

On the Economic Crisis and The ‘Structures of Sin’

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Symposium: “Development Is the New Name for Peace”

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What we face in the immediate future, either within the coming six months of this year or perhaps during next year, or perhaps the early part of 1997, is the threat of the greatest financial collapse in the past five hundred years. This will be a worldwide collapse; this monetary system, which now stands above the world like the Colossus of Rhodes, will go. Nothing can save this system. It has doomed itself.

The problem which confronts us, is to understand why this system is self-doomed, and to understand the challenge it presents to us. In my estimation, by the end of this century, we have three possible alternatives: The threat clearly to the east of here, as you can see, the threat of a new form of tyranny. Or, worse than tyranny, a form of world chaos which plunges the entire planet into a new Dark Age. Or, we may create a better world order out of the wisdom we acquire from studying the lessons of the past.

I am confident that we shall succeed; but we will be called upon to exhibit certain qualities, in order to bring about this success. I think it is not improper in this connection that I refer to the recent history of Poland.

The nation of Poland would not exist today, perhaps even the idea of Poland would not exist today, but for a certain kind of stubborn courage within the core of the Polish people. This was not merely stubbornness. This was not the stubbornness of rage, or the flight-forward of fear. This was the courage that comes from tears of joy. This was the courage that comes from the *Gospel of John*, or the famous Letter of

St. Paul from the 13th chapter of *I Corinthians*.

The problem which confronts us, for which we must summon again this courage, is, on the surface, economic; under the surface, it is two opposing, irreconcilable conceptions of man. On the one side, the image of man as *in the image of God*; on the other, man as just another beast. The conflict in economic ideas reflects these two opposing conceptions of mankind. Accordingly, the organizers of the conference have divided my remarks into two sections. One, to speak of the economic matters, and the other, to speak of the conflict which underlies the economic crisis.

With that, let me proceed to the first part.

I.

On the Economic Crisis

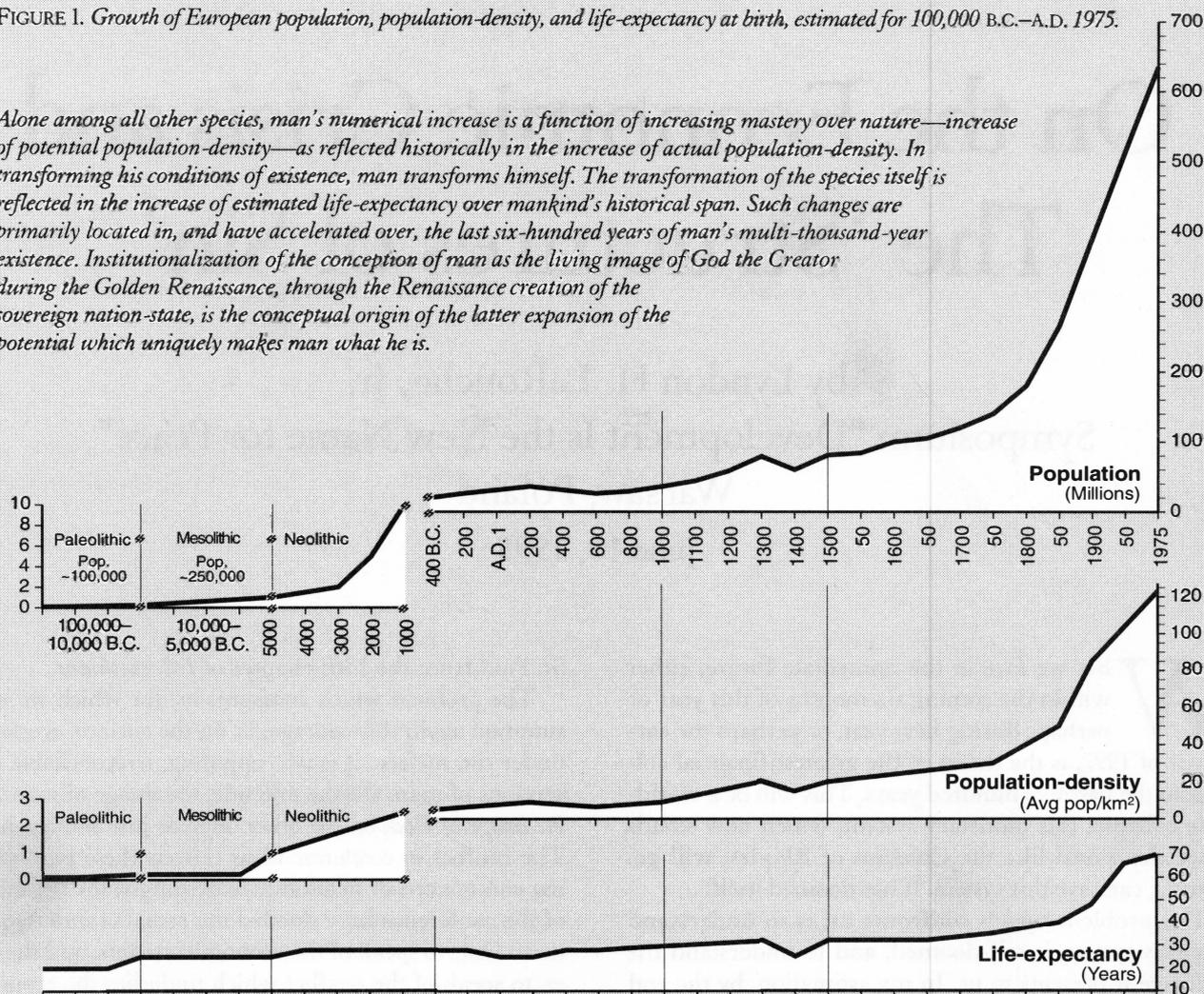
The question of whether man is special, or whether man is another beast, does not require a theologian. It is a simple, scientific fact, and if we find that theologians sometimes speak scientific facts, let us not be surprised by that.

If man were an animal, man would be classed among the higher apes. This is not merely my opinion; the Prince Consort of the Queen of England claims that he is a higher ape.

If man had been a higher ape, we would have had the population potential of a higher ape. But mankind, even by the period of the Dark Ages of the Fourteenth century

FIGURE 1. Growth of European population, population-density, and life-expectancy at birth, estimated for 100,000 B.C.—A.D. 1975.

Alone among all other species, man's numerical increase is a function of increasing mastery over nature—increase of potential population-density—as reflected historically in the increase of actual population-density. In transforming his conditions of existence, man transforms himself. The transformation of the species itself is reflected in the increase of estimated life-expectancy over mankind's historical span. Such changes are primarily located in, and have accelerated over, the last six-hundred years of man's multi-thousand-year existence. Institutionalization of the conception of man as the living image of God the Creator during the Golden Renaissance, through the Renaissance creation of the sovereign nation-state, is the conceptual origin of the latter expansion of the potential which uniquely makes man what he is.



All charts are based on standard estimates compiled by existing schools of demography. None claim any more precision than the indicative; however, the scaling flattens out what might otherwise be locally, or even temporally, significant variation, reducing all thereby to the set of changes which is significant, independent of the quality of estimates and scaling of the graphs. Sources: For population and population-density, Colin McEvedy and Richard Jones, *Atlas of World Population History*; for life-expectancy, various studies in historical demography.

Note breaks and changes in scales.

in Europe, had reached over three hundred million people. And from that Dark Age, modern European history begins; and with modern history, there emerged a new branch of knowledge called economics [SEE Figure 1].

The great eruption of modern civilization began, essentially, in Italy, in the midst of the time that the Catholic Church throughout Europe was destroyed and disorganized. In the early part of that century, there were great councils which tried to settle these problems. And then a great effort was taken to restore the Church, by people such as Nicolaus of Cusa, who played a key role in this.

Not only did the Church attempt to reorganize itself in the West, but attempted to re-unify with the Church

in the East. And, for a brief period of time, the Churches of the East and the West were unified on the basis of *Filioque*, during the period of the Council of Florence of 1439-1440.

And out of this Council came a new form of society. The roots, however, were laid before, long before the Council. A great change had been brought about by certain religious orders which had undertaken the teaching of young boys from poor families.

Think of the condition of man before modern Europe. From everything we know from history and from archaeology, mankind before the Fifteenth century in Europe, lived in a horrible condition. Justice did not exist

for mankind. In every society, in every part of the world, in all history before the Fifteenth century, over ninety-five percent of the population of every part of the world lived in serfdom, or slavery, or worse. The condition of mankind in general was that almost of human cattle. Society in general was ruled by a few powerful families, an oligarchy. Those who had knowledge, generally worked almost as house servants of the oligarchy.

The oligarchy had two forms. There were vast, powerful landed nobles who sometimes, as in Russia, had estates larger than entire nations. There was a financial nobility as well, typified by the evil city of Tyre in ancient times, typified by the Phanariots of Byzantium, or typified by the Lombard bankers of Venice and northern Italy. And so society was kept in subjugation, to the advantage of these few arrogant people.

We have an insight into these people from ancient Greek tragedy. Most interesting are the tragedies of Aeschylus, and especially, let me just describe summarily the relevant point from the first part of the trilogy *Prometheus*.

It appears that, at some point, the so-called gods of Olympus had decided to destroy mankind. And mankind had been rescued by a certain fellow called Prometheus, who brought these people not only fire but other arts by which to save themselves. So Prometheus is chained to a rock and tormented forever, by Zeus.

At the beginning of the tragedy, it appears that Prometheus is being punished; but the truth of the drama soon emerges, that Zeus and the gods of Olympus are about to bring about their own destruction through their own evil. And the gods of Olympus believe that Prometheus knows the secret of their destruction, and wish to torture Prometheus to reveal that secret to them.

So the tragedy of Prometheus, is not the tragedy of Prometheus, but the tragedy of the gods of Olympus. And the charge against the gods of Olympus, is that they, like ruling noble families that oppress mankind, have set themselves up *as* God; and they will be destroyed by their own insolence of pretending to be God.

So actually, Aeschylus was a great playwright who understood a number of things.

The way freedom came to Europe—at a time that Europe was only one part of the world (not the most important part necessarily), in the darkest time of Western Europe, the so-called New Dark Age of the Fourteenth century—was that certain religious orders which were devoted to teaching young boys introduced a new factor into history. Like the Brotherhood of the Common Life, for example, they took boys who were orphans, or boys from poor families, at perhaps about the age of seven or eight, until about the age of sixteen to eighteen

years. They gave them a new kind of education.

They didn't teach them "what to believe"; they did something more. They forced the boys to go through the experience of rediscovering the great ideas of history before them, which, I shall tell you, is my opinion of what *all* secondary education should be. We don't wish to teach children how to behave, we wish to teach children how to think like the greatest thinkers of all history.

This increase in the education of young boys from orphanages and poor families, produced a new intelligentsia, both in the priesthood and religious orders, and in other institutions of society. As a result of that, coming from the common people, from people who had been serfs or slaves or worse (as the missionaries to Central and South America did, for example), we had people who were capable of assimilating ideas and generating ideas, people who were capable of increasing the productive power of society *per* person.

Now this intelligentsia, which was centered, in the Fifteenth century, around the work of the Council of Florence, reached into the France of Jeanne d'Arc, and picked up a young prince who later became King Louis XI. They educated him. They guided him, and one day, in 1461, he became king. And, based on the ideas of this teaching order, and based on the ideas of the Council of Florence, he founded a new form of government, which was called a *commonwealth*, as described, for example, in a later century by Jean Bodin, in his *Six Books of the Commonwealth* [SEE Box, p. 22]. The difference was that society now existed *for all of society*, not for the pleasure of a few oligarchical families.*

So today, instead of three hundred million people on this planet, we have about five and a half billion. And if we had made a just availability of the science and technology we had as recently as 1970, this planet could support twenty-five billion people at a standard of living approximately that of the United States in the late 1960's.

There are two things which have to be understood, which I will treat differently in each section of my report today. One, first of all, is: *How does the education of young boys and girls in a certain manner foster a great increase in the productive power of labor?* And the second question is: *Why is the institution of the sovereign nation-state essential to propagate and realize that progress?*

So, let us first turn now to one Biblical reference, and later, in the second part of my remarks, to a second set of Biblical references. Let us take, first, the first chapter of

* For Louis XI and the *commonwealth*, see "The Commonwealth of France's Louis XI" and "The Rosebush of War," this issue, pp. 32-48.

Jean Bodin on the *Commonwealth*

The conditions of true felicity are one and the same for the commonwealth and the individual. The sovereign good of the commonwealth in general, and of each of its citizens in particular, lies in the intellectual and contemplative virtues, for so wise men have determined. It is generally agreed that the ultimate purpose, and therefore sovereign good, of the individual, consists in the constant contemplation of things human, natural, and divine. If we admit that this is the principal purpose whose fulfillment means a happy life for the individual, we must also conclude it is the goal and the condition of well-being in the commonwealth too. Men of the world and princes, however, have never accepted this, each measuring his own particular well-being by the number of his pleasures and satisfactions. . . .

The commonest cause of disorders and revolutions in commonwealths has always been the too great wealth of a handful of citizens, and the too great poverty of the rest. The histories are full of occasions on which those who have given all sorts of reasons for their discontents, have taken the first opportunity that offered, of despoiling the rich of their possessions. . . . For this reason, Plato called riches and poverty the two original plagues of the commonwealth, not only because of the misery that hunger occasions, but the shame, and shame is a very evil and dangerous malady. . . .

[O]ne should never be afraid of having too many subjects or too many citizens, for the strength of the commonwealth consists in men. Moreover, the greater the multitude of citizens, the greater check there is on factious seditions. For there will be many in an intermediate position between the rich and the poor, the good and the bad, the wise and the foolish. There is nothing more dangerous to the commonwealth than that its subjects should be divided into two factions, with none to mediate between them.

What is most to be feared, is that one of the estates of the commonwealth, and that the weakest and least numerous, should become as rich as all the rest put together. . . .

—Jean Bodin,
from *“The Six Books of the Commonwealth,”*
Books I and V, 1576

Genesis, the story of Creation, as was described in some detail by the great rabbi, Philo of Alexandria.

God created the world, and the things in it; and it was good. And then God created man made in the image of God, to have dominion over the rest of creation; and it was good.

What is the difference between man and the animals? Is God in the physical image of man? Or is there some higher, spiritual quality involved?

Well, let’s look at this from the standpoint not of the theologian here, but look at it from the standpoint of the scientist. What is it that man does, that no animal can do? If man were a great ape, obviously we would have a population of several million people at most. How did man get from several million potential to three hundred million or so in the Fourteenth century, and then to five and a half billion or so today?

Those who think that man is only an animal, or argue that, insist that man knows only through sense-perception, as animals do. These are sometimes called “materialists,” sometimes called “empiricists,” or “positivists.”

Now, let’s look at a very interesting, very simple experiment which was made in the Third century B.C. by a Cyrenaic member of the Platonic Academy, who was living in Alexandria. A very important experiment; any young secondary student of eight or nine or ten years old can understand it, and every child of that age *should* understand it. The question is: What is the size of the Earth?

Now, think of what was possible in the Third century B.C., in terms of answering that question. To the dogs, the cats, the horses, and people who thought they were animals, the Earth was flat. But Eratosthenes, who was the librarian of the Alexandria Library, made an experiment, and he came within fifty miles’ error of estimating the sizes of the Earth from North Pole to South Pole.

Now, this experiment is very tricky, so follow me closely. Any child could seem to understand it very easily, if they participate in doing it. But the teacher must ask the children a question, otherwise they miss the point.

What Eratosthenes did, is the following. He took a sphere, a hollow sphere, cut it in half at the equator, and he made a sundial of this hollow sphere, so he could measure the shadow cast by the sun, in terms of a semi-circle in the interior of the sphere. He tied a weight on a string at the south of the pole of the sphere. One of these sundials, he put in the area which is now called Aswan, and another in Alexandria, to the north; and they measured the walking distance between Aswan and Alexandria.

Now, because it was a sundial, they could determine when it was noontime. Since there was no radio or telephone communication between Aswan and Alexandria,

this was very necessary. So, on the same day, they would measure the size of the shadow cast by the sun by this particular kind of sundial.

Now, by comparing the two angles, the difference in angles, Eratosthenes estimated the angle of the circle, the circular cross-section of the Earth; and since he knew the length of the arc on that part of the circle, he was able to estimate the size of the Earth from pole to pole, within fifty miles' error.

There are many such astronomical experiments from that two hundred year period between about the time of Plato and the time of Eratosthenes, which every child of the age from eight to ten should know. But each of these experiments requires the teacher to ask a certain important question, so the child can recognize how this experiment was done. The teacher will say, "So, Eratosthenes measured the curvature of the Earth." And the child will say, "Yes." But the teacher will then ask: "*How was it possible for Eratosthenes to measure something which he had never seen?*" In fact, it was 2,200 years later before anyone saw the curvature of the Earth.

For example, the Greeks estimated the distance from the Earth to the moon. There was much error in the estimate, but it was a good measurement. But *how* could anyone measure the distance from the Earth to the moon, when no one could see it? What do the materialists and empiricists and positivists say about that?

The point is, that mankind is characterized by fundamental discoveries which are associated with ideas of this peculiarity. These have no simple deductive representation, from the empiricist or positivist standpoint.

This is what culture is. When we tell children to study in school, and they study properly—when they learn language, when they learn music, when they learn Classical painting, when they learn scientific ideas—the children are learning the discoveries which were transmitted to them from thousands of generations before. When a child learns what Plato discovered or Eratosthenes discovered, the child is reliving a moment of creative discovery in the mind of that ancient discoverer. And, as a matter of fact, it's unfortunate to say that a person in that way may know the mind of Plato from the inside, better than they know the mind of the person to whom they're married, which is to say we know people by participating in their thinking processes, which is the proper relationship of human being to human being. So the child can have a personal relationship with someone who is long dead, to whom the child is indebted for an idea.

But these ideas are not merely ideas which are "not empiricist ideas" or "not materialist ideas"; these ideas *increase the power of mankind over nature.* We see that, not only in terms of more people. We increase the number of

people the Earth can support; we improve life expectancy; we improve the condition of health of populations. And in this way, we improve the power of mankind over nature. The more people we have who are trained to think in that way, the more power the population has to dominate nature.

There's another, second part. When we relive, again and again and again, particularly as young children or adolescents, some of the greatest discoveries in history, the *idea of creative ideas* is not strange to us. Therefore, we have the ability to learn from that experience, how to create needed new knowledge. And in that way, we increase the power of society *per capita*, according to the percentile of the number of individuals in society who are educated in that way.

But it's not sufficient to educate the child. As a child becomes an adult, we must create the kind of society which is fit for participation by that quality of individual. You create a society which is based, then, on what the New Testament Greek calls *agapē*, which is translated into Latin as *caritas*. So that when you look into the eyes of a person, you see behind those eyes a mind which has this creative power; and you recognize in that, a person who is not an ape, but who has the species quality of a human being, who participates in the creative power which defines the individual as in the image of God. And to the degree that one human being looks at another in that way, and acts accordingly, you have a good society.

This is how society progressed from three hundred million people, to over five and a half billion people. It is the function of the modern nation-state to foster that process. The individual is individually weak. The family perpetuates the work of the individual by creating new individuals, and nurturing them. The society, which lives longer than the individual or the family, has the responsibility to foster and to protect, for the benefit of the future, the good which is created by the individuals.

That has to be understood; once that's understood, the rest becomes much simpler.

After about 1510, the struggle between the old form of society, the financial oligarchy, and the new form of society, came to an impasse. What developed over the following one hundred to two hundred years, might be called "peaceful coexistence" between two opposing principles: the impulse to create modern nation-states, to foster universal education and universal participation in society, and the opposing force of the old financier oligarchy who live by usury.

So, the modern nation-state evolved as a kind of cohabitation of two opposing principles. The one, the nation-state impulse, and the other, the oligarchical or usurious impulse. The state would tend to promote the

Greetings from Antoni Dydycz, Bishop of Drohiczyn

Dear Ladies and Gentlemen,
Participants of the Conference,
Dear Chairman Gwizdz, Dear Mr. LaRouche:

Let me welcome the foreign guests and my fellow countrymen participating in this conference—a conference which is so necessary in these times, especially in this period of transition from one political, social, and economic system, to another; and all this, at the juncture of two millennia.

Certainly, this conference is an appropriate response to the initiative of the Holy Father, expressed in many documents and recently at a meeting in Skoczow.

I am especially happy for the presence of Mr. LaRouche, a brave fighter for placing evangelical content in the life of our epoch and generation, as well as those of the future. I am convinced that your devotion, determination, and competence guarantee success, and even further development of the purpose which you faithfully serve. Mr. LaRouche, I wish you this with my whole heart, and trust that you will find fertile soil and a warm welcome in my Fatherland.

I had hoped to deliver these remarks in person, but prior commitments—we are ordaining priests—require that I remain in my diocese. But I am linked through my heart and prayers to the efforts of all the participants of this conference.

I hope that in the future, we will be able to organize a similar conference in our diocese, which perhaps will not be able to provide such an important gathering, but which would approach the task with simplicity and openness. This especially, because we feel a great need for development, living as we do in that part of Poland which for centuries has been considered backward.

Again, I wish to welcome all the participants, and to recommend your efforts and their fruit to the protection of the Holy Mother.

Devoted to the Lord,
Antoni Dydycz, Bishop of Drohiczyn

growth of society, and to promote agriculture, industry, and so forth. The parasite, which is the usurer, would agree, in peaceful coexistence, to take only *part* of the good created by society; that is, to take a share of what is called today *macroeconomic profit*. This was the case in society until about 1963. Let me explain, because this has a great deal to do with the modern history of Poland, among other things.

The way in which the financial oligarchy—which is not numerous and which is physically rather weak—operated, was by divide and rule, or what the British and what Henry Kissinger call “balance of power.” Take the number-one power in the world, and support the number-two power against the number-one power. If the number-two power becomes the number-one power, then support the number-two power against that number-one power. As British Prime Minister Palmerston said to Parliament during the middle of the last century: “Britain has no permanent allies, but only permanent interests.”

Thus, the balance of power depended upon the oligarchy utilizing the principle that military superiority and firepower and mobility, come from increases in the productive powers of labor. So between the time of the October Missile Crisis of 1962 and the assassination of President Kennedy, a change was set into motion.

What happened, was that Bertrand Russell, who was probably as evil a man as ever walked the Earth in this century—he was one of the chief priests of “man is a beast”—negotiated between Moscow and Washington a policy called “Mutual and Assured Destruction” (MAD), which is sometimes called detente. And this policy was adopted by both powers.

Under this policy, it was understood that there would be no major war among the three superpowers of that period, but only local and limited wars—wars which would be conducted under the guidance of the diplomats for purposes of diplomatic negotiation.

Under those conditions, it was no longer considered necessary to have and tolerate scientific and technological progress. The result of this, was that the powerful faction which had won in this particular policy fight introduced what is called sometimes a *cultural paradigm shift*. And this *paradigm shift* was called post-industrial society, or the “rock-drug-sex counterculture.” But it might be called the “new Satanism.”

And this disease, this new Satanism, began to take over the economies of the Western nations, and also the Soviet system. This is the new paganism, whose anti-Christ figure is Prince Philip of England, whose pagan movement is called the ecologist movement, or is called the World Wildlife Fund; whose devilish imps are called

Greenpeace, feminism, and so forth, the whole business. And also, *free trade*, which I shall deal with this afternoon.

So, as a result of this, no longer did the parasite have “peaceful coexistence” with the host. Prior to the changes of 1964 through 1972, the rule was that usury would be limited. Most nations and most financial systems had anti-usury laws or rules, which may not have outlawed usury, but limited it. That is, they would allow the usurers to take only a certain share of the total macroeconomic profit of society. After the changes of 1964 through 1972, those anti-usury laws were overthrown.

Now let me just leap from that, to identify the nature of the monetary and financial side of the crisis to which I referred at the beginning. For one reason, what is called the real economy of modern society is what we call in thermodynamics *not-entropic*. I’ll describe briefly what that is.

Take all of the physical product, plus science, plus education, plus essential health services, which are required to maintain society at its present level of productivity and quality of life, and measure these quantities *per capita* of the total labor force, *per family household* (which means you must take into account older people and children—in other words, the reproduction of mankind), and *per square kilometer of land use*. Then, take these levels of consumption, and compare them for households, for agriculture, for manufacturing, for construction, for infrastructure. Now, add an allowance for the total amount of administration society requires, private and public. This consumption represents then, if you’ve calculated it properly, what is equivalent in thermodynamics to the energy

of the system [SEE Figures 2 and 3].

Now, measure the production of society, in terms of these same qualities of consumption. One would hope we would have a surplus, which is the macroeconomic profit of the real economy of society. Let’s call that “free energy.” We invest the free energy in society, which will increase the energy of the system *per capita* and *per square kilometer*.

The characteristic of any society which is not decaying, is that both the energy of the system is increasing *per capita* and *per square kilometer*, and the ratio of free energy to energy of the system is not declining.

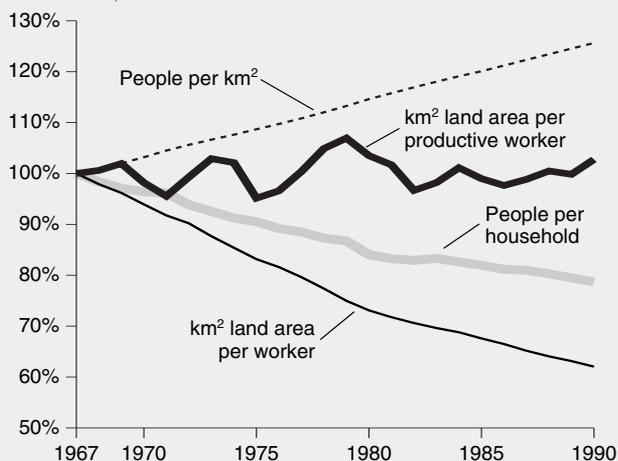
The cause of this *not-entropy* is the mind of man, the use and added discovery of ideas which increase man’s power over nature. That is the only source by which society can succeed in that way. Who does not defend universal education of children in quality, is destroying their own society. Whoever disrupts the function of the family, is destroying the society. For example, in Russia last year, one million more people died than were born!

The other part, the usury part, *has no not-entropy* to it. It is *entropic* in terms of high school or university thermodynamics.

Now, what happens if you have a parasite which is entropic, which has broken its peaceful agreement with the host, which is growing at the expense of the body of the host?

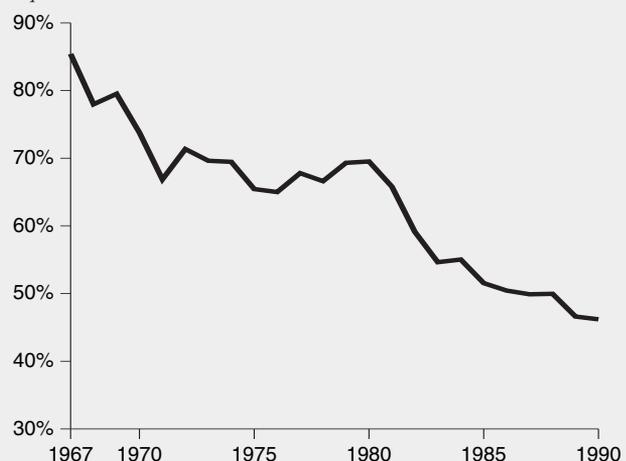
A very simple calculation tells you why this system is doomed. If you do as we have done, if you measure the *per capita* production in the United States, in the terms I described to you, *the actual per capita productivity and income of the United States has collapsed by half*

FIGURE 2. Changes in U.S. population densities (percent of 1967 level).



Sample parameters of the real economy of modern society, derived from official statistics, in terms of market-baskets of consumption and production, per capita, per household, and per unit of land area utilized, as prepared for Executive Intelligence Review.

FIGURE 3. Employment of operatives as percentage of actual requirement in the U.S.



in the past twenty-five years.

For example, this is reflected on a world scale by the fact that there has been a collapse in the ratio of international trade and national trade to financial foreign exchange. For example, in 1977, the ratio of foreign exchange transactions to trade transactions of the United States, was 23%; today, that ratio is less than 2%. Internationally, that ratio is less than 2%. One of the worst cases is Britain: less than 0.5%. Germany is somewhat better: less than 5%.

If you look at the curve of declining *per capita* production and consumption, as you see it reflected in Poland or Russia or other former Comecon states, as against Gross National Product as calculated in financial terms, you see the parasite, the financial capital, is growing at a hyperbolic rate presently, while the rate of decline of physical product *per capita* is accelerating. *At this time, there is no macroeconomic profit in this planet as a whole, not in real terms.*

We have over a trillion dollars a day turnover in purely speculative finance; *over \$300 trillion turnover a year in purely gambling sorts of financial transactions as such*, many times the total G.N.P. of the world. This system of finance exists by expanding. To expand, it takes an income stream out of the real economy, through interest rates, taxation, all kinds of ways.

So, it's like the case of a terminal cancer. The cancer lives on the body of the person. It eats the body. When it becomes big, the body wastes away. Then, when at a certain point the body can no longer sustain the cancer, the body dies; and then the cancer dies. *This is what we have in world economy today.* The only thing in modern history, in Twentieth-century history, which compares with what is about to happen, is what happened in Germany during 1922 and 1923. Not a collapse of the business-cycle type, but a disintegration of the whole system.

We can solve this problem. How do you solve a cancer? Remove the cancer and strengthen the healthy body. How do you get rid of this cancer of the system? Remove it. It's a question of political power and will.

With what would we replace it? I'm happy to say that my country has some good accomplishments. Our Federal Constitution of 1789, as implemented under President George Washington, had a usury-free system of monetary and financial life. You can have a sound economy in which the state takes responsibility for infrastructure, for education, for promotion of science, and for promotion of health, in which the state assists and protects the efforts of its private citizens to use their creative ingenuities in private farming and private industry, in which credit is created by nations, not by privately owned central banks, and the nation provides the credit both to its own public

enterprises, for which the state guarantees the repayment of the credit, and in which the state also supplies credit which it combines with private savings to promote private industry.

For example, if I were President of Poland today, I would give credit to the farmers to buy their own tractors, to combine public and private savings, in order to foster, in the private interest, investment in something for the national good.

The primary responsibility for this reform lies with the United States, because we are the leading nation of the international monetary system. And we are at this moment the most powerful nation on the planet.

At present, the courage to do this is lacking, because of the political resistance. The President we have, Clinton, is not a bad person, despite the propaganda against him. Where Bush was evil, this President has the *impulse* to do something good. But, like most Presidents, he's a pragmatist whose actions are tactical, not strategic. And sometimes, that comes out as unprincipled, doesn't it? When you sacrifice a strategic principle for a tactical one, that comes out as a lack of principle.

What do you try to do with a weak President who has good impulses? You may try to evangelize him, but at least you try to strengthen him in doing good acts. I try to strengthen my President's impulse to do good acts.

But the most important thing is this. We are coming to a point of decision. The system is doomed. Nothing can be done to save it in its present form. Sooner or later, it's going to be recognized. We must act. When we decide we must act, we must have the right ideas on which to act. We need to clean the world of rubbish ideas and get to sound ideas, so that these sound ideas become the guides to practice in the moment of crisis. Those inside government, and those outside government who are persons of good will, must be prepared to introduce sound ideas at the moment of crisis. And if the people of the world, or a significant number of them, show the same quality of stubborn courage which enabled the nation of Poland to rise from subjugation so many times to preserve its national identity, then I assure you, we will win.

II.

On the 'Structures of Sin'

I will just begin, by considering the general picture in theories of political economy, in order to situate the most crucial factor behind the issues of *Evangelium Vitae*. I would suggest that the most important idea is one which is taken up in another of His Holiness' recent Encyclicals, on the subject of the "structures of sin."

Because you can understand the practical political policy-making issues involved in *Evangelium Vitae*, by looking at the issue of “structures of sin.” And this follows very easily from what I said earlier this morning.

Now, the effect of the Fifteenth-century revolution which created the first modern nation-state, was to introduce into modern society a notion which we call either *surplus*, or we call it *macroeconomic profit* in most universities today. The idea of growth did not originate then; you have that already in Charlemagne’s census and his plans for growth. You have the ideas of growth also in the greatest periods in France and other countries; for example, in the Twelfth and Thirteenth centuries. But with the emergence of the modern nation-state, for the first time, the *increase of annual product and productivity* became the fundamental issue of statecraft.

For example, some people will estimate that the national *per capita* income of France *doubled* over the period of the reign of Louis XI; and that is at least a plausible proposition, given the imperfection of statistical work in those years. You could find it even from so-called physical evidence, or modern archaeological evidence. The evidence is in the growth of cities, in the productivity, in changes in productivity of agriculture, and so forth. It’s obvious that the rate of productivity *per capita* increased, and that the demographic characteristics of populations *improved*. Most people who have done doctoral work in economics, will remember they’ve done those kinds of investigations, indirect investigations to determine what economic history looks like.

So, the general theory for the new form of economy, originally fell under the title of *cameralism*. For example, the *Six Books of the Commonwealth* of Jean Bodin from the Sixteenth century, are an example of a cameralist study.

A revolution occurred in cameralism at the end of the Seventeenth century, which began under the sponsorship of the minister of France, Colbert, who was the protégé of Cardinal Mazarin, and with G.W. Leibniz, who studied partly under the patronage of Colbert, in a series of writings and other work from 1671 to his death in 1716, which became known as the science of physical economy—which is my specialty.

This had three prominent elements, which redefined cameralism no longer as an *art*, but as a *science*. Number one, in a paper entitled “Society and Economy” which was written in 1671, Leibniz spoke on the question of the policy on wages: that the productivity of labor in society depended upon maintaining a corresponding wage level for the households of workers. You could not treat labor as cattle and give it a minimum “feeding,” shall we say.

Secondly, in the process, Leibniz developed what was

called the theory of heat-powered machinery, and actually fostered the development, at the end of the Seventeenth century, of the first successful operating steam engine, which was used to power a boat. It was created by Denis Papin, a Frenchman working with Leibniz. Later, the same invention was imitated by James Watt in a more advanced way, under the sponsorship of Benjamin Franklin in France.

So this became the *general theory of heat-powered machinery*, and Leibniz defined the objective in the following way. He said the purpose is to increase the power of a man using such machinery, to equal that of a hundred other persons not using that machinery. And this became the foundation, the starting point for modern thermodynamics.

The third category which Leibniz introduced, was the notion of technology. Generally you can say, that given the same amount of heat power applied to a machine using the operator of the same skill, by improvements in technology, that operative could *increase the rate of production* of the same quality of product.

These ideas of Leibniz became the foundation for the economy of the United States and, indirectly, the foundation for the development of Germany in the Nineteenth century as an economy. For example, Alexander Hamilton, in his report to the Congress of 1791 “On the Subject of Manufactures,” spoke of “artificial labor.” The term “artificial labor” as used by Hamilton, refers to the combination of the impact of heat-powered machinery and technology to increase the productive power of labor.

It is relevant to our subject here at this time, to state that the principles of the Constitution of the United States are *not* based on the ideas of John Locke. The argument that the U.S. Declaration of Independence and the Constitution are based on the ideas of Locke, is either pure ignorance, or lying—as I’ll indicate in a relevant way here today.

But the point to recall is, simply, that Leibniz spoke of “life, liberty, and the pursuit of happiness” in papers specifically attacking Locke. Locke had used the term “life, liberty, and property,” to which Leibniz said no, not property, but life, liberty, and the *pursuit of happiness*—meaning the moral and physical circumstances of the individual person. And if you note, in the “Preamble” to the U.S. Constitution, there is a passage which is called the “general welfare clause,” to which fascists in the United States, such as the followers of the Heritage Foundation or Mont Pelerin Society, object. The idea of the general welfare, is the foundation of the social policy of the United States, at least constitutionally.

What is taught as classical political economy in universities today, totally ignores the foundations of political

economy in Leibniz. Leibniz's is the only form of economy which recognizes what would be called a *not-entropic* process in physical economy. Every other form of political economy taught, including Marxism, is based on principles which originated in the middle-to-late Eighteenth century. Whereas Leibniz and others attribute the growth of society's wealth and productivity to *increases in ideas which affect the productive powers of labor*, every other theory of economics which is taught in universities, teaches a contrary principle.

This contrary principle is key to what His Holiness identified as "structures of sin," from which standpoint the issues of *Evangelium Vitae* become very obvious.

The first such theory of political economy was that of the Physiocrats. Now, all of these theories came from a common source, either directly or indirectly: from the salons of a famous Venetian intelligence agent of the Eighteenth century. His name was Abbot Antonio Conti, and, like typical Venetian abbots of that period, his vows were in abeyance for all his adult life, and his actions make that very clear.

Conti ran a salon based in Paris, but controlled events in Berlin and London as well, from the beginning of the Eighteenth century until his death in 1749. For example, Conti personally created the myth of Isaac Newton. Conti, with another abbot, Guido Grandi of Pisa, was responsible for the rehabilitation or partial rehabilitation of Galileo.

The most important member of the Conti salon, was a fellow called Giammaria Ortes, who, among other things, created modern Malthusian theory. The work of Malthus was a plagiarism of the English translation of a 1790 work by Ortes. The idea of "sustainable growth" or "carrying capacity" which is spread today, is directly from the writing of Ortes. Ortes also played a very important role in his writings, in influencing Marx later.

From Paris, Conti orchestrated the development of the French "Enlightenment." He created the network of Voltaire. He created the network of Rousseau; he did all kinds of evil things. And he also created Dr. François Quesnay, the founder of the Physiocratic School.

Now, Quesnay argued that the social surplus, or macroeconomic profit of society, came entirely from agriculture, forestry, and mining. All Malthusian arguments, all modern ecology movements, can be traced directly to this argument. He argued that it was the "bounty of nature" which created wealth, *not* human intervention. He argued that the role of the peasant in farming, was only that of human cattle. He argued that the profit of society belonged to the feudal aristocrat, because God had given the feudal aristocrat the property title. As a matter of fact, Quesnay was a political activist for a force in

France which was called, in the Seventeenth century, the Fronde.

Now, Quesnay also invented another idea, which also keeps coming up in the Eighteenth century in political economy. Quesnay called it "*laissez-faire*," which meant to him that the state must not interfere with private industry, or with feudal agriculture in this case.

Then, another agent of the same network, of the British side of the network, Adam Smith, was sent to France to study the ideas of the Physiocrats. Adam Smith's function, is that he was a propaganda agent for the British East India Company. All the economic ideas of Smith except one are plagiarized from the work of either Quesnay or another famous Physiocrat, Turgot. And Adam Smith took over "*laissez-faire*," and called it "free trade."

The change Smith made, was to say that the profit of society belongs not to the feudal landlord, but rather to the financier nobility who control merchant trade. Then Marx, who studied the work of both Quesnay and Smith, with but two exceptions, did nothing but plagiarize the work of Quesnay and Adam Smith. As a matter of fact, Marx is one of the great defenders of free trade, and of the British System in general, against the American critics such as Alexander Hamilton and Henry Clay, or the German-American Friedrich List.

So Marx shifted the epiphenomenal characteristics of profit, away from the feudal landlord and away from the financier noblemen, into the hands of the "dictatorship of the proletariat." The only useful thing Marx did, was to shift away from the individual in society, to the so-called reproduction of society as a whole, whereas all the earlier schools had based themselves on the individual action as the point, for reasons I shall explain.

Since the end of World War II, there has been another species of the same general family of idiocy promoted as modern political economy, which is the systems analysis developed by John Von Neumann and by the Cambridge University Systems Analysis group, which contributed a great part, through its influence, to destroying the Csomecon. This is also known as "information theory," and is associated now with the ideas of an illiterate but very popular writer by the name of Alvin Toffler.

The information theory argument, which is another kind of pseudo-scientific absurdity, argues that human ideas are represented by words, and that words can be represented as symbolic devices analogous to electronic codes. On the basis of that unscientific assumption, Norbert Wiener argued, and his followers argue, that you can interpret information by the statistical methods of the gas theory of Boltzmann. As the inflated size of



EIRNS/Anna Kaczor-Wei

Helga Zepp-LaRouche (left) and Schiller Institute delegate Frank Hahn (back to camera), post-meeting discussions with parliamentarians and committee advisors, Parliament, Warsaw.

Toffler's books indicates, much gas has been expended on this subject.

But the argument is made by many people, including Lord William Rees-Mogg, the former editor of the *Times of London*, that the information of society can be generated by less than five percent of the total population. So therefore, all economic value can be generated by people cranking out information on islands. And ninety-five percent of the population should receive no education at all.

These are the theories of political economy, from which derivative theories of political economy are generally derived today.

Now, there's one key to this. There are two factors, but one key to this. First of all, as I said, all of these latter theories, from the Physiocrats on, *deny* the role of the creative powers of the individual mind in generating profit. But more crucially, they are all based on an idea which comes traceably from a fellow called Paolo Sarpi, but more famously, from a fellow called Galileo Galilei.

Galileo, like Francis Bacon of England, was a protégé of Sarpi. Sarpi, among other things, apart from being an evil man, was also a mathematician. He was the mathe-

matics teacher of Galileo. Galileo taught mathematics to Thomas Hobbes. Thomas Hobbes, who happened to be homosexual, had a very close relationship with Francis Bacon.

Hobbes developed a theory of conflict in society, which was made famous by his work *Leviathan*. He argued for a dictatorship on that basis. Locke took the same idea of Hobbes, and came up with an idea of a dictatorship of a democratic form, called the "social contract," on the same basis.

In England in 1725, there was a very famous and influential book published, which explained what this was all about. The book was entitled *The Fable of the Bees*, which was by a fellow called Bernard Mandeville, and his subtitle of the book was called *Private Vices, Public Benefits*. The argument was: Man is inherently evil, as Hobbes argued, as Locke argued; as, in fact, all of the empiricists argued; as Maupertuis at Berlin argued; as Ortes argued; as Conti insisted; as Galileo insisted; as Adam Smith insisted.

The argument was that man is individually evil; but the interaction of evil impulses and evil acts by individuals in society, results in an equilibrium which is good.

That is the secret of British liberalism. There is no morality. The British consider any attempt to introduce morality against free trade as “authoritarian” and “undemocratic.”

The more modest advocacies of evil are typified by the cases of Adam Smith, who argued for defense of slavery and defense of drug trafficking; by the head of the first modern British foreign intelligence service, Jeremy Bentham, who argued that everything should be allowed; or professor Milton Friedman, who argued for legalization of drug trafficking; by those who argue for legalization of prostitution and every other kind of aberration in a similar way.

The way Hitler argued for the concentration camps, was the “elimination of useless eaters”; the same argument. That is, individual evil, or evil against individuals, can be done for what is called the “good of society.”

So the fact that this entropic axiom of Sarpi, Galileo, Hobbes, Locke, Mandeville, Quesnay, Conti, Maupertuis, Adam Smith, Jeremy Bentham, John Stuart Mill, Bertrand Russell, and so forth and so on, down through the Mont Pelerin Society and Heritage Foundation and George Bush of today; the acceptance of this axiom is a license, in fact, practically a *command*, to commit evil *by* individuals, and *against* individuals.

What do they argue at the International Monetary Fund? What do others argue to the same effect? They argue that *free trade* is a moral imperative which you must implement, no matter how many people you kill to implement it. The argument is: You must kill fetuses, you must kill people, you must kill old people, to save money, in order to save the system.

I have faced bankers who tell me, that Africa must be allowed to be destroyed “for the sake of the system.” *That* is the secret of *Evangelium Vitae*. *That* is the secret of the “structures of sin”; free trade *is* the “structures of sin.”

The contrary premise is: Man, because man is *demonstrably* created *in the image of God*—that is not a matter of opinion, that is a scientific fact—man is good. Man may err, but man is good, and therefore must be redeemed. Man is not, by his proper nature, evil. Man is, by his proper nature, made in the image of God, and that goodness must be redeemed.

Therefore, individual life is sacred. Therefore, the family is sacred, as an institution. Therefore, the sovereign nation-state, through which the individual participates in self-government, partakes of that same quality.

The lesson is: *When you start from the right axiom, you're forced to come to the right result. When you start from the wrong axiom, which is based on evil, you end up with the horrors we have today.*

Thank you for your patience.

* * *

The following summary comments were amongst those made by Mr. LaRouche in response to more than an hour of wide-ranging comments and questions from members of the audience at the completion of his two-part address.

There are two currents in modern science, and there are two currents in modern philosophy. Unfortunately, much of modern history teaching, which is influenced by the modernist tendency, does not recognize the distinction of these terms, the practical distinction. People tend to confuse “Renaissance” and “Enlightenment,” which are the two major opposing categories in modern European history.

I referred essentially to the Renaissance, which erupted during the middle of the Fifteenth century. The Reformation and Enlightenment, which are the same thing, essentially, originated from Venice in the beginning of the Sixteenth century. The Venetians created Martin Luther. Venice also introduced the Reformation into Britain, in the early Sixteenth century, via Thomas Cromwell, who was trained in Venice and was a protégé of the Cecil family in Britain, and via a Venetian monk by the name of Francesco Zorzi, otherwise known as Giorgi.

The Enlightenment, which was an anti-Renaissance movement, is traced from, essentially, Pietro Pomponazzi at Padua at the end of the Fifteenth century, and the division of Europe between a northern Reform area and a southern Catholic area, was accomplished through negotiations conducted by Gasparo Contarini of Venice, later a Cardinal.

What is generally called the Enlightenment comes from a later period, however. It comes from Paolo Sarpi. Paolo Sarpi took over the dominant Venetian faction in 1582, in a very famous faction fight. The policy of Sarpi's faction, as they said at the time, was to take over northern Protestant Europe, and make that a bastion for a new Venetian kind of power. They used the so-called Netherlands wars in order to establish a bastion in The Netherlands. And, through Sarpi and various people like Wotton, who worked with him in England, they began to take over England with the accession of James I in 1603.

So, in the entirety of what you refer to in all the points, on various points, you must make the distinction between the Renaissance tendencies and the Enlightenment tendencies. Leibniz represents the Renaissance, in terms of method; so does Johannes Kepler. And the figures are not all Catholic or all Protestant, they sometimes cross lines; but generally, the Renaissance is a distinct formation, *distinct from* the Enlightenment. The Enlightenment essentially is the materialist-empiricist movement.

The same thing is true in mathematics and physics. There's a continuity in modern science from Nicolaus of Cusa through Leonardo da Vinci, through Johannes Kepler, through Leibniz and so forth, into modern times. There's a directly opposing tendency, which is the Enlightenment tendency, which comes from Sarpi, which runs through Galileo, which runs through Descartes, and also through Newton.

Newton was an obscure person who happened to be head of the Baconian Society, called the London Royal Society. And Newton's papers, when opened by John Maynard Keynes and others, contained nothing but black magic. There are several books, including a publication by Keynes, on this subject.* Newton was picked up and promoted by Conti, who organized a circle in London and throughout Europe, all under his direction.

Every person who, in the first half of the Eighteenth century, supported Newton against Leibniz in every part of Europe, was actually under the direction of Conti and Conti's salon. Take the case of Montesquieu. The argument has been made, as the questioner posed the question, that Montesquieu had an influence on the U.S. Constitution. That is incorrect. However, the people who make the Montesquieu argument, use the same argument to argue that John Locke was the influential force on the Constitution; it's not true.

The ecology movement was first organized internationally in the middle of the 1960's, out of Cambridge University, the Cambridge Systems Analysis group, through a fellow called Dr. Alexander King and Lord Solly Zuckerman. The actual mass ecological movement, was organized by the Rockefeller Brothers Fund and others in 1969-1970, in the United States. And the famous institutions involved with that, were the Club of Rome, which was created by King and Zuckerman, and also there was a branch opened up with the joint support of the Soviet KGB, which was known as the International Institute for Applied Systems Analysis at Laxenburg, Austria. It was done together with Dzhermen Gvishiani, who was the son-in-law of Soviet President Alexei Kosygin.

The point I want to make, is that every single study made in the name of ecology policy, issued internationally, has been a complete scientific fraud. And the other things are obvious.

Let me just skip to the final point, on the question of conspiracy. *No important event ever happened in human*

* John Maynard Keynes, "Newton the Man," in *Newton Tercentenary Celebrations* (Cambridge: Cambridge University Press, 1947), pp. 27-34.

history without a conspiracy, such as this conference today. The participants of the conference, are participants in a conspiracy. [*Audience applause.*] Herbert Marcuse, the famous leftist, communist, and C.I.A. agent, was the one who taught the dictum, "there are no conspiracies in history." He gave these lectures in Germany, under the influence of what was called the Frankfurt School.

But in point of fact, man is not an animal. If man were an animal, there would never have been more than three million human beings, at any one time. Humanity exists on the basis of ideas. Nothing important ever happened in human existence without ideas. The sharing of ideas is the basis for culture, and for social action. Every philosophy, every government, every political party, *is a conspiracy*. Every religion is a conspiracy. *It is the nature of man to conspire*. There are many kinds of conspiracies, they come in all qualities, shapes, and sizes. I propose that there are only two important conspiracies, however, in modern history. On one side, there is the conspiracy for the nation-state. For example, I'm not Polish, although my daughter-in-law is; but nonetheless, I share the aspirations of every member of Polish society who wants to defend and develop the nation-state.

And, on the other side, there are only the oligarchical tendencies, which are best typified by the British ruling oligarchy. In modern European philosophical currents, there are only two tendencies. One is Renaissance, of which Pope Leo XIII is one of the most famous exponents; and His Holiness, the present Pope, John Paul II, is also a great representative. And, on the other side, there is the so-called empiricist or modernist, or Enlightenment tendency.

I believe in conspiracy; I believe in the existence of ideas.

* * *

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"LaRouche in Dialogue with the Intelligentsia of Russia" (interviews) and "On LaRouche's Discovery," *Fidelio*, Vol. III, No. 1, Spring 1994, pp. 8-36, 37-55.