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Interview: Lyndon H. LaRouche, Jr.

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## 'Solve the U.S. budget crisis with 6-8 million new jobs'

*The following are excerpts from the April 28 "EIR Talks with Lyndon LaRouche," a weekly radio interview conducted by telephone with the former presidential candidate from federal prison in Rochester, Minnesota. He was interviewed by Mel Klenetsky.*

**EIR:** Mr. LaRouche, Clinton's domestic program is falling apart at this point. The stimulus package, the investment tax credit, budget director Panetta is painting a grim picture of the health program; a lot of pressure is being put on President Clinton from Ross Perot to concentrate on budget cutting; what would you suggest Mr. Clinton do, in order to pull this domestic agenda problem out of the hat at this point?

**LaRouche:** As long as Clinton is stuck with the "spook" image of Ross Perot hanging around the White House, Clinton faces a disaster on all fronts. There is only one possible way—and I say only one *possible* way, it is not a choice of several possible ways—to balance the U.S. federal budget, and to prevent the federal deficit, the federal debt, from growing astronomically; *only one thing can be done*. And that is to increase the number of well-employed taxpayers by about 6-8 million Americans, of the something like 18 million who are actually available to be employed, because they are unemployed.

So if you take 6-8 million out of the 18 million or so who are, according to Labor Department estimates, unemployed, put them to work in infrastructure-building jobs, infrastructure repair jobs, and into high-tech jobs, by re-expanding, say, the auto, aerospace, and related capacities for these jobs, then you will have a very quick increase in the tax revenue base, from both personal (household) and business income. And you can do that, without any monkeying around with tax increases, such as the BTU tax—other things are going to fail.

If you try to balance the budget by *cutting* the budget, what you will do, is you will cause an absolute disaster, and you will end up with a bigger budget deficit than you started with.

Now, I don't know what happened to Ross Perot's mind. Up until the eve of the Democratic and Republican conventions, before he dropped out, he was saying a lot of things

which were good observations, sensible observations. When he came back, he came back as Johnny One-Note, with a kind of Senator "Landfill" Gramm line of "cut the budget, cut the budget, cut the budget."

I don't care how much clout Ross Perot may have politically with his campaigns; the fact is, clout or not, what he is proposing, would be an absolute disaster for the United States, and an immediate disaster for Clinton. That would ruin Clinton. Maybe Ross Perot's doing it thinking he can pressure Clinton into committing political suicide so Ross can be the candidate next time around—I don't know what's going on; but it is an absolute disaster.

So what Clinton proposed, was only a toe-in-the-water: a miserably small number of jobs, just to get the ball rolling. What he needs is 6-8 million jobs; and that can be done the way I indicated.

But the problem here, the political problem, is not just the Republicans, who seem to be following that—I must say that lunatic, Phil Gramm, who certainly has proved himself to be a lunatic, with the Gramm-Rudman catastrophe, and the Republicans seem to be following him. I don't know if they actually are, or if they are just playing with him; but in any case, that duck-billed platypus of the Senate, who looks like a mammal but just lays eggs all day; his ideas must go.

But the other side of it is, you must take on the Federal Reserve question. As long as you try to chain our money supply to the Federal Reserve's whims, you're going to get debt-money; that is, the national debt will grow every time you try to put a dollar in circulation; and under Wall Street's management, the money that goes out from the Fed, won't go into investment in creating useful jobs; it will go into speculation in the stock market and in the derivatives market, into the already-overblown financial bubble.

So Clinton has to, at some point, face up to that.

Now, there is a certain amount of facing up to it, in a certain degree, around the Clinton administration. They said reluctantly that they were going to accept Wall Street's pronouncement that there was a recovery. Of course, there never was a recovery; and Clinton and his Labor Secretary, Robert Reich, and now Panetta, are making noises to indicate that they never really believed there was a recovery, and they

also believed that the evidence shows there never was. So, Clinton's only bet, politically, is to use the fact that there never was a recovery, the pain, the depression in the U.S. economy, rage by American people (just like the Russians, who are enraged against Yeltsin's package), and to use that rage as a way of hanging the donkey's tail on the nose of the Republicans, who pulled this filibuster fiasco.

**EIR:** One of the things that both Gramm and Perot seem to count upon, is hoodwinking the American population into thinking that you can balance the budget in the same way that you balance a household budget. You sort of have this "common horse-sense" that they are appealing to in the American population.

Why doesn't this kind of approach work?

**LaRouche:** Well, it can't work. It's insane.

A national budget, a national economy, is based on the use of credit to expand the economy. There is no way that a household can use credit to expand its economy—that is, not in any ordinary sense. It is the job of the national economy to expand the economy, not the household. The household is based on a fixed income, the income of its income-earners. And they can do a number of things to increase their income, or, in former times, you could use credit to rearrange your circumstances to reduce the cost of living by prudent investments in better ways or more efficient ways of living.

But the household has no ability to *create wealth* within the household; the national economy *does*. The household cannot increase the number of jobs within the household. It sometimes does by getting the kids to do more work and clean up, but that does not do much for increasing the income of the household.

In a national economy, on the contrary, *job creation* and *increase in productive powers of labor* through use of better technology, is the watchword. In the national economy, the ability of the households—or anybody else—to make a living, depends upon government direct intervention, or regulated sponsorship of, public and private utilities, such as water projects, power projects, transportation projects, schools and medical facilities, and so forth. Without those *public works*, an economy does not work.

So a government has to expand itself, expand its activity, through credit, to be able to provide public works, and to provide an increased number of useful workplaces; so the functions of the government and the household are completely different.

Gramm appeals to one thing. First of all, most of the college-trained economics profession today, are complete monetarists, which means that they are completely incompetent, and you should never employ a college-trained economist for your business or your government, because they are incompetent. They should be put away, and put out to one side, where nobody uses them. Secondly, the idea of the

appeal to the household is to say to the family, "Well, there is no such thing as economics really. There is no science of economics, it is only like a household budget."

This is like saying to the passengers in a 747, "Look, you've got this pilot up here. He claims to be a technician. But there's nothing to running a plane. Any one of you guys can run a plane. So let's heave the pilot out of the cockpit, and let's get in there and run it ourselves." And that is essentially what Gramm is saying; and he is appealing to the popular impulse—a pathology within the American population.

Let me put it this way, let me put it very brutally.

You have a man who, if he has the leisure, will spend most of his day in front of a television set watching soap opera, watching that kind of fictional entertainment called the television news broadcasts; watching MTV for his sexual kicks, or things like that; and then watching hours upon hours of sports. When that man gets up from his chair, and expresses an opinion, and one is inclined to look at him and say, "Buddy, the way you waste your mind, the level to which you bring it down in front of that boob tube, you want to tell me that you have an opinion worth my hearing?"

Unfortunately, many Americans wish to have an opinion without thinking. And they like someone like that dummy, Milton Friedman, or the cheap imitation Milton Friedman, Phil Gramm, who comes along and says, "Look, you can be stupid and run an economy." Look at Gramm. He's stupid, and he pretends he can run an economy; and look at the disaster he creates. I think that is the answer to give to this stuff. . . .

**EIR:** Mr. LaRouche, we have been talking about Clinton's job creation program and, while we shouldn't be picking on Clinton, because he attempted to do something, he nevertheless faces a very severe problem at this point, because Congress is not even implementing what he wants.

So what does President Clinton have to do in order to deal with this crisis?

**LaRouche:** Well, I am a real loose cannon, and I would suppose that if I were out loose—which would mean exposing the fraud, at a very high level, which was used to put me into prison, on the orders of former Soviet President Gorbachov, back in 1986 through 1988, when he ordered that I be put in prison by the United States as a condition of good faith showing by the incoming Bush administration.

If that's exposed, then I'm a loose cannon; and I can do the job of catalyzing a general popular revolt, through aid of leading circles around the country, which will set a fire under the tail of the Congress. . . .

The problem is, the public is afraid of new taxes, and as long as Clinton is frightening them with the bogeyman of new taxes, he's going to find that he is alienating the very voters who would support him on a job creation program and would support him if he had to take on the Fed, too.