result, we have a situation worldwide, which, on the one hand, is extremely deflationary, because, as you know, here in Poland and elsewhere, there's a deflationary pressure due to unemployment and so forth, downward. We're in a depression, economically.

But we're also creating money, especially the United States, Japan, and so forth, at a hyperinflationary rate of money creation. And Japan, which is the second-largest monetary economy in the world, is, with the United States, the largest source of this hyperinflationary increase of monetary assets. As a result of this, there is an outbreak of significant hyperinflation in various parts of the world market.

For example, inside the United States, there is a hyperinflationary rate of increase of prices of energy. This is going to hit Europe hard. The cost of energy will rise. If you want to understand this historically, you go back to Germany in 1923. Germany, under the pressure of the French bayonets of occupation, was printing money to pay the so-called war reparations debt of Germany. Now you realize, if you look back at history, that the early 1920s was a deflationary period, a post-war deflationary period. So, therefore, the German



City center buildings and Cathedral of Warsaw in 1989, when Poland was breaking free of Communist rule and had not yet come under the IMF's disastrous economic dictate. In that year, Lyndon LaRouche (inset, speaking in Warsaw) first proposed East European reconstruction led by extending high-speed rail, energy, and communications corridors through Warsaw—the beginning of LaRouche's "Eurasian Land-Bridge" development concept. The Polish Schiller Institute has grown from the first discussions of that concept in Poland.

reichsmark, the German government, printing reichsmarks, to pay the debt, did not immediately show as an inflation in domestic German prices. But what was being done by the German government, was similar to what's being done by the U.S., and Japanese, and other governments today. They were printing money, to try to roll over an existing amount of debt. As a result, the debt grew. Therefore, the amount of money that had to be printed, to roll over the debt, grew.

Until the spring of 1923, the rate of commodity-price inflation inside Germany was limited. But, the condition was reached at the end of Spring 1923, at which the amount of money that had to be printed to roll over the existing debt, was greater than the amount of debt they were rolling over. From July to November of 1923, a hyperinflationary spiral reached the point that the German reichsmark ceased to exist. We are now, on a world scale—not in one country, such as Germany 1923, but on a world scale—we're in that kind of world situation.

The total amount of financial debt in the system, worldwide, is, conservatively, not less than \$400 trillion. Remember, this is against a world economy whose Gross Domestic Product is estimated at an equivalent of \$41 trillion a year. In a condition in which the amount of money that has to be printed, to keep this debt afloat, is greater than the amount they're trying to roll over. So you have a situation which is comparable to the famous John Law bubble of the early 18th Century. This is worse, but it's the same logic.

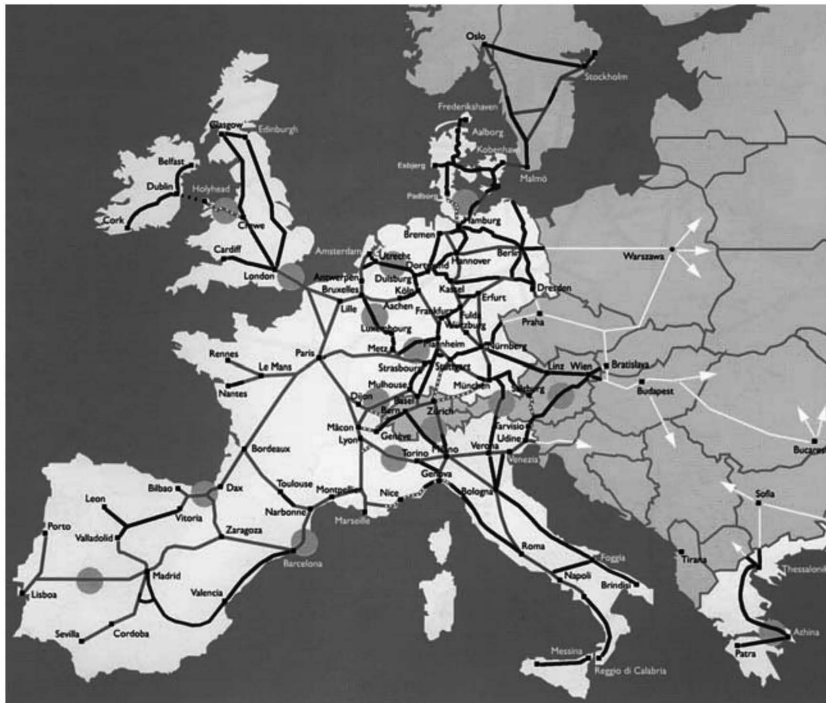
There's only one way that you can safely deal with this kind of problem. It would be called global financial bankruptcy reorganization. This is not a strange thing in history. There have been extensive financial reorganizations of entire currencies and economies before. It happened at the end of the last war. Currencies were worthless. The franc was worthless, the mark was worthless. So, governments agreed to create a reorganization of the finances of countries, and new currencies were created.

The Common Good, or 'My Money'

All right, we have two problems, therefore, in dealing with this. We are now in a period where people do not believe in the economy any more, they believe in money. The people of the United States, the majority of the population of the United States, is fascinated with money. They destroy the economy for the sake of money! So, we are killing the forces of production and the creation of wealth, for the sake of money. The dominant political circles in the world are obsessed with money. They don't care about the economy—they care about their money! Like the people in the John Law bubble in France in the early 18th Century. They say, no matter what happens, *my money* must be protected. They are willing to destroy whole nations, kill whole sections of the world population, for the sake of *their money*.

Now, how do we approach this problem? What is the principle by which we put the financial system through bank-

1994: European Union Projects



LaRouche's land-bridge concept was strongly mirrored in the transport corridor plans of the European Union in 1993-94, with two modern transport corridors projected into Poland. But, the most urgent have not been funded or developed.

ruptcy reorganization, in order to have a functioning economy?

Well, there's a principle in European civilization which covers this. It is called, traditionally, the Common Good. It is, otherwise, called the General Welfare.

In a bankruptcy, under moral law, under natural law, in the case of a bankruptcy of nations, or international systems, you have three parties in the bankruptcy reorganization. You have the creditors. You have the debtors—they're not very important. Then you have the important party—the Common Good. What do we have now? Take Russia, take Poland, take any part of Europe. What do we have?

Let's accept the fact that everybody is bankrupt. Let's forget the money for a minute. Think about: What should our objectives be? We have certain institutions which are essential for the functioning of nations and peoples. The farmers must farm. The manufacturers must manufacture. The public utilities must function. Banks must exist and function. The institutions of government must exist and function. Therefore, nations must use the principle of sovereignty to say, we will sort out this bankruptcy, and the priority is first to keep the economy functioning and growing, and we will judge, in a proper way, how much to reduce the value of financial claims.

Now, this is an old problem in society. Until certain developments in Europe, every form of society was based on the

overlordship of the people of society, by a small group of oligarchs. The oligarchs with their trusted lackeys, treated the rest of the population, as human cattle. And the greatest contribution of European civilization, to that, came out of the Classical Greek tradition. In part, as an example, is the famous poem of Solon of Athens. The other thing was the development of Christianity, and particularly as developed in the Epistles of the Apostle Paul. Out of which we got a concept, which originally was Greek, which was given in European civilization, a Christian form, which was called in Greek, *agapē*. That is the law. That is natural law.

Therefore, we say that, in a crisis, the obligation, is the obligation to serve the Common Good. This is not merely fairness in a dispute. This is the function of wiser men in society to lead society, to understand that what we must protect is not *merely* the rights of the living, we must protect the process of development upon which the continuation and betterment of society depend.

Now, appropriate at this time, beginning with John Paul II, with a statement on the subject of Sir Thomas More, in dealing

with the subject of the globalization, in a great heroic mission to Greece, the mission to Syria, and with statements made on various occasions then, and later, has launched a great intervention into the condition of mankind as a whole, for an ecumenical coming together of peoples, around the principle of the Common Good. The only thing that can save us, from the chaos and dark age which this financial crisis threatens to bring about, is to have a great reform done according to the principle of the Common Good.

The Great Opportunity

Now, look at this from the standpoint of the opportunity for great results. The great center of humanity is the continent of Eurasia, which reaches from the Atlantic to the Pacific. This is a very interesting continent, apart from the fact that you live on it. We have two great parts of this continent. We have Europe, which includes much of Russia. Then, we have, at the other end, we have Japan, China, and so forth, East Asia, and South Asia. In between, we have a semi-desert. In Central Asia, and in the north, to the tundra on the Pacific Ocean, this is an area with vast natural resources. We presently do not have the means to properly develop those resources. But, on both sides of this division, between Europe on the one side, and East and South Asia on the other, we have a meeting of two general parts of humanity. We have European civilization, and we have a different kind of cultural



Instead of development of the real economy, Poles got the IMF's "my money" economy instead, reflected in a brief "consumer boom" for a small segment of society during the 1990s. "Free market" meant flea market, as here in the Warsaw city center in 1995.

history on the other side, in East Asia and South Asia.

It should be obvious to us that we have a great mission before us because of these conditions. We need to bring together a great ecumenical effort, a great cultural meeting between European civilization, and East and Southeast Asian culture. If we can bring together that kind of cooperation, we shall have brought into being a new condition on this planet, a great opportunity. We will develop, if we succeed, the means to give justice to the continent of Africa, which is now suffering genocide and other injustice. We can revive the world as a whole.

Now, the other side is interesting, the practical economic side of this is interesting. Europe used to be, with the United States, a fountain of high technology. It was essentially a product of a revolutionary development in the 15th Century in Europe called the Golden Renaissance. Through this technology and science and so forth, we have been able to increase the potential productivity of mankind and to increase the quality of life of mankind. Europe as such, the core of Europe, Japan, for example, had developed—as well as the United States—has developed areas of great potential for developing the kinds of technology which are required by other parts of the world.

Look at, for example, two nations in East and South Asia: China and India. China has the world's largest population. India has a population which will reach over a billion very soon. India has some high technology, but it also has a vaster army of greatly poor. China has developed high-technology capabilities, but the future of the Chinese population depends upon the development of the inland areas, and the desert areas, and the mountainous areas. So, these are countries which have some high-technology capability, but not enough to meet the

needs of their populations as a whole. Therefore, if we're going to reorganize the world's financial and economic system, what we would wish to do is take the areas which formerly have produced high technology, as in the United States, and Western Europe, and Japan, and increase our production of technology in cooperation with parts of the world that need this technology. This will require a long-term credit system, generally reaching to periods of 25 to 35 years, in other words, a generation. This means interest rates, simple interest rates, in the order of 1%, in long-term agreements, especially in infrastructure development and in new technologies.

To deliver those technologies, we shall not generally do it by sea. If we build development corridors, corridors of approximately 100 km width across Eurasia, especially Central Asia, then we will create a situation, which, with the use of magnetic-levitation transport, we will transport freight from Rotterdam to Tokyo, at speeds of up to 300 km per hour. The result will be that, since we are doing it across land, and since every few kilometers of land area is developing new wealth, the net cost of shipping a ton of goods from Rotterdam to Tokyo will be less than zero. And it will go at speeds of up to 300 km per hour. Why? Because, when you transport across a development corridor, the use of that development corridor increases the production of wealth along the way. Therefore, you are actually generating wealth by transporting it. There was a time in Poland, where the idea of developing transportation systems in this way—admittedly, at that time, railroad—was an idea. It's still an idea. It can be revived in the modern form. Poland, for example, could play an important part in contributing to the development of such corridors.

So therefore, what we would do, is transform an area,



Keep fighting until we win “is an old Polish custom. That’s why Poland exists.” Thaddeus Kosciuszko, the most world-famed of Polish national liberation fighters, led the uprising of 1794 against Russian rule, and was a key collaborator of Gen. George Washington in winning the American revolution.

which is not exactly fruitful for human habitation, including Central Asia, and even the tundra areas of North Asia, will become areas in which the natural resources which lie in those areas, would now become economically accessible to the nations as a whole.

So, this is the potential of a great unifying project in Eurasia, which is of benefit to the world as a whole. What we have to do, to do this, is very simple: I will never tell people to count on a plan. Never rely upon a plan. A plan is no better than the intention which moves it. In physical science, we call an intention a physical principle. We must have in Eurasia, the *intention* to do this. Then we will recognize that we have the *ability* to do this. And that we will do it. Without the intention, we won’t do it.

Great Decisions in Times of Great Crisis

Now, we’re in a situation where we have no choice. The system is collapsing, the financial system. We need a new system. We have to correct errors that we’ve made, that led us into this mess. You have in Poland an agricultural problem. You have great pockets of miserable unemployment in Poland, for example. This kind of rearrangement will create the opportunity for Poland itself to attack these internal problems.

What you need is a project which is going to contribute growth opportunities and technological opportunities, combined, and then use them to make the changes which you otherwise could not make.

Now, another point, on this same thing: Such decisions are made only in times of great crisis. So far in history, only a small percentile of the population rises above living, pretty much, from day to day. Most people do not realize what it is to be human. They make themselves little people. They don’t realize—they know they’re going to die—but they don’t understand what that means. They don’t really think about the purpose of their living, of what their life will mean after they’re dead. So, they become prisoners of their own passions, their own desires, their own desire for security and advantage in the short term.

In former times, good societies would be good because parents would sacrifice for their children and grandchildren. They would rise to a higher sense of purpose in their lives, in the sense of what they were doing for their grandchildren. European society has become a hedonistic society, which is concerned with its material pleasures, individual pleasures in the short run, not with families in the long run, or any other long-term purpose. So this hedonism, combined with a lack of sense of purpose, the substitution of *money* for other conceptions of interest, has made the populations very little people, concerned about the next five minutes, the next day, the next two days, the next small interest.

You see it in politics, political behavior, political parties and voters. Do they ask about what is the future of mankind? What is the future of the nation? They’re not afraid of things that are really important. They’re not afraid of things that should be important to them. The most terrible thing, is to die in the sense that your life is a useless life. If you go through life looking only for pleasure and satisfaction and security, and then you die. And you do everything for the sake of what you call your self-interest. You don’t look at yourself from the future, looking back, and saying, “Was this a life worth living?” See, in former times, we had a substitute for this, in family.

Think, in the case of Poland for example, how many revolutions have the Polish people fought in the struggle for independence? Why did those fighters who died for that, do that? As instinct, like animals? No. They fought to save the people and the nation. They were willing to sacrifice their lives. Without that, since the Mongol invasion, there would have been no Poland, and when you think of the people who did that—and you know many of them, and many of you were those people, in former times, the last Hitler period, and dealing with the recent regime here—it meant something. The life of the person who took the risk of doing that: It meant something to take that risk. How many people today would stand up to the same challenge?

So therefore, a great crisis is an advantage, in that it forces us, and forces the little people to pay attention to what some of their leaders have been telling them. Great tribulations

sometimes come as a blessing, if there are prophets to awaken the people to what their true interest is.

Crisis Gives Poland 'Permission' to Act

Now, just in conclusion, let me sum up what the world situation is, and what I think our prospects are.

As I've said repeatedly, there are only three national cultures on this planet today, which think in true, global terms, that is, think about the consequences of a policy for the world as a whole. One is the British monarchy; they think global, they think imperial. They imagine their thoughts can determine the fate of mankind throughout the planet. Another one is the Russian nation, the Russian culture. Russia still thinks of itself as a world power, politically. That is a Russian characteristic, which has come to the surface around President Vladimir Putin. The other is the United States. We've never been defeated, never conquered. We have a sense of being powerful. Most of my fellow citizens don't even know what that means, but they feel it. They don't know there's anything outside the United States, but they know whatever it is, we're supposed to rule it. It's different. China does not see itself as a world nation; it sees itself as nation in the world. So, also Europe: Europe has been conquered so many times, especially in the last century, occupied so many times in the last century, that Europeans no longer think they can make their own decisions about their own national policy.

There are some people here, in this room, [who wish] for Poland to make its own policy. But it must ask for permission from the IMF, from the European Union: You want schools here for your children? You have to get permission from the European Union. You want to have a currency? You have to get permission from the IMF. So, our problem is—I've discussed in general terms—there is a solution for this mess: Put the thing through bankruptcy reorganization, what we call the Chapter 11 principle in the United States; adopt a new policy of reconstruction, centered on the idea of developing cooperation in Eurasia; develop the great cultural dialogue between Europe and East and South Asia; and do this with the idea that this is the way to organize a benefit for the entire world. That is consistent with what we call the Common Good. That's consistent with what John Paul II has called the Common Good. Therefore, we should do it.

Where do we get the permission to do it? Very simply. The United States is in a crisis. Every banking system in the United States is hopelessly bankrupt. The banking systems of Western Europe are hopelessly bankrupt. The "New Economy" that never existed, is going away. The debts are greater than could ever be paid. So therefore, we need a reorganization of the world financial system. We need a great mission. We need to bring in the great power of a partnership among nations to do these things. So, we have to have a conception of what we would do, if we had the power, and we have to get the power at the same time.

What I said at the beginning, now applies. All of East and South Asia is now in a state of revolt against the IMF. What

has been done to Japan, what has been done to Korea, what has been done to Indonesia, what has been done to Southeast Asia, what has been done to the Philippines, is a crime against humanity. All of these nations which have depended upon exports, largely into the United States and Europe, are now going to lose their export markets. For example, China must expect to lose *half* of its export market, this year. Not next year, not down the line. This year. Mexico is collapsing: Eighty percent of Mexico's imports go to the United States. Most of this is virtually slave labor. This export market in the United States is now collapsing. Africa is suffering genocide, intentional genocide.

So, in these conditions—now Europe is in a revolt against Bush. All the leading circles say this Bush Administration is almost like Hitler, or maybe worse. Leading circles in England, which used to be Thatcherites, are looking at this thing in the United States, and saying, this is clinically insane! We have an increasing revolt in the United States, which I am helping to lead. The people of the United States are beginning to move in revolt against these conditions. The Bush Administration is incapable of doing anything sane, or even effective. It is headed for an increasing crisis; nothing can prevent that. It's like an insane elephant: It still has the ability to do damage, but it's insane, and it's doomed.

So, there are certain things that will be done, and can be done inside the United States. The Europeans need a Eurasian cooperation. Western Europe can not survive without an expansion in cooperation with Asia. Italy understands that; Japan understands that; the French understand that. So, the potential for what must be done, in a negative sense, exists.

And, in the meantime, what do we do? Well, I'm an old fighter. I'm impatiently patient. I'll continue the fight. I will not complain if we don't win tomorrow morning. I'm determined we're going to win the war, though. I can't tell you what day. I can't promise. I can tell you *how* we're going to win the war, though. I can tell you to stay at it until we win. That, of course, is an old Polish custom. That's why Poland exists.

So therefore, what we need are the clear ideas. We need the ideas that we would want to have from the prophets. We must work for those ideas in whatever way we can, day by day. We must be prudent, but bold at the same time. We must be bold, above all, in the area of ideas. And we must see ourselves as merely a part of humanity which has been on this planet for a long time. And we must look at ourselves as this part of humanity as God looks at this part of humanity. We must say: What does God say our mission is for existing in our time? And we must accept that responsibility with joy. I think we can win soon. The main thing is to have a fraternity among us, among nations, and share with John Paul II, the idea which is expressing itself in action now. God looks at us in our time. What is our mission in our time? Let that be our joy.

Thank you.