

How ‘Consensual Pragmatism’ Ruined U.S. Policymaking

by Lyndon H. LaRouche, Jr.

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The following speech is a report on Mr. LaRouche’s late-April visit to Moscow (for coverage of the events in Moscow themselves, see EIR, May 31). The address was delivered on May 16, in Washington, D.C. A videotape of the event was excerpted for Mr. LaRouche’s June 2 nationally televised half-hour campaign broadcast.

In the latter part of April, I was in Moscow for about a week. And, there were two public events there, one of an official nature, the other a university evening address and questions which went on some time. We have some video material from there, one which is being processed so people can see it, of a lengthy discussion we had with scientists and others at the Methodological University on April 26.

But, the prime event was an official event, which was co-sponsored by the Schiller Institute and a couple of institutions of the Russian Academy of Sciences circle, which spent all day at that, on April 24. Now, that is the subject of reference on which I want to report to you tonight.

For some time, the past two and a half, three years, into late 1993, I’ve been directly involved with a number of influential circles in Russia, on the question of: Where is the Russian economy going to go, or where *should* it go, and, how does this bear upon the fact that the U.S. economy, and the world economy, is now collapsing? It’s not a question of whether it might collapse, or prophesying that some bright day lightning will strike. *It is striking now.* It’s just like your head’s been cut off, but you haven’t wiggled it much lately, so you don’t know that that’s happened. The danger is, if you wiggle your head, the head will drop off, or something. Timothy Leary’s head will drop off, or something.

The Problem of the ‘Baby Boomer’ Generation

So, the question now is: What are we going to do about this crisis?

You have two problems. On the one hand, you have an international crisis, which we in the United States face, as well as all other nations; and, you have within that, a very specific and very dangerous crisis in Russia. They can no longer continue the way they're going. And, I think they will not continue the way they're going, which means they're going to have to break out of what is called the International Monetary Fund conditionalities.

Now, you've got a problem for the President. The President is of a different generation than I am. You may have noticed that. I'm World War II generation, and we're much more fortunate than those who came after us. Because we who lived through the 1920s, the 1930s, the 1940s, had an experience which those who came after us didn't have. And therefore, we went through the experience of the giddy '20s, the terrible '30s, and the recovery of the U.S. economy and society under wartime conditions, between 1939 and 1943, followed by the death of Roosevelt, which led to a return to a disaster under Truman. It wasn't really Truman's fault, he didn't own himself. He was owned by Averell Harriman, who guided him around like a little dog they take out to pee every evening. Something of that sort. So, he didn't really make up his own mind; the guy who was controlling his leash made up his mind.

But, that was a disaster. And, those of you who did not live through that period, as we did, as adults, *do not understand what happened to us*. Unless we who are older, tell you about it. But, what happened to those who are in the generation in their forties, or early fifties now, don't have that experience.

Now, what's happened is, if you recall, there was a fellow called Kennedy, who was President for a while, until somebody shot him. Or three people shot him, on orders from British intelligence—and that's a fact.

He belonged to my generation. My generation was running the country in the 1960s and early 1970s. In the 1980s, and in the 1990s, the Baby Boomer generation is running the country at the top, in general. That's the President's generation.

Now, if you know anything about Baby Boomers, if you happen to be either of my generation, and have observed this particular kind of jungle fauna called the Baby Boomer, as I have for a number of years; or, if you're a member of that particular sub-species, then you know that the sub-species has a peculiar kind of behavior, which we in my generation would not consider entirely sane.

And, that is, in my generation, as in running a war, you had people who took charge and who were in command. And, they had the responsibility. And their job was *to make things work*.

Now, the Baby Boomer doesn't try to make things work. He tries to make everybody satisfied, whether it works or not. And the way this is done, is they have a meeting. It's like a sensitivity group, a T-group, or a seance. Whatever happens, happens, so to speak. Someone says something, and somebody has a sad expression on their face, suddenly: "Uh-oh. Got a sensitivity problem here. We must start to dialogue. We must conduct a dialogue." And, when everybody's happy, or when the degree of unhappiness is minimized, coming out of this process, that becomes policy.

Does that correspond to reality? That's not the point! Does it maintain the process of dialogue, whether or not the plane crashes or the ship sinks?

That is the United States today. That is the United States of the counterculture. And, that is the culture in which the President of the United States and his immediate circle, *are trapped*. That's why the operations in Bosnia, in the Balkans, of the United States, are a farce. *You don't want somebody from the Baby Boomer generation running a war*. Instead of having a military planning session, they'll have a sensitivity meeting, and start to dialogue. And then you lose the war. Because the idea of *personal responsibility* for getting the result—

I'll give you an example. We can calculate, and I've shown, and I've written about this repeatedly, at length, that if you do the calculations *properly*, you can show that per capita of labor force, the actual income of the Americans today, is *half* that of what it was in the second half of the 1960s. When you struggle to approximate the standard of living of a 40-year-old steelworker in the second half of the 1960s raising a family, you will find you have to have two and a half jobs instead of one, and you still don't make it. So therefore, you have to produce *twice as much* today, per capita, as you did then.

That's why medical costs today, cost approximately *twice as much* as a percentile of your income, family income, as they did 25 years ago. Medical costs have not increased, except for the malpractice insurance and the other load-ons that have been stuck on that. And real estate costs; things like that.

Rather, the *income* of people who use medical services, has *decreased* in absolute terms. Because medical costs are largely a professional service, a high-cost professional service. And therefore, if you want to buy some of that service, and you are greatly underpaid, you're going to find that the deflation or devaluation of your wage content, of your income, is going to cause the medical services to cost approximately twice as much as they did then.

But, in the Baby Boomer generation, this isn't accepted, unless people work for a living. But, people who *don't* work for a living, don't accept this. I mean *work*, you know, real productive work. I don't mean this services kind of stuff that people do, which is not work. It's something else.

Therefore, they will say, "No! The economy is growing. Despite the inequity in wage income, despite the disparity between people in the top brackets and people in the lower brackets." Somehow, mysteriously, even though the average person is much worse off, they have the perception the economy is growing. Because there are more jobs: Each person has two and a half jobs, instead of one. That sort of thing.

The jobs are mostly worthless. People are poorer. The standard of living is poorer. But, they have the perception: No, the economy is growing. Well, what's better? "Well, you've got environment now. We didn't have that before." Glad to hear that. You have all these changes, these intangibles. You have cable, you have optical cable. We have now replaced the teacher with a much more advanced thing called a piece of cable coming into a classroom! You don't need to have counseling, we have Ritalin.

So, in other words, we have a lot of different things. "We are now in the Information Age. You have more information." Yeah, I have a lot of information, on how poor we are!

But, the problem is, the Baby Boomer generation, is a generation which was conditioned *not* to accept reality, but rather, to accept agreement. Sensitivity.

For example, in Britain, they just changed God's sex. The British church, the official church, the one the Queen of England runs: They just changed God's sex to female. They just declared, they have some scientist over there that discovered Jesus is supposed to be a lady.

But, this kind of thing goes on. Before, in my generation, we would have considered this nuts—or worse. But now, it's generally accepted.

So therefore, here you have a whole generation of Americans which the President and his circle reflect, the sensitivity Americans, the Baby Boomer generation; the New Age utopia. And therefore, the achievement of certain utopian values, is considered "progress," as opposed to scientific and technological progress. So therefore, we want to share useless things with poorer people and make them feel better, without actually eliminating the poverty.

Now, look at Russia. What will the Americans say? What was the typical U.S. policy? "The IMF is good for you." "Castor oil is good for you! Take it!" Mussolini said to the Italian labor movement. "That's good for you. We support the IMF. But, we also support Russia."

Well, how do you support Russia? Here you've got—this guy's raping a woman. And, you support the guy doing the raping, but you also sympathize with the woman. Now, how do you do that? We tell the rapist to take it easy.

A Collision Course with Russia

This is our problem. This is not Clinton's problem; this is the problem of the majority of an entire generation, called the Baby Boomer generation—except people who work in factories, if they can find one to work in, and things like that. And, that's our problem. We have come to the point—

You have terrible conditions in Russia. Now, these conditions were *intentional*. There were no “mistakes” made in Russia by Thatcher, Mitterrand, and Bush. They were determined to destroy Russia and its people, with a kind of worse-than-Morgenthau Plan, so that part of the world that had formerly been eastern Europe or the Soviet Union, *would never come back again*. It would be depopulated.

The Russians would not be allowed to have advanced industries; they would export natural gas and petroleum, and strategic minerals, at low prices, to the London market. They would not be allowed to have industry. Their scientific establishment would be taken down and destroyed. The birth rate would be dropped. The population would be more than halved. The conditions of life would be made worse. Disease would become rampant. Life expectancy would be shortened.

For example, there are a million fewer Russians every year—under the policy of Bush, Thatcher, Mitterrand, Chirac, and the present administration here. Their policy. They support the IMF. Russian life expectancy of adults has dropped *more than 10 years* under the reform. There are many more abortions in Moscow than there are births of live children. The conditions of life are unspeakable.

The country is on the verge of an explosion. They have only one option, and that is to get rid of the IMF. The United States says, “No. We are *not* going to get rid of the IMF. We're not ready for that. We are going to support the IMF conditionalities. But, we're going to tell the IMF to take it easy on the Russians, and give them a few loans.” This is a collision course.

Now, Russia, despite its broken condition, is still a world power, as China's a world power. As the British Empire, which is called euphemistically the “Commonwealth,” is also a world power, and the United States is a world power. And, as I've said before, there are no other world powers.

Now, this world power in Russia has nuclear weapons. But, the likelihood is not nuclear war. Because in the philosophy of the past 40-odd years, nuclear weapons are a deterrent. What does that mean?

That means you have weapons which have immense destructive capability. And, we agreed, under the influence of Bertrand Russell and Kissinger and so forth, not to develop anti-

ballistic-missile systems. *We agreed to maintain vulnerability to nuclear attack on us.* This was done by all powers. And, this was called “deterrence.” But, we still had warfare and conflict. Then it was called “special warfare,” back in the 1950s. It was called “special operations,” more recently. The more generic name is “warfare below the threshold of nuclear conflict.” This takes the form of strikes, sabotage, terrorism, all kinds of things of that sort, in a world which is ready to explode.

So, the nature of conflict on this planet has been, increasingly, over the course of the 1970s and '80s, has been irregular warfare, or special warfare, including things like international terrorism, which has now come here.

There is no such thing as international terrorism as an organization. International terrorism belongs to no one. It's like war. All kinds of people make war. There is no such thing as “a danger from war.” War comes from *people making war*. Powers make war. One form of warfare, is called *surrogate warfare*. Two countries want to fight each other, but they don't want to get caught doing it. They both know they're doing it. But what they do is, they have a third party, whom they egg on to do the dirty work, like a terrorist.

For example, the British didn't like Chirac, for a while. President Chirac of France was getting *too close* to President Clinton. So, they fixed it. The British, who control the largest single component of international terrorism, which is called the mujahideen, based in Pakistan, who are controlled from London; they deployed these terrorists, *under Algerian flag*, into Paris, and began threatening the President of France and all kinds of people around there.

So, the President of France got down on his hands and knees, and slithered across the English Channel to Britain, where he kissed the soil and begged. And, he reestablished, under his administration, what was called the Entente Cordiale. This was the arrangement that started World War I, and other good things like that. So, at this point, Chirac has gone over to being an agent of the British monarchy, *against the United States*.

How was this done? It was war against the United States. Who did it? The British. How'd they do this? They brought Chirac to his knees, whom they knew would be a coward, by threatening him with assassination by their Pakistan-based, mujahideen terrorists, deployed in France under Algerian cover.

Now, all over the world, you have highly unstable situations and unstable countries. If someone who represents a great power, reaches out to their assets and contacts in various parts of the world, they can make a mess of the world, through terrorism and things like that. Just like the Aum sect, which is a British intelligence operation in Japan, which ran terrorist operations against the government of Japan, for British intelligence purposes. But

the Aum sect was created by the Dalai Lama, who is a member of the British establishment, under the control of the British royal family, actually controlled in my lifetime by Prince Philip's uncle, Dickie Mountbatten, who controlled the Dalai Lama since the time I was in India and Burma. And, that's the way things are done.

So, you have a situation in which Russia is increasingly being egged on by the French and British at the highest level, into a conflict posture against the United States, by saying that the United States, and the Clinton administration, is the author of policies which *I know personally* to originate with the British and the French.

The President is foolishly supporting the extension of NATO eastward, which is a useless but foolish move, which has no effect, except to create an intense conflict between Moscow and the United States. All to the advantage, not of the United States; but of the United States' enemies in London and in Paris. And, that's one of the situations I ran into in Russia, in Moscow, in April.

The problem is, we have the Establishment of the United States, the ruling Establishment, manipulating and playing upon the susceptibilities of those in power, the Baby Boomers. Playing up their susceptibilities, manipulating them into a kind of this consensual pragmatism which is practiced by the Baby Boomers. You may know something about this. You may know a Baby Boomer or two, who does this sort of thing. You're saying, "Have consensual sex?" "No, consensual pragmatism." "That's worse! Go back to consensual sex."

And, by this method, we are being manipulated to our doom.

Bankruptcy Is for Banks

Now, in the meantime, we are already in the process of the collapse of the international monetary and financial system. *Nothing can save this system.* The *Titanic* has got a big rip in the hull, *and it's going down.* But the consensual pragmatists say, "We like the staterooms, we don't like the lifeboats. We're going to stay here. We can save the people. We can save the nation." We can't save the IMF-dominated system, it can not be done.

Now, what do we have to do? What we have to do, very simply, as the United States, is, we have to put the IMF system, including our own Federal Reserve System, into bankruptcy, into receivership.

A very simple thing to do. You've got a bankrupt bank. What do you do? You put it into receivership. That's what you do with banks. That's why they call them banks. That's where the word "bankruptcy" comes from, it comes from bank. Any time a bank sneezes, you put it into bankruptcy. And, that's the way you prevent chaos: You take over the bank, you sort things out, you protect the depositors and do all these kinds of things to prevent social chaos.

Then you take action to get banking going back into that community, in order to get credit in circulation, and keep the community going. That's what you do bankruptcy for, not to be mean. Actually, it's a very nice thing to do to the Federal Reserve System: "Come on, Federal Reserve System, just be calm. We're going to take care of you, we're going to put you through bankruptcy. Don't worry. You're being taken care of, we'll get Dr. Kevorkian here as soon as we can." But, you do that to save the system.

How a Recovery Can Be Organized

Now, we can save the system. It's very simple. And, again, my generation—some of you are from my generation, you may remember this. We took a bankrupt United States in the 1930s; and, when Roosevelt had the chance to do it, when the war in Europe was obvious and people would put up with this—we were pretty isolationist in the early '30s, but, he knew we were going to war in '36. I knew it, too, in 1936: We were going to war.

He used the cover of war, to organize an economic recovery. So, while 17 million of us were in uniform, many overseas, with the women and the older folks working in the factories at home, sometimes two, three shifts, we took a bankrupt economy with people who were gray-faced, who had lost skills, who had been out of their skill for a long time, and, within four years, we exceeded every plan and expectation in reestablishing the United States as the greatest industrial power the world had ever seen, under wartime conditions. *We did that.*

That's how things are done! You don't say, "Oh, no, we couldn't do that. Oh, that'd be terrible." No, we do that. That's what our generation has to give to Clinton's generation: an understanding that *these things have been done, they can be done, and they must be done.*

So, in that context, I went back again, in April, to Russia. We met with a very high-level group at this seminar, which, as I say, was all-day long, sponsored by a section of the Russian Academy of Sciences, the Free Economic Society, which is about 200 years old. It was established during the time of Catherine the Great in Russia. (Somehow, we're sort of involved in that.)

And, we had a number of people there, including the last prime minister of the former Soviet Union, Valentin Pavlov; one of the top officials of the former Soviet Union, Leonid Abalkin, who's a famous economist, who chaired the event. And other people from various other institutions.

This intersects the same group of people, friends of mine there, who organized this scientists' meeting calling for an avoidance of a clash between Zyuganov of the Communist Party and other forces, including Yeltsin, to prevent a shootout in Russia, in the context of the election. That is, to have a coalition for the kind of policy which *I was discussing with them, both in the open seminar, and in our private discussions, while I was there.*

So, from the standpoint of feasibility, me being the intelligentsia here, they being the intelligentsia there, we had a meeting. They represent a lot more power in *their* country than I represent here, because that's the way Russia is organized. And, we *understand* one another.

What we have to do, in general, and that our nations and other nations have to get together on this, and agree it's going to happen, and, by combining forces, crush the opposition to doing what has to be done.

I have to save the United States, we have to save the United States, we have to save the world. They have to save Russia. We've got China, which is in this picture as a world power—and you'll hear more about that in the next couple of weeks. We have a lot of other nations around, which, by themselves, could not get out of this mess. But we, a few major powers, with other powers, can solve the problem.

We can immediately bankrupt the Federal Reserve System. We can issue immediately a new issue of currency to supplement that presently in circulation, U.S. Treasury currency notes. We can put several trillion dollars of that into the pipeline. We can start up national banking. We can do this with bills in one day, emergency legislation to a panicked Congress, to get, under Article I of the Constitution, a new currency bill. Under the same provision or precedent in Article I of the Constitution, we can establish national banking. One day, one piece of emergency legislation!

We can, with plans which already exist, organize a general economic recovery in the United States tomorrow morning, simply by putting things into motion that will hire people and put things back to work, and stimulate the other sections of the economy through public works in the public sector. We did it before, we can do it again.

A New Global Monetary System

But, we have to deal with the world context. Therefore, we have to set up a new monetary system for international trade. We have to reestablish the agreements we had, the Bretton Woods agreements on international currency and trade conditions that we had prior to 1968, minus the central banking provision, but on a national banking basis. We can do that, practically, in one day, too.

All we have to do, is get enough clout together in the world, in terms of agreement among a number of nation-states, that *that's* what we're going to do. And, if the United States requests it, and if the other countries agree, *it's going to happen*. And, that's what people in Russia, and, also, in other parts of the world, wish to hear.

Everything the next President of the United States can do—or perhaps the 1996 President has to do sometime this year—everything else he's going to do, is not important, compared

with this. We face the worst crisis in the Twentieth Century, with a financial system and a banking system which internationally is breaking down, now. We have to fix that; because if we don't fix that, we're not going to fix anything else.

So, you can not go by consensual pragmatism. You can't do it on the basis of sensitivity groups. You have to say, as in war, "*Here is the battle we must fight; and we must win that battle. And, if we win that battle, then we will be in a position to take care of these other problems. But if we don't fight that battle, and don't win it, we will never fix these other problems.*"

And, that's where I come in, and people from my generation, like some of my interlocutors in Russia, who are of the same generation, *who went through the 1930s; who went through a terrible war of the 1940s; who went through the postwar period, and survived.* They, too, from our generation, know how you survive. And, those of you from my generation, have the responsibility of taking *this kind of leadership*, in order to assist those who are of our children's generation, who are now coming into power, to understand how things work, and to give up this consensual pragmatism, and get back to reality.

I would hate to fight a war under a bunch of consensual pragmatists. Nothing would work! You'd never know what would happen. It would fall apart. And, that's where my role in this election campaign becomes crucial.

Defining Economic and Social Policy

Now, there are some other things involved here, which we have to take into account at the same time. We have to settle two things. We have to settle: What do we mean by economic policy? And, we have to settle what we mean by social policy.

We have, in this country today, and we have in the "globaloney" world economy, the same problem: the idea that productivity is the rate of profit obtained per employee, and that an acceptable way of increasing the rate of profit, is to cut the income of the employee. Cut his share of the total income. That's called "increasing productivity."

For example: How about eliminating nurses, and hiring nurses' aides, who get a two-week training? What does that do? It does two things: First of all, nurses have some protection, in terms of pension and other things, and health care. So, if you fire the nurses, or lay them off, and hire the part-time aides, who are not permanent employees, who *don't* get employee benefits (just their bare wage), who get two weeks in some tech school, to perform rather sensitive operations that only more skilled nurses would normally perform, that's "increasing productivity."

When the ValuJet airliner crashed in Florida, that's a way of "increasing productivity." Not the way it was intended; but, deregulation.

As I said, the case of McGinnis: Some of you remember, there was once a New Haven Railroad. It once existed. It was in trouble in the 1930s, and, during the war, because of war production, all the railroads generally made a good deal of money. There was a lot of freight to be carried, and a lot of passengers, and things like that. So, the New Haven Railroad, under the control of a family from New England, became quite prosperous, and came out of World War II in fairly good shape.

Along came a shark by the name of McGinnis, a Wall Street shark. He was a raider; he took over the New Haven Railroad. Now, how did he increase the value of the stock? What he did was, he said, "No maintenance." If a locomotive got a squeak, you put it on the siding, and leave it alone. If the track breaks down, you just tell the trains to drive slow over that part of track. Don't fix it.

In Norwalk, there was a bridge, a railroad bridge, which was partly timber, and every time the rain came, and this bridge soaked up the moisture, they'd lift the bridge to let a boat through (they used to do that kind of thing, they used to have some activity of that type up there), and they'd try to put it down, it wouldn't go down, it would stick—because it was swollen, because of the moisture. And often, the New Haven trains going from Boston to New York, or New York to Boston, would get stuck at this bridge, because *they couldn't get the bridge down*. Again, a maintenance problem. Rolling stock, track, and so forth.

By this method, what McGinnis did, and his crowd, they increased the profitability of distributed earnings by the New Haven Railroad. That, by the multiplier factor on Wall Street, shot up the price of New Haven stock. McGinnis and his crowd sold the stock at the inflated prices, and the New Haven Railroad never recovered. It was just looted.

CSX, same thing. The old Chesapeake and Ohio, same thing. Train accidents. *Deaths*. *Deaths*. Caused by—what? Economic policy. Why? "Don't maintain it, don't fix it. We need to distribute the money. Shareholder values, you know. Shareholder democracy, shareholder rights. The raider comes first."

The idea of *performing a public good* as the basis for receiving the benefits of corporate limited liability and so forth, and corporate protection under law, is gone. No! Everything: shareholder values. The raiders get all. Even the courts are saturated with that kind of precedent, and believe in it.

So, you have a philosophy in which we used to think that if somebody was running a firm, the firm was supposed to produce a product. We thought the primary function of the firm was to produce a good product; and, if they made a profit at producing a good product at a

fair price, more power to them. We didn't care. Because generally, the firms which had that attitude, when it came to the communities with which they did business, they would often chip in for this and that, and so forth, in the community, partly as public relations, but it was actually a public benefit. But, in general, the idea was that a corporation performed a public good; and sought to make a profit in performing and delivering a public good.

Now, the corporations aren't committed to producing a public good. Shareholder values; shareholders come first. Raiders come first. Michael Milken comes first, and his backers.

This is true internationally. National economic security, jobs going out of the United States, to all parts of the world. Because "slave labor is cheaper, don't you know? Isn't that advantageous to us, to get cheaper things?" How do we get the cheaper things? "We buy them." Well, where do we get the money to buy them now? "Well, work three jobs, on services."

So, the idea that U.S. corporations should enjoy the protection of the U.S. government and U.S. law, on the basis of performing a public good for U.S. national economic security; the imperative of providing decent employment for Americans; the idea of having food produced in the United States adequate to meet the needs of our population, instead of stealing it from people overseas. These—we have the wrong values. These are the values of the Globaloney Society. And, the idea of global economy, is one referred to by the Baby Boomers today: "Well, global economy is here. You can't stop it. You have to accept it!"

There's no way you can save the nations and the economies of this planet, without reversing it. It's the government, the national state, which makes economies work. Free market leads to flea market, as you may have seen. It's when you have a regulated economy, where certain standards are maintained, where water is there, drinkable; where power is there; where public transportation is there; where sanitation is there; where opportunities for employment are provided, or stimulated, by government intervention, to make sure that things are stimulated, so you have employment in areas, was the way most of your problems were solved, in the old days.

Without government, this couldn't have been done. Without the government *guaranteeing* that, through its intervention, we would ensure that by hook or by crook, we would have universal education, quality universal education, for everyone in the country. That by hook or by crook, we would train enough teachers, to provide qualified teachers for a classroom, on the basis of 15 to 17 students per classroom, which is what you require for competent education. If you've got more than 15–17 students in a classroom, you probably haven't got competent education. Because the cognitive process requires intervention with the student by the teacher. If there are too many students in the classroom, the teacher can not intervene effectively, and get the interplay among the students which is necessary for a cognitive

quality of education. Because the student isn't participating enough in the process. Too many students in the classroom. If the teacher's not qualified to teach that way, you're not getting good education.

If you've got a television screen instead of a teacher in the school, with a facilitator, you're not getting education, you're getting fraud. So, that's our problem.

Where Does Profit Come From?

Now, there's another conception behind this, which is peculiar, in part, to me, but not unique to me.

Where does profit come from? How is it that there is such a thing as profit? How is it generated?

Well, what is profit? Now, profit is (and this is the key to all of these problems of these countries, and the key to the world economy, and how we have to rebuild it), profit is the net growth in the national society. *The net growth.*

What does that mean? That means, first of all, greater life expectancy, improved health standards, greater productivity per capita, a greater potential for improving technologically. A higher standard of living. Not necessarily in money terms, but in terms of standard of living. You know, how many rooms have you got in your house? What's the quality? If someone sneezes in one room, does everybody else have to wake up? Little touches like this, which have some significance to them. So, quality.

Man: the benefit of man, the improvement of the population, his life expectancy, his quality of life at every age, his productivity, his education. *These* are the measures of economic performance. And, if these things *grow*, and the population *grows*, and the standard of living *grows* in these terms, then you have an effective profit, that what it costs you to produce the population, is less than what the population produces. That's profit.

Now, where does this come from? *No animal can do this.* No animal can increase his productivity. No animal can willfully increase the standard of living. If man were an ape, we would never have had more than 2–3 million people living on this planet. The fact that we have, now, over 5.2, 5.3 billion people—how'd that come about? Most of that happened in the past 500 years. How did it happen?

It happened through universal education, through the institution of the modern nation-state, through fostering scientific and technological progress, from Europe. And, this spread all over the planet, despite colonialism and all the problems. So today, up until 1966, the general standard of living throughout the planet, in 1966, *was vastly better* than it had ever been in any part of the planet prior to that time. Despite all the problems.

How was that possible? What is there about man that makes this possible? What is this thing we have to think about, if we want to have a profitable economy?

Man is capable of making discoveries of principle by which man can change man's behavior, to improve the conditions of life in such a way that people are more productive, the population density can increase with an improvement in the standard of living, life expectancy's increased, health conditions are increased. Infant mortality rates collapse. All these good things that have happened under the influence of modern society, in particular.

The Right Kind of Education

Where does it come from? It comes from education. But what kind of education?

Through the history of man, the thing that distinguishes us from the apes, is discoveries of principle. Someone 2,600 years ago, approximately, or 2,500 years ago, discovered the curvature of the Earth, without seeing it. A man called Eratosthenes. Scientific discoveries, discoveries of principle, which, in a good educational system, every child in the school system *relives*.

You don't educate the child from a textbook. You take the child, and walk the child through, step by step, the great discoveries by mankind. Explain what a language is, how that developed. How various kinds of discoveries were made. So that by the time the child has reached the completion of secondary school education, the child has now *relived*, in every field of science and art, many of the great discoveries which have been handed down to us, which represent the potential today. That child not only has *knowledge*, instead of learning, learning how to do things. You know, like the fellow who gets a recipe, and cooks something up, and they wonder what they're going to get at the end result? They're just "following the recipe." They've learned the recipe. They don't know what it produces, or why. And, that can lead to some very interesting results, sometimes devastating ones. It can spoil your dinner.

But, if you *know* the principles. You have a child that knows the principles, because the child has *relived the act of discovery*, not simply learned some story:

"So-and-so. Here's his picture. And, he discovered this."

"What's that?"

"Well, here's what this says that was. I memorized that."

That child doesn't *know* anything. That child has learned to recite something. They don't *know* anything. A child who has a wired classroom, with some idiot piping a message into the idiot box, and the child sits there, on Ritalin, "paying attention," naturally. Too stupid to do anything else. That child doesn't *know* anything. That child is of no use. That child is

useful only for an ignorant slave, probably not qualified to be a shoeshine boy, with that kind of education, with the “wired society” education.

Whereas, the child who has *relived what went on in the mind of some of the greatest discoverers in all society before then*, this child not only knows what he's talking about, as opposed to being able to recite something to pass a grade. This child has learned *how to create, how to make valid discoveries*. How to go out and set up an experiment, say, “Well, how would we prove that? How would we know whether that's true or not?” You get the little child, with some other children, busily trying to construct something, to discover: Is this true or not? A child that can think, a child that can improvise. A child that can make discoveries, a child who knows; a child who knows what truth is.

See, for the Baby Boomer generation, or the consensual pragmatists, they don't know what the truth is. They know what they agreed to call the truth, which changes from week to week, as the meeting goes on.

But, the child who is properly educated knows. They don't guess, they know. Because they've lived the act of discovery. And they have *character*, because they can say, “I know what the truth is.” He says, “I know the truth!” That is *character*, to be committed to knowing the truth, or, as Plato says, in the *Republic* and later writings, when he uses the Greek, the form of the Greek *agapē*, which is derived from a Greek verb, which is what you find in Paul, in Corinthians. The idea of love, which is called *charity* in the King James version. Or in the Gospel of John: love, *agapē*, a word which first appears in that form, in Plato's writings. *The love of justice; the love of truth; the love of mankind*. The love of a sense of one's mission in life, of one's vocation. Not tangible, sensual things. But tasks, missions.

And, when a child has access to know what the word “truth” means, what “justice” means, what “mankind” means, that child has *personal character*. Whereas the child who has a TV set in the classroom instead of a teacher, doesn't know what truth is, doesn't know what justice is, doesn't know what mankind is. And can't produce. The source of growth is that.

The Development of the Citizen

How it started: It started in France. Now, in the Fifteenth Century, France was still the most important country in Europe, which it continued to be until after Napoleon got through with it, and the British.

The total population of Europe at that time was about 80 million people, of which 30 million were French. All the other countries of Europe were very thinly populated, by comparison. France had the highest level of culture of any part of Europe. It was also being decimated by various forces which realized its potential, and wanted to destroy it, to prevent it from doing what it could do.

And, some people came along, in various phases, including, earlier, Dante Alighieri and others, and developed a process of what became universal education, and began to take, from among the boys of the poor, the orphans, and others, and began to educate them along the basis of knowing truth, of discovering great discoveries, reliving the act of discovery from earlier thousands of years, from Greek civilization on.

And these boys, many of them from very poor families, or who had been picked up as orphans by various teaching institutions, formed in the urban centers of France, as in other parts of Europe, an intelligentsia which came from the people. Which is not the nobility, not the financial nobility, nor the gentry, nor the landed aristocracy. These were the people.

And so, under the influence of the same people who organized the Council of Florence in 1439–41; the same group organized a young prince in France, through the same channel that the famous Maid of Orleans was developed. And, they educated and trained this prince, who became Louis XI, to become a great king, someone who's referred to as "the great king," in the writings of Machiavelli.

Using the institutions of universal education, the first steps toward universal education in the society, France became the first nation-state. That is, it was not a state like the older ones, which were owned by an emperor, or owned by a king, or owned by a feudal oligarchy; or, like Venice, owned by a bunch of financial parasites. This was a nation *which belonged to its people*, where the people were no longer cattle, even though there were serfs still in France. But in principle, the kingdom recognized *the whole people as being the nation*. The nation was the *property* of its people, as represented by its intelligentsia in the cities, which had come from, among other things, boys who had been orphans, or boys from poor families.

And suddenly, with this emphasis on universal education—one of the first things that Louis XI did, was to set up universal education, the beginnings of it, on the model of the Brotherhood of the Common Life, in France. Under the patronage of the monarchy directly, that is, the national federal government, so to speak, this began a process, the Renaissance process, in which education of this humanist type, that is, education to relive the great discoveries of ideas in art and science of all time, to begin to create a larger percentage of the population who had come from the poor, largely, and to educate them as the *citizens* of a nation-state, a sovereign nation-state. And, at the same time, Louis, and those who followed in his footsteps, fostered economic and technological progress, to provide the opportunity for the expression of this intellectual power in the citizenry.

Now, we find, we recognize in the history of the United States, the same principle. What is the greatness in the United States?

First of all, the people who founded the United States, came to understand that England, Holland, and so forth, were hopeless cases. So, they decided to leave Europe to come to North America, in particular, to set up a nation based on the principle of the nation-state, in the same sense as Louis XI undertook to turn France into a nation-state, under his monarchy.

So, they set forth, in this country, institutions which *were opposed to British institutions, opposed to Hobbes, opposed to Locke, opposed to all that is evil*, to try to set up institutions which were based on universal education, universality of opportunity, such that in the latter part of the Eighteenth Century, in these United States, the people of the United States *had an over-95% literacy rate*, whereas in Britain, less than 45%. And it was very poor literacy at that. The average American produced twice as much, and had twice the standard of living of the average Brit; was more productive, was more sane.

To create in this country a nation based on the education of the *citizen, to be a citizen*. Not to be trained to do a job, but to be a citizen. Not to be sent to trade school. But to get a Classical education. You know, the typical farmer in that period read Latin. The American farmer was called the Latin farmer.

But, to become a citizen, a proud citizen of a nation. To be educated. Universal education. To be given opportunities to invent, to use technologies. To foster the development of canals and roads, and, later, railroads and other things, to make possible the integration of the rural and urban areas in a cooperative way, to build up an economy.

And, despite the wars launched largely by Britain, and, to some degree, by the Hapsburgs, to try to prevent this from working, in a sense, it worked. We had bad times. Jefferson was not so good after his wife died. He degenerated rapidly, after the death of his wife, began sleeping with his slaves, whom he didn't consider quite human, as he said, but thought they were good for entertainment. Believed they should be "treated kindly," like this guy Davidson from Alabama, talking about how much the slave-owners loved their slaves, how slavery was a good institution.

Then you had Madison, who used to be a patriot. Then he had this—Aaron Burr got him a new wife, called Dolly Madison, and that was the end of him.

But, we had some good Presidents. We had Monroe. He was a hero. When Dolly got scared and took her husband out of town, Monroe stayed, and defended Washington, and later became President. He wasn't such a bad President. Some good things happened under him. John Quincy Adams was good.

Jackson was a traitor. Don't kid yourself about that, he was a traitor. His boss, Van Buren, was a real scalawag, and he was a traitor, too. A real New York banker type. And, Polk was

no good. Pierce was a traitor and a scoundrel, and probably a lunatic. He is reputed to be the ancestor of Barbara Bush, which I find increasingly plausible. And then, of course, Buchanan was a traitor, an out-and-out traitor.

Lincoln was probably the greatest President we ever had, despite the attempts to debunk him.

So, we had good. We were still a good nation till the end of the century; then we got Teddy Roosevelt. He was no good. Then we got Wilson. Wilson, who reorganized—he was really pro-slavery. He admired the Ku Klux Klan, from the White House. President Woodrow Wilson organized the rebirth of the Klan in the United States, around a propaganda film produced by Goldwyn and Mayer of Hollywood, originally called “The Klansman,” and renamed “The Birth of a Nation.” Three million people in the northern states of the United States were recruited into the Klan: Minnesota, Wisconsin, Indiana, Illinois, Ohio, Michigan. Three million! By Woodrow Wilson, that “great Democrat.”

The Democratic Party was a piece of filth, till Franklin Roosevelt made it a real party in the tradition of Lincoln and Washington, and so forth, again.

'The American Patriotic Hypothesis'

But the point is, this country has within it what might be called “the American patriotic hypothesis”: that we find embedded within us, with pride, those qualities which made this a great nation, at least at times, and a great nation in potential always.

We are *now* in a position where we're the greatest power on this planet, though a piece of junk otherwise. We are again called, in the worst crisis of this century, probably the worst crisis in several centuries, as a great power, to lead this world out of a mess. And, to clean up our own corruption, in the process of doing so. Sometimes, the best way to clean your own act up, is to take a good mission, and save somebody else. Sometimes, the Good Samaritan is saving himself more than he's saving the guy he's helping out. Because he's picked a mission which brings forth from within him, his best qualities.

We have this mission. And, we have this broken-down nation, which used to be this communist power, what's left of it, Russia, which has a great economic potential. We have a nation of 1.2, approximately, billion people called China, which is rumbling with development in certain parts now. You'll hear more about that in the coming weeks.

We have the enemy of humanity, the Devil Incarnate, called the British Empire, otherwise known as the British Commonwealth, which is heavily represented here by “Sir This” and “Sir That.” Sir Henry Kissinger, Sir George Bush, Sir Colin Powell, Sir Brent Scowcroft—or Scumcroft, or whatever you want to call him.

We have all these problems. But, we also have a heritage, frayed and tattered and poorly maintained as it is, which has come forth from within us as a nation, at various times in the past. Not perfectly, but it's come forward. We can all recognize it, and take pride in it when we think about it.

We can take pride in universal education; we can take pride in periods of scientific and technological progress; we can take pride in fighting against slavery, in fighting against the British Empire. We can take pride in the fact that throughout this planet in former times, up to Truman's time, when things began to turn bad, that people all over the world, in the poor countries of South America and Africa and Asia, looked to the United States with hope, admired us, and hoped that we would be their friends in assisting them in finding and realizing freedom at last, from the British, French, and Dutch empires.

We can take pride in that. We can be sad about the fact that we betrayed that confidence which was given to us by these people. We find ourselves again called to that kind of thing, that kind of task. And, we do it, not because we "owe it" to somebody. We may owe it to God, and that's probably enough.

But we owe it to humanity, to take the tattered remains of this civilization, try to put some of the pieces together, and, in the process, make the world more secure, try to advance the cause of humanity toward the idea of universal education, toward the development of the mind of every child, toward the creation of the opportunities for expression of creative potential by every child as they grow up. By creating the kind of society in which people can die with a smile on their face, where they've had the opportunity to live in such a way, that when they've completed the run of life, they can say, "My life was necessary. I took the talent that was given to me. I did something with it, I improved it, and I helped mankind. Now I know that I had a mission in life, and I've done a mission in life. And, I can be content that I've lived. I have nothing to be ashamed of before my children, my grandchildren, and my friends. I have lived a good life. I have done my duty."

Everyone on this planet has that right. And, we have to deal with that problem, we have to advance that now, as we've been called on before. We have to call from within ourselves, our best tradition, recognizing the obligations that our civilization in the United States had to sources in Europe and elsewhere. And, we have to take Russia, we have to take China, we have to take other nations of this planet which are suffering. We have to be, because of the power given to us, we have to be the leader, the initiator of a great movement to put this planet back in some kind of order.

And, that's what I was hoping to do in Russia, to keep the channel open on that kind of discussion. I find there's much reception for that, and for what I'm doing, among many people there, some of whom I've known for an extended period of time, when they were on

the other side of the fence, back in the early 1980s and so forth. And, I know the same thing is true, in a sense, in China.

The same thing is possible in India. There are countries in Africa, such as Nigeria, Sudan, which are yearning for our cooperation. We should provide it. There are countries in South and Central America which have no hope until we come to our senses, and do something about the condition we've allowed to be imposed upon them.

So, my job, in that trip to Russia, and in the work I do now, is to recognize that those of my generation who have had a certain experience, who have a certain knowledge, who have a certain wisdom which is lacking in those generally who have come to power now: We have to provide a helping hand to the generation of Baby Boomers which has inherited the power of government, the power of institutions in our own country.

We have to impart to them an understanding of what can be done in crisis, aided by our own experience in dealing with the crisis of the 1930s and 1940s. And, we have to work it out, clear the way, clear the pathway. Pave the road a bit, and try to get them moving down that road, just like I have to do what I can, with Russia and other countries, to try to bring the Presidency of the United States, and the leaders of the Congress, and as many of the American people and their institutions as possible, to an understanding of the great and terrible challenge before us right now, the challenge that we must meet, not in some distant future time, but this year and next year, in Russia and elsewhere.

And, I would hope that when you read or study the films, the written materials, which are coming out of my trip to Russia, that you will read those things, see those things, with this in view, and try to understand what I'm doing, and how I understand *what I'm doing*, and what I have to do to get people like the President and others to share this understanding, and to come to a higher level than consensual pragmatism.