'Peace, Development' Coalition Formed in Berlin

More than three hundred people from 31 nations came together in Berlin at the invitation of the Schiller Institute on Nov. 22-23, 1991, to discuss reconstructing the world economy in the wake of the collapse of communism and the crisis of the Anglo-American financial system.

Speakers at the conference included: **Dr. Kofi N. Awoonor,** *chairman, Group of 77;* **Hike Babookhanyan,** *Union of Constitutional Rights of Armenia;* **Dr. Eva-Maria Barki,** *board member, Austrian-Croatian Society, Austria;* **Prof. Dr. V. Beletsky,** *director, Sovintercontact, Russia;* **Carlos Calderon Carvajal,** *Member of Congress, Peru;* **Sandor Cseh,** *Member of Parliament, Hungary;* **Prof. Dr. A Filipenko,** *University of Kiev, Ukraine;* **Ni Yuxian,** *Chinese Liberal Democratic Party, U.S.A.;* **Dr. Marian Gruchelski,** *Farmer Solidarity, Poland;* **Theo W. Mitchell,** *State Senator, South Carolina, U.S.A.;* **Guntis Vilcans,** *Citizens' Congress of Latvia; and* **Dr. T. Nikolov,** *Institute of World Economy, Bulgaria. What follows are excerpts of an address by U.S. presidential candidate Lyndon LaRouche, delivered by audiotape to the conference.*

Future generations will look back upon our 1970's and 1980's, upon the cult fads of Thatcherism, free trade, deregulation, and lunatic forms of ecologism, with the same abhorrence which history has already shown toward the tulip mania of the Netherlands' past or the pathetic mobs of flagellants of fourteenth-century Europe.

Fortunately, as in those earlier cases, there is a limit beyond which history will no longer tolerate such mass lunacies as these. We appear to have come near to such a breaking point inside the United States. The recent senatorial election in the state of Pennsylvania is one among a number of important recent positive signals which should encourage us. That Anglo-American global financial and monetary system which was established by the Versailles treaties, and which was reaffirmed by the forms of the close of World War II, is now bankrupt, and is in the process of disintegrating.

This collapse of that system not only demands radical reforms in economic institutions; the self-discrediting of the system defines the historic moment of political opportunity to establish long-needed reforms.

How the Crisis Was Created

To define this bankruptcy of the United States, of the Anglo-Americans, as briefly as possible, trace the principal turning points of the process since the 1957-58 Eisenhower recession inside the United States. That 1957 recession was the inevitable and relatively disastrous result of the policies which were introduced in 1954 under the influence of economic adviser and later ambassador to Germany, Arthur Burns.

Had there not been the recovery measures of the Kennedy administration, the monetary crises of 1968 and 1971 would have struck as early as the mid-1960's. It is important to note that 1963, the year of the November assassination of President John F. Kennedy, was also a period of some very critical tectonic and correlated changes inside Europe.

The coordinated emergence and kindred policies of Britain's Prime


EIRNS/Chris Lewis

Participants at the 1991 Berlin conference vote for a new "World Peace Through Development" coalition.

Minister Harold Wilson and of the United States' Johnson administration marked the beginnings of that Anglo-American bankruptcy erupting so conspicuously today. Wilson and Johnson introduced a turn away from the earlier emphasis upon capital-intensive investment in global scientific and technological progress, into the corrosive decay of what is fairly described as post-industrial utopianism.

By 1970, the inertia of growth left over from the Kennedy recovery measures was spent. In terms of net depreciation of capital improvements of basic economic infrastructure, there has been an accelerating net erosion and collapse of the U.S. physical economy since 1970-71.

Until the successive financial and related crises of 1987, 1989, and 1991, the full impact of this cumulative U.S. economic contraction was masked, not merely by increasingly fraudulent official economic statistics, but also by a credulous, widespread misevaluation of the growth of incomes and relative employment in non-productive categories of administration, services, and parasitical financial speculation.

Also, the fuller impact of the contraction upon the U.S. economy internally was masked by the ability of the United States as a superpower to loot offsetting concessions as tribute from not only developing nations, but even its industrialized allies in Japan and Western Europe.

The 1967-72 stepwise termination of the Bretton Woods gold reserve agreements, and the substitution of a floating exchange rate system, brought to an end the possibility of the international long-term borrowing costs below the rates of achievable yields in long-term productive investments.

This was greatly aggravated by the so-called Kissinger petroleum price hoax of 1972-74. The continuation of the 1971-72 and 1973-74 events doomed the economies of the developing sector as a whole, for as long as these cruelly absurd monetary policies remain in effect.

This collapsing of the developing sector's potential for technologically progressive capital-intensive investments and increased productive powers of labor, defined a savage contraction of the world's economy, in *per capita* and in per square-kilometer terms.

The U.S. deregulation of banking and transportation during the 1978-79 period, and Federal Reserve chairman Volcker's October 1979 introduction of what he had identified as controlled disintegration of the economy, sent the United States economy into the steep recession of 1980-82. Despite the foolishly much-admired 1983-86 expansion of non-productive employment in incomes, the physical economy of the United States has continued a downward slide, without interruption, from the period 1971-82 up to the present day.

Berlin, Nov. 10, 1988: Three years earlier, Lyndon LaRouche had called for the immediate unification of Germany and development of Eastern Europe.

What Must Be Done

To organize a recovery from the bottomless global economic depression which is now in progress, we must move promptly to the following effect:

1) The center of the economic recovery will be the scrapping of the lunacy of Thatcherite shock therapy and related delusions of the so-called free trade cult of fools such as Harvard University's notorious Prof. Jeffrey Sachs.

2) We must adopt as our initial general policy of economic recovery, the policy of the creation of state credit as a monopoly by sovereign national republics, credit used chiefly for the productive union of idled productive capacity with idled sections of the labor force.

3) This use of a monopoly of state credit among cooperating sovereign republics shall be chiefly for a massive development of national and international basic economic infrastructure and for promotion of capital-intensive modes of technological-progress investment in production and physical distribution of agricultural, mining, and manufacturing products.

The objective is to increase the productive powers and output of labor *per capita* and per square kilometer throughout the regions of northern Eurasia and the world as a whole.

4) It must be stressed, that the sovereign state's monopoly of power to emit legal tender is a central feature of Article I of the 1787-89 federal Constitution of the United States, as this monopoly is clarified by the relevant writings of United States Treasury Secretary Alexander Hamilton, one of the co-drafters of the U.S. Constitution.

5) We must extend these initial measures of economic recovery to establish a new, just, global economic order, an economic community of common principle among members of a global community of what are each perfectly sovereign nation-state republics. This new order, this new, just, world economic order, shall replace the Versailles System, and shall replace such amended features of the Versailles System, as the Bretton Woods monetary and financial institutions.

6) The implementation of such a just, global economic order must, as a practical matter, orbit around the center of the rapid development of a northern Eurasian railway axis, this axis to be the generator of that supply of high-technology capital goods required so urgently for the equitable transformation of the southerly portions of this planet.