
The Physical Economy

9. Free trade vs. the American System

The issue of protectionism vs. the British free-trade system is sharply posed in this excerpt from LaRouche's book Basic Economics for Conservative Democrats (New York: Citizens For LaRouche, 1980).

Britain versus America

Britain was the avowed military adversary of the United States from 1775 through 1863, and remains the principal adversary in fact of United States' vital interests to the present date. The nature of that continuing, de facto adversary relationship between the United States and Britain is exposed quite efficiently by focusing on the essential points of difference between the American and British systems of political economy.

[Mathew] Carey and others described the British System as a mixed feudal-capitalist economy, with the feudal-minded aristocracy the governing element in that mixture. One might rightly quibble with Carey's use of the term "feudal" according to the mythology popularized by Sir Walter Scott. What Carey clearly meant to communicate by that formulation is indisputable in fact.

The key to the "feudal" character of the British System is the British doctrine of "free trade."

In the American System, as with the Tudors and with Colbert, it is our policy to provide regulation and protection to ensure fair profits and fair wages for those capitalists and wage-earners whose labor is contributing to national prosperity and productivity—to the realization of the development of greater productive powers for labor. A recent *New York Times* issue contained a useful observation—itsself a most unusual bit of behavior by the *New York Times*. In an otherwise monstrously wrong-headed statement of editorial policy, the *Times* referred to Japan's practice of allowing "sunset" industries to die while protecting and fostering "sunrise" industries; to let old, unproductive forms of enterprise wink out of existence while fostering new, higher-technology developments contributing to a more prosperous and productive nation for tomorrow. Ensuring fair profits for "sunrise" industries is the essence of the protectionism built into the American System. Ensuring fair wages, so that the potential productivity of our labor-force might be constantly enhanced through aid of rising living standards, is also a vital policy of the American System.

The meaning of the "free trade" issue was made clear enough in our national political experience leading into the Civil War. The most vociferous defenders of "free trade" were the proslavery forces and those Anglo-Americans reaping large profits from the trade in slave-produced cotton. Similarly, Frederick Engels's corrupting influence on Karl Marx, "brainwashing" Marx into writing a vile, fraudulent denunciation of Friedrich List, and "brainwashing" Marx into admiring British System economists such as Petty, Smith, and Ricardo, is by no means unrelated to Engels's generous income—while his "friend," the brainwashed Marx, was starving—from the cotton trade, at the expense of American black slaves and the American economy as well.

The Southern slave-owning class of pre-Civil War times, estimated to be about 250,000 individual members of slave-owning families at the outbreak of war, was a monstrously evil, oligarchical social class, tied in every imaginable way—in lack of morals, in philosophy, and so on—to the pederasty-reeking British aristocracy. That slave-owning class was an "asset" of British foreign policy, just as the Confederacy itself was nothing but a London-controlled puppet of the British aristocracy and City of London financial interests.

The rise of that treasonous, oligarchical class in the United States should be advantageously studied from the vantage-point of the corruption of Thomas Jefferson.

Jefferson is defined by his own correspondence as a close collaborator of Shaftesbury and of the key executive of the British Secret Intelligence Service of that time, Lord Shelburne's protégé Jeremy Bentham. This was the side of Jefferson which led him to connive at spreading the British subversive operation, known as the "Jacobin clubs," and to verge near to outright treason in connection with insurrections against the United States.

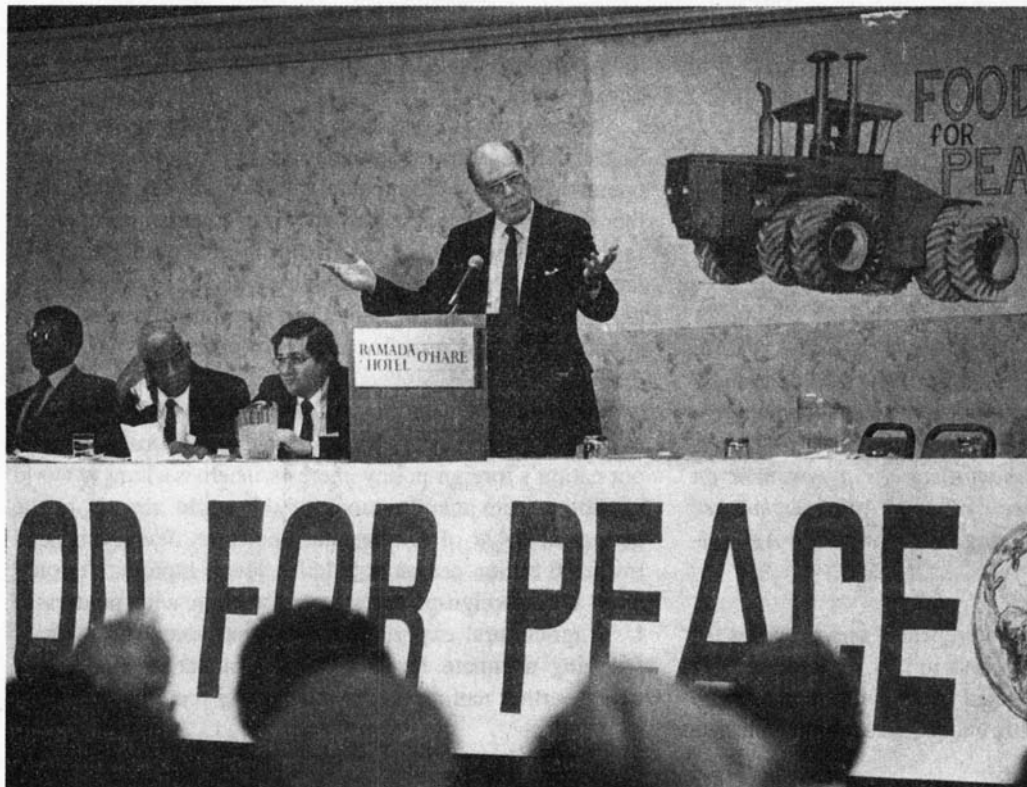
Jefferson is often mistakenly defined as on the side of the antislavery forces. In fact, Jefferson argued strenuously that black Americans were a subhuman species; his affection toward black Americans was akin to the variety one shows toward the humane treatment of cattle. His association with the traitor Aaron Burr and the strong influence of British agent Albert Gallatin on his anti-American System policies and destruction of U.S. military capabilities are indicative.

The practice of slavery transformed Southern planters into a corrupt, treasonous oligarchical class, which was increasingly determined to transform the United States into a backward semi-colony of Britain, if not an outright colony.

The development of the cotton gin promoted this, as is well known even in otherwise dishonest or incompetent texts on American history.

The thrust was to make the United States a deindustrialized exporter of raw materials and plantation agricultural products, and to be a dumping ground for subsidized masses of cheap British manufactures.

American consciousness of this is elaborated by Mathew Carey in an 1819 attack on "free trade" as the direct cause for



LaRouche addresses a Food for Peace meeting in Chicago, Illinois, Dec. 10, 1988. A dirigistic government policy, including guaranteeing farmers a parity price for their goods, is the prerequisite for the recovery of our bankrupt agricultural sector, which is needed to feed a hungry world. This was well understood by the leading economists of the American System, contrary to what you read in the history books today.

the preceding depression of the United States' economy.¹

The trick was to use competition to drive the prices of manufactures so low that American industries collapsed below breakeven points, or, at least offered such low rates of return on investment that there would be a corresponding deterrence of flow of credit and savings into such enterprises. We Americans fought this, demanding tariff protection for our "sunrise" industries, not to gouge ourselves with higher prices for goods, but to maintain price levels at which the economy and employment would increase—and the total level of real, per capita consumption (real wages) would also grow.

The treasonous gang of slave-owners did not wish to foster the growth of an industrial-capitalist power in the United States; they proposed "free trade" not only for the apparent advantage of being a dumping ground for the cheap manufactures of British "economic warfare" policies. Their motivation was not merely greed, but was wittingly treasonous. They sought to weaken the United States to the advantage of Britain.

True, a lot of people today are hoodwinked into supporting Senator Kennedy's and the Heritage Foundation's treasonous "free competition" and "deregulation" nonsense,

1. Mathew Carey, Addresses of the Philadelphia Society for the Promotion of National Industry, 1819, in Allen Salisbury, *The Civil War and The American System*, pp. 375-442.

swallowing out of ignorance and thoughtlessness the specious argument that such competitive reductions in prices must mean cheaper goods and so forth. The fact that misguided people are hoodwinked into paying higher prices for used-car "lemons" does not make those rolling wrecks a "good buy." Opinion does not define truth; rather, the person whose opinion is not defined by truth becomes unfit to judge his own affairs.

Cheaper goods are properly the outcome of rises in productivity of labor. This productivity arises ultimately from basic scientific advances and the spectrum of improved technologies to which such scientific progress leads. This potential is realized by compulsory public and higher education, and by those improvements in leisure and general conditions of household and community life which impart the capability of assimilating advances in culture of a people. The combined potential so represented is realized by employing such a developing labor-force in productive occupations, which involve technological improvements incorporated into plant, equipment, machinery, and so forth—with capital formation.

The higher the rate of capital formation, the more rapid the advances in technology and productivity. Hence, the more rapidly goods are made cheaper in terms of the average social effort required to produce them. So, profits and wages rise simultaneously. That is the way we cheapen the cost of living, improve wages, bring more and better goods into the range of an average week's wage.

10. New calculation of farm parity needed

The statement by LaRouche excerpted here, dated June 6, 1980 and titled "The Necessity for a New Calculation of Agricultural 'Parity,' " was submitted to the Subcommittee on Family Farms, Rural Development, and Special Studies, of the U.S. House of Representatives, as a comment on the General Accounting Office's report, "An Assessment of Parity as a Tool for Formulating and Evaluating Agricultural Policy."

During recent months, I have had repeated opportunities for in-depth review of the present crisis in U.S. agriculture with representatives of owner-operated farms—the farmers who are the backbone of our nation's unequaled accomplishments in agricultural productivity.

These discussions have centered around two categories of problems. The first category is the problem of winning the nonfarmer constituencies of the nation to support of a sensible national agricultural policy.

This discussion has been aided by the fact that I, unlike Ronald Reagan, know what agricultural parity means: the costs of agricultural production plus some fair rate of gross profit to cover the living expenses of the farmer and provide margins for reinvestment of profits in productivity improvements and necessary growth of production.

Ronald Reagan certainly does not even suspect, unless he has been given a recent crash briefing on the matter, the United States presently has no truly accurate measure of proper parity prices for agricultural products. Although public and private institutions have workable, accurate estimates of the standard-cost component of parity price, the calculation of the proper rate of gross profit remains a disputed point.

What is the proper rate of gross profit for the various categories of agricultural product? This is the question which remains to be settled for purposes of policymaking. That is the problem I have committed myself to solve, using the computerized LaRouche-Riemann "model" to arrive at the proper set of values.

The long-standing political problem respecting agricultural parity prices centers around the unwarranted widespread public suspicion that parity-support programs represent some sort of welfare hand-out to farmers at taxpayers' expense. The general public, of whom about 96% are non-farmers, has little or no perception that unless parity prices

are maintained, it is they, the general public, who will suffer most, through loss of a stable supply of food for their dinner tables.

It is my duty, as a prospective President of the United States, to bridge the comprehension-gap between the owner-operator farmer and the general, food-consuming public. It is therefore my duty not merely to provide our owner-operator farmers with the kinds of parity formulas needed, but to win the 96% of the general, nonfarmer public to a comprehension of the way in which our nation can continue to ensure stable supplies of good nutrition at stable prices for the family dinner table.

I should add, that this is a problem involving not only our domestic economy, but involves a most crucial part of our nation's foreign-policy interests. There is a hungry world out there, with many nations of the world already in the genocidal cycle of famine and epidemic. We are headed toward 6 billion person population levels rapidly. Not only must U.S. foreign-policy interests reckon with matters of U.S. agricultural exports, but with the greater problem of fostering adequate levels of food production among our treaty partner nations of the developing sector. . . .

How parity ought to work

Agriculture cannot work merely from the planting to the harvesting, one year at a time. A farmer produces economically by undertaking a program of production for each part of his output, a program involving investments in land-improvements, equipment and so forth, which must be averaged out over not less than a three-to-five year period.

Therefore, to secure economic efficiency—that is, to keep parity-values as low as technology permits—farmers must commit themselves to production programs for their farms based on fair foreknowledge of the market demand in quantities and average prices for forward running periods of between three to five years, allowing for marginal year-to-year adjustments.

In other words, to bring the required parity value down to the lowest sound price, we must work to create orderly markets for agricultural products, in both domestic and foreign markets overrunning three-to-five year forward periods. Farmers can then produce according to reliable forecast demands. As long as we can buffer the excesses and shortages caused by weather and such with reasonable product inventories, the farmers can keep the food-pipelines filled to any reasonably forecast food-requirement at a stable average price for this volume of product.

Let it be clear that we are not hinting at some scheme for governmental de facto "collectivization" of the American farmer. No measure must be introduced which undercuts the independence of the owner-operator farmer. Our job is to use the tools of better forecasting and better agricultural export practices and policies to provide those independent farmers with reliable forecast volumes and prices which they

will use as information to guide themselves in managing their farming. This means also retaining measures such as the Capper-Volstead Act, as means to aid farmers in collaborating among themselves to promote orderly marketing of their product—to protect themselves against being played against one another by greedy middleman organizations. We desire that the portion of the price we pay for food which properly belongs to the farmers should go to the farmers, to keep our food supplies stable and stable in price.

It is the ingenuity and investment-risk of the owner-operator farmer which will work within a combination of orderly marketing and sound parity-values to foster new technological improvements in agriculture by the best independent farmers. The benefits of competition among farmers will be fostered in that way.

Included policy-measures

Several specific measures must be taken immediately by the Federal government to relieve the current agricultural crisis—that is, if the 96% of the nonfarmer citizens are to have proper nutrition at reasonable prices for their dinner tables in 1981 and 1982.

I am committed to a policy of world-market prices for American agricultural exports, for one thing. I am against taxing our farmers in order to dump food on the world market, that being the general drift of Federal policy to date.

Less than 4% of our labor force produces the food which has fed our population and a good part of the rest of the world besides. Of this total, about 1.5% of our total labor force, working as owner-operator farmers, produces the great bulk of the total, with part-time and so-called marginal farmers filling out the total. Until the cumulative disasters of the Kissinger administrations and the Carter administration erupted over the 1970s, we could say with confidence that our farmers were the most productive in the world, producing high-quality food at the lowest social cost of any nation. . . .

Without ignoring other components of our agricultural export categories, my administration will stress three categories of product as paradigmatic for my agricultural policy as a whole. I am committed to increasing grain, beef-cattle, and dairy production, with emphasis on increased margins of export. For the medium-term, grain should be a big seller under treaty agreements secured by my administration. . . .

Perhaps it will be rumored that when President LaRouche greets foreign ambassadors in boots and overalls, the ambassador will know that the President is in a mood to sell grain, beef, and dairy products. I wouldn't actually appear in such dress for diplomatic functions, but the rumor will probably be spread nonetheless. I mean to sell a growing amount of our agricultural product to nations in search of some good eating. . . .

Otherwise, as President, I shall appoint a selection of farmers to staff the relevant positions in the Agriculture Department, with some leading agronomists worked in. . . .

11. Oil industry needs a protective tariff

From EIR, April 11, 1986, p. 32:

On Jan. 29, 1986, presidential candidate Lyndon H. LaRouche, Jr. proposed an oil-import tariff to keep domestic petroleum prices at a level high enough to allow domestic production and investment to continue, for obvious national security reasons. The point of such a tariff would not be to raise revenues, but to protect our internal oil industry, which otherwise faces disaster. Even if we did not face a massive reduction of current oil production, we would feel the effect of lowered exploration within about five years, as old fields run dry. Without continued, aggressive development of new sources, the United States will be on the way out of the oil business by the early 1990s.

On April 1, the National Democratic Policy Committee announced its support for the implementation of the emergency oil tax package, as one step in a program to stop a financial blowout in 1986.

At the center of the package is an "oil parity tariff," which would establish a parity price for oil, and impose a revenue tariff on imported oil when oil was below that price. The parity concept is the same as that in farming. It sets a commodity price which takes into account the cost of maintaining current production, thus allowing the producer the equivalent of a "living wage," and society the provision of needed resources. The federal government is responsible for guaranteeing parity prices.

The current parity price is minimally \$20 a barrel. But the market price is now hovering around \$10 a barrel. That is why oil producers in the United States cannot cover their costs of production, and are beginning to fold up their operations. Thus, Alaska and Texas, two of the largest oil producers in the United States, depend for solvency on an oil price of over \$13 to \$15 a barrel. . . .

Oil production will not be the only casualty, however. As the case of Texas shows, the oil price drop way below parity will trigger a deflationary collapse in real estate, and could pull the entire rotten banking system down with it.

The only way to avoid this disastrous result is for Congress to break from the illusion that the "free market" will save us, and impose an oil parity tariff. Under the tariff, the difference between the current price, and the \$20 a barrel parity price, will be taken as revenue by the federal government. The maintenance of the \$20 price will at the same time protect our oil production and exploration, which are, in fact, vital for national security. . . .

12. Hill-Burton health-care standards

Excerpts from a July 20, 1994 "EIR Talks" radio interview with LaRouche:

I think we have to divide the health-care question into two questions, for purposes of voting, shall we say.

One, do we want universal health care? . . . That is, do you want a situation in which, when somebody falls down on the street, and you as a passerby call the police, an ambulance comes, picks that person up, takes them to an emergency room or something of the sort, while administering whatever care you can in an ambulance on the way, and that that person is going to be treated? Or, if someone is sick, and they call for help, that person is going to be treated, and adequately treated? Do you want a system in which, in your community, there are an adequate number of physicians and related professionals, as well as hospital beds and clinics within reach of you, so that your medical needs can be satisfied?

I think the answer is, "yes."

Do you think you want a situation in which, if someone is poor, and has no money, but requires medical care, they are going to be treated, and adequately?

I think the answer is, "yes."

All right, let's say we all agree on this sort of thing, from a moral standpoint, and as good citizens, to think of health care as *necessary*, not only for *ourselves*, but for our neighbor, *which may be essential to our health, and our family's health*. I mean, if you've got a bunch of sick neighbors, you're likely to catch something, buddy. So, therefore, it's only good, common sense, even if you lack the charity to think so, to wish that your neighbors have good health. It's good for you, and for your children.

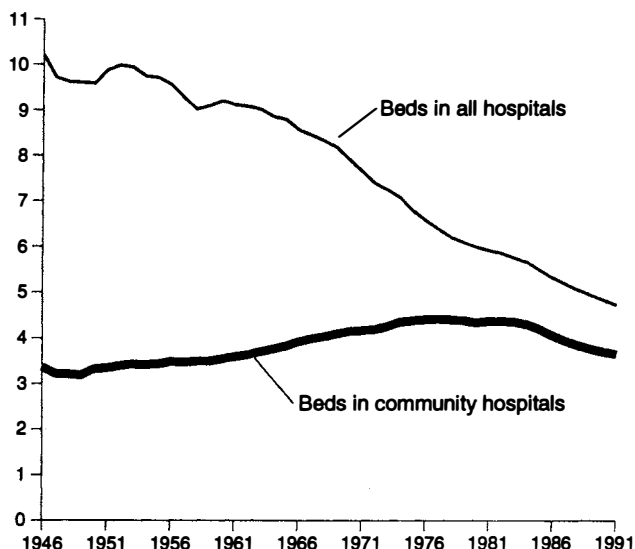
Now, the question then is: *How* do we deliver this result?

I don't like what's happening now. I don't like what's happened over the past 20 years. I think we've gone in the wrong direction. I think we have to go back to the policy we had at the end of the war, when I think we had more sense than we do now, or have had recently.

We had a piece of legislation, about five or six pages of legislation, a very simple, very pungent, very clear piece of legislation, called Hill-Burton. That's what I supported in my campaign in 1992. That's the approach I support now.

I'm not against people having insurance. I think they should have insurance to help out, like the old Blue Cross/Blue Shield used to be. . . . But, the problem today is that, since the introduction of malpractice insurance racketeering

FIGURE 1
Hospital bed availability, 1946-91
(beds per 1,000 people in the United States)



Sources: U.S. Statistical Abstracts; Historical Statistics of the United States.

by the legal profession, and others, back in the late '70s and beginning of the '80s, that malpractice racket was used as a way to virtually shut down medicine and introduce changes, increase the cost of medicine, skyrocket it. Plus, of course, the economy of the United States was collapsing, and therefore, people had less income than before, and therefore, it was more difficult to try to keep pace with medical costs, because you have, really, less purchasing power than you had, say, in 1967. . . .

What I think we ought to do, is to take the overhead and the administrative costs out of health insurance. Let's get the paperwork out of the system. Let's go back to the Hill-Burton conception of a bulk rate, in which people have insurance, they try to cover themselves the best way they can. They have access to an adequate number of physicians, to an adequate number of hospitals when they need them, and so forth; and, if we have a few people who come in without the money to fully cover their care, we give them the care. It's *cheaper* to pay hospitals and clinics in bulk, to help meet these obligations, than it is to go through some very complicated insurance scheme which, in the end, turns out to be a ripoff for insurance companies, or some private investors.

Let's give people health care, let's not give the insurance companies super-ripoff profits. That's where I think the divide comes, and I'm going to do everything I can to help get health care through, but to get it through with the idea of an emphasis on the Hill-Burton philosophy, as opposed to the insurance company get-rich policy.

13. Beam weapons can stop nuclear threat

Address by LaRouche to an EIR conference on the strategic crisis, on Feb. 17, 1982, Washington, D.C.

... Turning to the question of the strategic arms debate itself. We have an insane policy, totally insane. Some of this is discussed as a matter of ridicule by people I don't like in the press. But the fact is, we develop a B-1 bomber and MX missile, which is essentially a conception which belongs to the early 1960s drafting board. But since we got around to developing it late, we said it was the newest thing—even though in terms of strategic geometry, it is already out of date and obsolete. We have not yet built the B-1, and yet it is already obsolete. Then, some people say, well, it's a political problem in terms of cost-benefit analysis to get the Congress to go along with the B-1, so let's go ahead with the MX. But the MX is supposed to go with the B-1! What are we going to do with the MX? . . .

What about second-strike capability? The word is out: submersible? Let's have submersible second-strike capability. Nonsense! At present, I'm looking into two methods for making any submersible a first-strike target! The assumption that a submersible is undetectable as a second-strike capability is utter nonsense technologically at this time. Every form of submersible is inherently detectable. It is simply a matter of doing adequate research and development into systems which can detect and pinpoint these at all times. A submersible in the next five years will be as inherently detectable as a fixed-place rocket. So why spend money on this?

Someone points out that our troops are illiterate and drug-addicted and can't handle complicated weapons. So let's go back to electronically guided bows and arrows: the policy of Sen. Gary Hart over at the Armed Services Committee, a real stone-age Maxwell Taylor. Of course, in war, the infantry soldier with whatever technology is the basis of war-fighting. But we don't arm them, we don't train them, we don't select them. We have an "all-volunteer" army. We had a slogan for it in the 1930s: "USA"—"Useless Sons Accommodated."

A nation that cannot maintain an organized civilian army in depth is a nation unwilling to fight in its own defense. So why kid ourselves about it?

It has been calculated that a 10% exchange of thermonuclear capabilities between the two superpowers would mean a fall-out in long-lived radioactive isotopes which would swirl around the world to the effect that no warm-blooded animal life will exist two years after that exchange. So what the devil

is the sense of even talking about reducing the number of missiles?! That is no solution to this problem. You want to go in the direction of a showdown, with a weapon you can't use! But you might use it, and therefore you live under the threat of nuclear suicide.

How do you get out of this? It's elementary. If I put into space orbit a number of platforms with particle relativistic beam weapons, chemical-powered x-ray or not, which can target any missile in mid-flight, and I proceed to develop that system of detection, I can kill the proverbial 99% of missiles and aircraft carrying nuclear weapons in mid-flight. You can't do it with laser weapons because they have problems, but with relativistic beam weapons which deliver a relativistic shock to a missile, you can fire as if with bullets and kill these things in mid-flight. That is the only solution to the nuclear weapons problem.

Then, why the hell don't we develop it!

Why don't we sit down and agree with Moscow to develop these blasted things? Because they are important to both the United States and the Soviet Union for the mutual defense of each nation from the sword of thermonuclear Damocles. Plus we have Israel with thermonuclear capabilities. Pakistan has been given nuclear capabilities by Israel and Britain in the form of the Islamic bomb which is scheduled to come on line this spring. Brazil is developing its own nuclear weapons capability. South Africa probably has it. China, which has gone insane, has a thermonuclear capability given to it by the British and others.

We have a problem. Not only do the superpowers have thermonuclear capabilities, but many nations wholly out of our control are increasingly coming into possession of nuclear weapons and access to missile delivery capabilities—we have a problem of third powers which could engage in nuclear war becoming the trigger for nuclear power between the superpowers.

Therefore, we must have the ability that if East Podunk decides to have a nuclear war and shoot off missiles, we'll damn well shoot them down. We must have a policy that we will not tolerate the actual deployment of thermonuclear missiles against any target on the face of the Earth by any nation. And we must agree with the Soviet Union on that question. We must agree that we will agree to destroy anybody's thermonuclear missile or airplane carrying a missile which goes up into the air. We've got to make this planet safe.

The idea that we can hold back weapons development, the idea that we ought to have as an objective holding back technological progress in arms and warfare, is sheer idiocy. It always has been idiocy. The only solution is to organize our civilian basis to expand our economic power, to funnel credit selectively into the places that will restore our economic power, and to follow a foreign policy based on credit for viable infrastructure projects for developing nations; to expand especially our corps of engineers to do such things as to build a high-speed railroad from the Atlantic Coast across

the Sahel region of Africa; to build a large water-system between the Congo watershed and Lake Chad region of Sahel.

Our aim is to strengthen the stability of nations through an outpouring of American economic power and American technology in cooperation with each nation.

At the same time, we must have an orderly national defense and a policy of agreeing with Moscow, since we're both going to be around, we presume, for a long time to come, that we shall both insist on full-speed ahead arms-race development of relativistic beam weapons.

If we do this, particularly if we proceed in the totally opposite direction from the austerity policy, and the kinds of economic and monetary policy of the founding fathers of this nation are adopted, a dirigistic system of credit, promoting

the development of high-technology agriculture, high-technology manufacturing and infrastructure, extending the same policy as a matter of relations to the developing nations—then we can eliminate or solve the kind of crises we face in the April-May period. If we do not, but continue in this utopian nonsense which McNamara and Henry Kissinger typify over the recent period, or we proceed with such sheer idiocy as the China-Korean-Taiwan cooperation around a presumably sunken oil deposit in the China Sea—that kind of nonsense—or proceed with the Seaga-centered Caribbean Basin project the way that idiot David Rockefeller wants to do this, and continue to tolerate Voicker—we shall not survive because we have lost the moral fitness to survive, by refusing to make the kinds of policy shifts I have indicated.

Reagan's SDI speech on March 23, 1983

Excerpts from President Reagan's national address, creating the "Strategic Defense Initiative."

The subject I want to discuss with you, peace and national security, is both timely and important—timely because I have reached a decision which offers a new hope for our children in the 21st century—a decision I will tell you about in a few minutes—and important because there is a very big decision that you must make for yourselves. . . .

. . . I have become more and more deeply convinced that the human spirit must be capable of rising above dealing with other nations and human beings by threatening their existence. Feeling this way, I believe we must thoroughly examine every opportunity for reducing tensions and for introducing greater stability into the strategic calculus on both sides. . . .

If the Soviet Union will join with us in our effort to achieve major arms reduction we will have succeeded in stabilizing the nuclear balance. Nevertheless it will still be necessary to rely on the specter of retaliation—on mutual threat, and that is a sad commentary on the human condition.

Wouldn't it be better to save lives than to avenge them? Are we not capable of demonstrating our peaceful intentions by applying all our abilities and our ingenuity to achieving a truly lasting stability? I think we are—indeed, we must!

After careful consultation with my advisers, including the Joint Chiefs of Staff, I believe there is a way. Let me share with you a vision of the future which offers hope. It is that we embark on a program to counter the awesome



President Ronald Reagan

Soviet missile threat with measures that are defensive. Let us turn to the very strengths in technology that spawned our great industrial base and that have given us the quality of life we enjoy today. . . .

. . . [W]ith these considerations firmly in mind, I call upon the scientific community in our country, those who gave us nuclear weapons, to turn their great talents now to the cause of mankind and world peace: to give us the means of rendering these nuclear weapons impotent and obsolete.

Tonight . . . I am directing a comprehensive and intensive effort to define a long-term research and development program to begin to achieve our ultimate goal of eliminating the threat posed by strategic nuclear missiles. This could pave the way for arms control measures to eliminate the weapons themselves. We seek neither military superiority nor political advantage. Our only purpose—one all people share—is to search for ways to reduce the danger of nuclear war.

14. Reopen America's steel plants now!

Excerpts from LaRouche's television address to Pennsylvania voters, March 17-18, 1984, in his bid for the 1984 Democratic Presidential nomination.

Today I'm going to report to you on the measures I will take as President of the United States to restore not only the U.S. economy as a whole, but today I want to talk about, in particular, the measures I'm going to take which will affect directly the state of Pennsylvania, the state of New Jersey, and the state of Ohio. Other states too, but those are three we'll concentrate upon.

A long time ago, it seems now, the state of Pennsylvania was the "keystone" for the building of the United States. A group of people around first, William Penn, then Logan, and then Logan's protégé Benjamin Franklin, built up culture and manufactures and science in the state of Pennsylvania that made the state the center of economic power and political power for the young nation as a whole. Over the subsequent years, beginning with the development of cannon out of the bog iron over in the Pine Lands of New Jersey, industry started in Pennsylvania, spread through Ohio, Indiana, Illinois, into Michigan and along the Great Lakes. And from that time until the present, these states have been the industrial heartland of the United States, the power of the United States at home and abroad.

Now, under the influence of a policy which has governed us since approximately the middle of the 1960s, these states are being turned gradually into a desert. . . .

No 'post-industrial' society

Let's look as the disaster begins to develop. Now we see how the policy of post-industrial society, begun in 1966-67 under Johnson, how this has begun to destroy the very structure of the economy of the state of Pennsylvania. . . .

Now, you are told that the problem of U.S. Steel and other steel companies, is that Japan is unfair. Well, that's a lot of nonsense. Japan has been investing in modern steel plants, in new technologies, which we in the United States now don't even have. While the U.S. Steel Corporation and others have been suppressing technologies, even those new technologies developed by they themselves, or their own people. And they, as a dominant force in the industry, have prevented the rest of the steel industry in the United States from making these technological improvements. That is what our problem is.

Otherwise, the people say we don't need steel. Well, that's a lot of nonsense! That's like saying we don't need to eat because we don't plan to live. There's a shortage of steel in the world if we do the things that we must do to keep our nation and other nations alive. Our transportation system is collapsing; other parts of our national economy are collapsing. Many of the things that are collapsing require steel, new steel, to rebuild them.

Since 1969, the United States investment in maintaining the existing basic economic infrastructure—water management, transportation in all forms, public utilities, power generation, and urban infrastructure—these things have been collapsing to the point that if we were to try to bring the economy back to the state of repair it was in in 1970, it would cost us today at least \$3 trillion.

We are becoming a national junkpile, and if we don't intend to remain that, if we intend to get out of it, we're going to need a lot of steel.

Therefore, we are going to produce steel. And U.S. Steel in Pennsylvania is going to get back in the steel-producing business. Sure, we'll run out the old plants, the old technologies, to produce the things we need now, to drain the last ounce of usefulness out of some of these sick plants; but we're going to turn around and replace those sick plants, and employ those same steelworkers in producing the most modern technologies in the world, and in producing some things that have not yet seen the light of day that we know we can do, in terms of various modes of direct production, new types of ceramics; things of that sort we need badly.

The United States is not going to try to catch up with foreign steel producers in technology; we are going to jump ahead of them. And the United States Steel Corporation is going to get in there and do its part of the job. And if it doesn't, I am going to do, as President of the United States, exactly as Harry Truman did when he had a fight with poor old Blau, and what John F. Kennedy did when he had a fight with these fellows. Steel is essential to our national defense, not only militarily but economically.

No one has the right to destroy the economy of an entire state and to undermine the military and economic strength of the United States simply because they wish to loot their own steel corporation to invest in real estate, in coal mines that aren't producing, and other kinds of feudalistic investments. If U.S. Steel wants to cooperate and get back into business, they won't have any problem with me; but if they are determined to buck me on this when I am President, they are going to find that I am as tough as Truman was with them, I am as tough as Kennedy was with them, and perhaps a lot tougher. This country is going to produce steel; the state of Pennsylvania is going to be what it was once, the keystone state of our national economy; the machine tool industry of the state of Pennsylvania is going to be revived; the navy yard is going to be reopened; we are going to get this economy moving. . . .

15. Campaign 1988: 'The Woman on Mars'

Excerpts from the script for LaRouche's March 3, 1988 national television broadcast, "The Woman on Mars." The program was part of LaRouche's campaign for the Democratic Presidential nomination.

Announcer: Are you there, Dr. Gomez?

Woman's voice: Yes, John. I have the announcement for which you have been waiting. As of five minutes ago, our environmental systems were fully stabilized. Man's first permanent colony on Mars is now completely operational.

Announcer: If Lyndon LaRouche becomes President next January, that message from Mars will actually occur 39 years from now. The woman who will speak from Mars was born somewhere in the United States within the past year or two.

LaRouche: Many of you are shocked. Some of you are saying, "Why is this old geezer talking about a permanent colony on Mars, 39 years from now, with the major budget problems in Washington today?"

In a nationwide TV broadcast a few weeks ago, I told you that on my first day as President I shall declare a national economic emergency, and launch the largest economic recovery program in our history. During each of the first two years of my administration, about \$2 trillions in low-cost Federal loans will be invested in building up our nation's presently rotting industrial infrastructure, plus building up of about 5 millions new industrial jobs during the first three or four years of my administration. . . .

There are no mysterious tricks involved; it is all basic economics modelled upon our successful economic recoveries under Franklin Roosevelt and John F. Kennedy. However, to keep that recovery going, beyond the first three to four years, and to make our economy once again the most competitive on Earth, we must invest in creating new technologies. To do that, we must pick up where we left off with the old Apollo program, back during the 1960s. The old aerospace program of the 1960s paid us back more than ten cents for every penny we invested in it. This Mars program will pay us back much, much more—not 40 years from now, but each year over the 50 years or more to come. The project's spin-offs in the form of new products and new technologies into our civilian economy mean, that by the year 2027 A.D., the average person in the United States will have a real income at least ten times that of today. . . .

There are two reasons why we must choose a Mars project

as the way to achieve the rates of economic growth needed.

First, there are powerful reasons we must have a colony on Mars. To achieve certain very specific kinds of scientific breakthroughs we shall need on Earth, we must do the kind of astrophysical research we can not do without a Mars project. The practical purpose is to build up a system of giant radio-telescopes as far away from the Sun as possible. To sustain the scientists and engineers working on these space laboratories, we need a nearby logistical base. To support those scientists and engineers requires a population about the size of a medium-sized city on Earth. Since Mars is the nearest location which meets the requirements, we must colonize Mars.

The second reason is that the Mars project uses every frontier technology we might expect to develop during the coming 50 years of scientific research. That means, that the space program would be supplying our civilian industries with the most advanced technologies possible at the most rapid rate, putting the United States permanently in first place in technology. . . .

As President, I shall call together the representatives of industries including the automotive and aerospace sector. I shall say to them, "Ladies and gentlemen, I need your cooperation to give the United States the world's most advanced tool industry. I shall wrestle with the Congress to provide such legislation as we need for you to do your part in the job properly. We are going to get the last disgusting vestige of decay, pollution, and poverty out of the nation's life, and you are going to play a key part in bringing this about." It will work like this.

First . . . we are going to pour about \$2 trillions a year of low-cost credit into infrastructure and industrial expansion.

Second, we are going to have an emergency tax-reform which stimulates investment with investment tax-credit incentives.

Third, the research and development of the project will be tightly interfaced with the growth of our modernized tool sector. . . .

This will require sweeping improvements in public school education. It requires more classics and science in the schools. . . .

It means, a much better way to live, than the drab misery, illiteracy, and decay, into which our nation has been drifting the past 20 years.

Then, 39 years from now, we shall hear the broadcast from Mars, announcing that the first permanent colony there is operational. Among those colonists will be some of the children and grandchildren of you watching this broadcast tonight. Many of you will be watching that first television broadcast from the new colony. Already, the woman who will speak to you from Mars, has just recently been born somewhere in the United States.

We shall give our nation once again that great future which our children and grandchildren deserve.

16. Food for Peace: an offer to Moscow

Excerpts from a statement by LaRouche at a press conference in West Berlin's Kempinski Bristol Hotel on Oct. 12, 1988, on "U.S. Policy Toward the Reunification of Germany," which also forecast the collapse of the Comecon economies and elaborated a "Food for Peace" policy for changing East-West relations.

. . . At the same time that we discourage Moscow from dangerous military and similar adventures . . . we must rebuild our economies to the level at which we can provide the nations of the Soviet bloc an escape from the terrible effects of their economic suffering.

I give a concrete example.

Recently, in response to the food crisis, I sponsored the formation of an international association, called Food for Peace. . . .

One of the points I have stressed, in supporting this Food for Peace effort, is that the Soviet bloc will require the import of about 80 million tons of grain next year, as a bare minimum for the pressing needs of its population. China is experiencing a terrible food crisis, too. As of now, the food reserves are exhausted. There are no more food reserves in the United States, and the actions of the European Commission in Brussels have brought the food reserves of Western Europe to very low levels. Next year, the United States and Western Europe will be cut off from the large and growing amount of food imports during recent years, because of the collapse of food production in developing nations throughout most of the world.

During 1988, the world will have produced between 1.6 and 1.7 billion tons of grains, already a disastrous shortage. To ensure conditions of political, and strategic stability during 1989 and 1990, we shall require approximately 2.4 to 2.5 billion tons of grain each year. . . .

If the nations of the West would adopt an emergency agricultural policy, those nations, working together, could ensure that we reach the level of food supply corresponding to about 2.4 billion tons of grains. It would be a major effort, and would mean scrapping the present agricultural policies of many governments and supranational institutions, but it could be accomplished. If we are serious about avoiding the danger of war during the coming two years, we will do just that.

By adopting these kinds of policies, in food supplies and other crucial economic matters, the West can foster the kind of conditions under which the desirable approach to reunifi-



Helga Zepp LaRouche and Lyndon LaRouche at the Brandenburg Gate in Berlin, on Oct. 11, 1988, before the political revolution began that brought down the Berlin Wall, and led to the reunification of Germany.

cation of Germany can proceed on the basis a majority of Germans on both sides of the Wall desire it should. I propose that the next government of the United States should adopt that as part of its foreign policy toward Central Europe.

Rebuild the economies of eastern Europe

I shall propose the following concrete perspective to my government. We say to Moscow: We will help you. We shall act to establish Food for Peace agreements among the international community, with the included goal that neither the people of the Soviet bloc nor developing nations shall go hungry. In response to our good faith in doing that for you, let us do something which will set an example of what can be done to help solve the economic crisis throughout the Soviet bloc generally.

Let us say that the United States and Western Europe will cooperate to accomplish the successful rebuilding of the economy of Poland. There will be no interference in the political system of government, but only a kind of Marshall Plan aid to rebuild Poland's industry and agriculture. If Germany agrees to this, let a process aimed at the reunification of the economies of Germany begin, and let this be the *punctum saliens* for Western cooperation in assisting the rebuilding of the economy of Poland. . . .

17. Break with IMF policy toward Russia

The press release excerpted here was issued by LaRouche on Aug. 20, 1991, as the Communist regime in the Soviet Union was falling. On Aug. 29, the U.S.S.R. was dissolved, Mikhail Gorbachov was stripped of his emergency powers, and the Communist Party of the Soviet Union was suspended.

... Since the 1988 presidential campaign, I have fought against the policies of most of the Democratic Party and the Bush campaign, insisting, that with the present U.S. policies toward Moscow, the pro-Gorbachov policies as they were known, we were working toward a scenario of precisely the type which has now erupted in Moscow, with a danger of a bloody civil war or who knows what else alternative looming rapidly.

I told you so. I was right; President George Bush was wrong, the Democrats were wrong. Okay. Where do we go from here?

Well, you see what's happened. Mrs. Thatcher doesn't know what's going on; though, sure enough, that doesn't stop her from talking. John Major, the prime minister of Britain, is a minor figure in this mess. Bush is acting like a crybaby: "I want my Gorbydoll!" And Ton-Ton Mitterrand, the President of France, is not doing much better. These are the main architects of the so-called "new world order" of George Bush. They're all sitting down on the floor, having tantrums: crying like crybabies. They blundered. They goofed. They caused this problem; it was coming, and they refused to admit it was coming, and now it's come. And now they say, with George Bush: "I want my Gorbydoll!"

Well, it's time to grow up and face reality. The reason this happened—forget all the details, forget the soap opera, forget the gossip of what went on behind the scenes—what happened was *what I saw would happen*, back in 1987 and '88 on the basis of this "I love Gorby" campaign at the time.

What the West is demanding of Russia, and what Gorby—Mikhail Sergeevich Gorbachov—has so far been acceding to, is what is known in Poland as the plan of Harvard professor Jeffrey Sachs. That plan has ruined Yugoslavia; it is the failure of the Sachs plan which provided the fuel which set off the bloody situation inside Yugoslavia. It is the Sachs plan which has bankrupted Poland. It is the Sachs plan and the Sachs policy which is about to bankrupt Czechoslovakia, which is threatening Hungary. It is the influence of thinking like the Sachs Plan thinking, which

has caused a dislocation in the policy of the Federal Republic of Germany, with the effects we see in East Germany, where development has not proceeded as it should have.

The United States essentially is demanding from the Russians that they accept IMF conditionalities and GATT conditionalities, which are tantamount to the Sachs Plan. That plan, or the attempt of

the Russians to adapt to something like that, has caused a dislocation amounting to chaos inside the Soviet Union throughout. This means that food is not delivered; that up to 40% of the harvest *rots*, rather than getting to hungry people—and things of that sort. Disorder. Chaos.

What has happened, then, is a natural reaction, by a section of the Russian establishment—that is, the people in positions of power, the people who run industries, who run agricultural sections, who run trade union organizations, who run the police organizations, who run the military organizations; the establishment—every country has its establishment. The Soviet establishment says, we cannot risk this; if we go into a winter like this, we're going to have famine; we're going to have incalculable chaos; we must act now. Gorbachov refuses to act; he continues to vacillate; he's capitulating to the West—well, under those circumstances, you might have a coup against Gorbachov, organized by Gorbachov, in an attempt to blackmail the West into changing its policy—to save him, so to speak.

We should learn a lesson

But the essential thing is this. If the United States, and Britain, and Paris, in particular, would learn their lesson, would learn to stop acting like fools, they would say to the Russians, "All right. You can have your own economic reform, on your own conditions, without any Jeffrey Sachs Plan, without any disastrous Polish model." We would say clearly: "We do not want to do to you, the nations of the Soviet Union, what our folly helped to do to Yugoslavia, and is helping to do to Poland, for example. Yes, we have some bad ideas, too, from our quarter. We want something that works; and we offer you cooperation to devise something that will work. We are withdrawing our demands that you accede to the crazy free trade ideas of Margaret Thatcher and similar ideological idiots. Let's have a sensible plan of cooperation for the economic reform and development of the Soviet Union and its member states." . . .



Mikhail Gorbachov