

NEW YORK STOCK EXCHANGE

# LaRouche's Views on Monetary Theory – What is Your Money Worth?

Class 4

## **Lyndon LaRouche, Chapter 7: “A Chapter Dispensing with Monetary Theory”**

“Most of what passes for modern expertise in economics is not unfairly compared to pulling your trousers down over your head as the first step in pulling them up over your legs. From the starting-point of Physical Economy’s ABCs, as much of contemporary economics-textbook material as is worthwhile to know can be reduced to a week or so of study. It’s not a diplomatic thing to say, but it’s the plain truth. Accordingly, we devote a single chapter of this text to the supposed mysteries of monetary theory”

# Gold Standard vs. Gold Reserve-System

## Gold Standard:

- The Gold Standard limits the amount of currency in circulation to the amount of gold on deposit with the Treasury and/or banks authorized to make such issue of paper currency.



## Gold-Reserve:

- According to LaRouche, in a properly functioning gold-reserve system, the money supply is in approximate correspondence with goods in circulation. The essential backing for currency is not gold, but the physical assets and useful goods in an economy.
- The key difference is sovereignty. You are not constrained to create credit for key projects that will allow for economic growth and development, whereas a Gold Standard system restricts this.



**Benjamin Franklin**  
**(1706-1790)**

## Benjamin Franklin, “A Modest Inquiry Into the Nature and Necessity of Paper Currency,” 1729

“For many ages, those parts of the world which are engaged in commerce, have fixed upon gold and silver as the chief and most proper materials for this medium [of exchange]; they being in themselves valuable metals for their fineness, beauty, and scarcity. By these, particularly by silver, it has been usual to value all things else.... But as silver itself is of no certain permanent value, being worth more or less according to its scarcity or plenty, therefore it seems requisite to fix upon something else, more proper to be made a measure of values, and this I take to be *labor*.... Thus the riches of a country are to be valued by the quantity of labor its inhabitants are able to purchase, and not by the quantity of silver or gold they possess.”

# LaRouche's Criteria For an Effective Gold-Reserve System:

1. "The only general economic application of loans of currency issues should be for either physical-goods-producing investments, or investments in development of basic economic infrastructure essential to physical-goods production. Other lending should employ loan of deposits of currency, specie, or bullion, as private savings with lending institutions."
2. "Preference in lending must be given to technologically advanced investments in capital goods, weighed in favor of capital-goods production, and that weighed in favor of the machine-tool-grade portion of capital-goods production."
3. "Preference must be given to loans which are both preferred loans by the standards just cited, and also involve participation in lending of private savings deposited."



## Lyndon LaRouche on the Principle of Equity:

“This touches upon a principle of natural law, as Cusa, for example, is a leading authority on law for modern civilization. The natural rights of each and all individuals is the proper definition of the term *equity* according to such natural law. The essential right of the individual is a *human* right, which is to say a right premised on the quality which distinguishes men and women from beasts: *the power of creative reason*. The development of the powers of reason in all young individuals, up through the level corresponding to modern technology, is a human right. The right, and obligation, of the individual to continue the development of those powers, is a human right.”

## **Lyndon LaRouche on the Principle of Equity, *cont.*:**

“The freedom to employ those developed powers in some manner which renders an individual’s having lived of durable value to society after that life has ended, is a most fundamental human right: otherwise, the value of man goes into his grave, like the value of a mere beast. It is the human right of each and all, that human life be regarded as sacred in principle of practice, and that that life be lived to such effect that its contributions to society shall be of continued benefit to humanity generally for generations to come.... Since the economy and the state are the instruments upon which the fulfillment of human rights for each and all depends, those functions of the economy and state which are indispensable for satisfying the principle of equity, also partake of the protection of the principle of equity.”

## Lyndon LaRouche, Chapter 8: “Wage and Population”

- What do you need to do to maintain and improve the population?
- What should be the standards for wages and demographics overall in terms of a functioning and developing society?
- What's needed in terms of education? At what age should people finish school and enter the labor force?

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<b>Pre-Labor Force</b>	<b>Labor-Force Age</b>	<b>Older</b>
Infants	Labor Force	First 5-year
Children under 6	Non-Labor Force	Second 5-year
Pre-Adolescents		Third 5-year
Adolescents		Older

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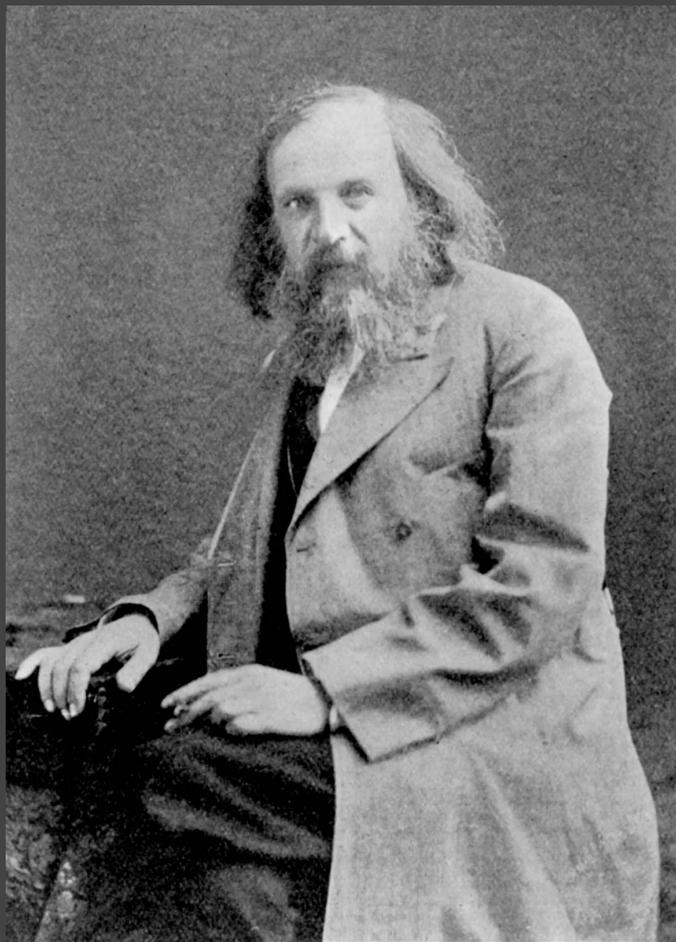
**Wilhelm von Humboldt**  
**(1767-1835)**

## Wilhelm von Humboldt, “School Plan for Königsberg”

“The general principle should be: In any school, always to strive for the full and faultless exercise of the principal powers of the mind; to exclude from scholastic (secondary) education any body of factual knowledge which—however necessary it may be—fosters those powers very little or too one-sidedly; and to reserve the specialized schools for practical life... Everyone, even the poorest student, would receive a full education, variously limited only in those cases where it could not progress to further development; each individual intellect would be done justice, and each would find its place; none would need seek their vocation earlier than what their gradual development permits... Hence, this complete education recognizes one, and only one foundation; the soul of the lowliest laborer must be initially put into harmony with the soul of the most finely educated person, if the former is not to fall beneath human dignity and become crude, and if the latter is not to fail in human strength, becoming sentimental, fantasy-ridden, and eccentric... In this way, even having learned Greek would be just as useful for the cabinet-maker, as would carpentry for the scholar.”

## Lyndon LaRouche, Chapter 8: “Wage and Population”

“It is an error to assume that the accumulation of knowledge over successive generations signifies that each part of the accumulation must be swallowed on at a time, piece by piece. Progress in respect to fundamentals simplifies the comprehension of large areas of knowledge, to the effect that the advancement of knowledge tends to lessen the educational time required to master subject-matters up to a fixed quality of knowledge. The design of curricula must be premised on this principle.”



**Dmitri Mendeleev**



**Antoine Lavoisier**

## Lyndon LaRouche on the Value of Your Job:



## Lyndon LaRouche, Chapter 8: Basic Parameters

1. Five percent of the total labor force employed in scientific research and development functions, centering this function upon mastery of controlled thermonuclear fusion, development of lasers and “particle beams”, and the principles of *living processes as such*
2. A goal of bringing the Operatives’ component up to at least 50% of the properly calculated labor force as rapidly as possible
3. Wages policy, including taxation policies, must focus on the fostering of the required changes in demographic characteristics of the population, as indicated above, such as the fostering of libraries, museums, and other kinds of cultural life coherent with Wilhelm von Humboldt’s outlook
4. A high rate of export of capital goods to “developing nations” and other foreign customers must be fostered.

# 2021 Infrastructure Grades

 AVIATION  D+

 BRIDGES  C

 DAMS D

 DRINKING WATER  C-

 ENERGY  C-

 HAZARDOUS WASTE D+

 INLAND WATERWAYS  D+

 LEVEES D

 PARKS AND RECREATION D+

 PORTS  B-

 RAIL B

 ROADS D

 SCHOOLS D+

 SOLID WASTE C+

 STORM WATER D

 TRANSIT D-

 WASTEWATER D+

America's  
Cumulative  
Infrastructure  
Grade



**A** EXCEPTIONAL

**B** GOOD

**C** MEDIOCRE

**D** POOR

**F** FAILING

## Lyndon LaRouche, Chapter 9: “Basic Economic Infrastructure

“Where are the costs of decaying infrastructure reflected in the National Income accounts of the Gross National Product accounting system? In large part, they are unreported and ignored. This implies that the national product (e.g., value added) of the United States during the 1971-1983 period has been overstated by as much as \$3 trillion (in 1983 constant dollars) on this account alone. (We must lower this perhaps, to reflect elements of shrinkage of infrastructure actually reported in National Income accounts by private taxpayers, public utilities, and so forth.”

# Design of cities: in the age of Mars colonization

by Lyndon H. LaRouche, Jr.

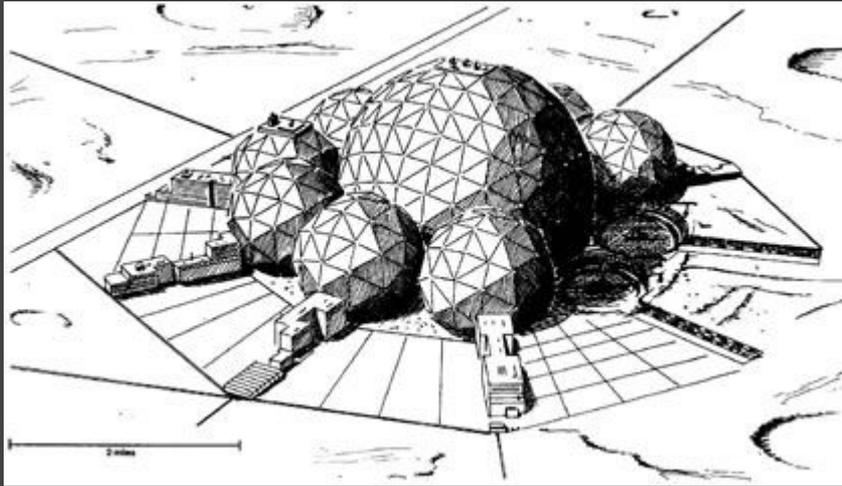
Planning the colonization of Mars gives deeper meaning to the ages-old task of rendering man's habitation of unfriendly natural environments fruitful, healthy, and as agreeable as possible. We must consider features of the artificial Mars environment other than merely the molecular-biological requirements of the human being. We must take into account the importance of immunizing the psychological well-being of the colonists, against the eerily new kinds of stresses associated with prolonged exposure to the alien environments of space.

We must take into account, in a new way, both the physiological and psychological importance of the architectural design of the local environment in which the explorers and colonists work, and perform their normal personal functions away from the workplace. Admittedly, the permanent colonization of Mars is probably 40 years ahead; yet, even now, in the early stages of planning that colonization, and during the coming months and years, we must set some of the architectural guidelines for planning the future geometry of the new cities, the working space, and the ordinary living space, in which space explorers and colonists will work and live.

Increasing fascination with space-exploration, especially among the young, ensures that whatever we announce as necessary features of the colonization of the Moon and Mars, will have an increasing impact in reshaping the policies governing life here on Earth. Even in the stages when only a handful of Earthlings are actually venturing into space, increasing portions of the Earth-bound population will shift the popular sense of human identity toward the idea of mankind as a space-explorer and space-colonist. This will bring about an adjustment in popular values, a change in the way human beings think about human beings.

During the coming years, while flights deeper into solar space are still mainly in the planning and development phases, more and more people on Earth will look at life here on our home planet through eyes which are becoming, in the informed imagination, the eyes of the space-explorer. With ever-greater frequency, the suggestion will be made, that which we can accomplish in space might point toward the best solution for problems here on Earth.

# Lyndon LaRouche on the Construction of New Cities:



Kepleropolis, the first Mars colony, is depicted here in the construction phase. Its main dome, 1 mile in diameter, is built in a crater. Surrounding the main dome are 10 smaller domes, each able to support neighborhoods of 50,000 individuals. The ecliptic of the dome is at ground level. On the surface level is a large educational and recreational park. Immediately below are administrative offices, and on levels below that are transportation and storage facilities and a central fusion power plant. An astronomical observatory and communications station is on top of the main dome.



Christmas 2031 in Selenopolis—the Moon city envisioned by space scientist Krafft Ehrlicke. At left is the “Hall of the Astronauts.” At right, an elevated monorail train. Behind the transparent insulation is a nodal dome with supplies and life support and climatizing equipment. At the rear is a domed tropical habitat sector.

# Construction of Xiongan in China:



**XIONGAN: CHINA'S  
'CITY OF THE FUTURE'**

# Lyndon LaRouche on Nuplexes:



The  
LaRouche  
Organization

**Manhattan  
Project  
Meeting**