

Robert Rubin Was Cited

by Lyndon H. LaRouche, Jr.

March 24, 2002

During the course of my travels of this past week, the following report was relayed to me for my comment.

TOKYO (Reuters)—Wed. Mar. 20, 2:34 AM ET

RUBIN SEES LONG-TERM JAPAN GROWTH.

Former U.S. Treasury Secretary Robert Rubin said on Wednesday it was “highly likely” Japan would achieve long-term economic growth but that the government had yet to properly address the issue of reform. “A country which had remarkable achievement over the past 40 years leading up to 1989 is highly likely to have sustained and long-term economic growth,” said Rubin.

Rubin, chairman of U.S. financial giant Citigroup Inc.’s executive committee, made the comments at a news conference held by Citigroup in Tokyo to mark its 100th year of operations in Japan. Citigroup Chairman and Chief Executive Sanford Weill urged Japanese banks to take action, just as U.S. banks had done to overcome their own bad-loan problems. “However, as the people of Japan know better than anyone else, great and difficult challenges must be met with real and serious measures in order to move to that track from where the Japanese economy is today,” Rubin added. He said those challenges included overall economic reform, banking sector issues, corporate restructuring, restoring fiscal discipline and further trade liberalization. “But the longer the decisions are deferred, the more difficult the problems would become and more difficult and more extended the adjustment period is likely to be.”

Did Rubin actually say “further trade liberalization,” or was that specific construction merely attributed to him? More generally, was he speaking in his capacity as a responsible

spokesman for Citigroup?—or as many corporate and government officials do, representing his client, rather than his own, private judgment?

Let me assume the worst for the purposes of this discussion. Let me accept, for the moment, the unlikely assumption that a news medium honestly reported an event; let me, therefore, assume that he was fairly represented by the news report. I emphasize, I tolerate those assumptions only conditionally, as the premise for a dialogue on the subject of “trade liberalization.”

I present that comment for public information, not because I assume that the report of Rubin’s views is entirely accurate, but, rather, because the debatable issues raised are of currently urgent importance for the world at large. Any attempt to preserve a commitment to “trade liberalization” at this historical juncture would ensure the accelerated collapse of the world’s economy into a general, physical collapse, from which civilization might reemerge only one or two generations, or more, later.

Thirty-Five Years of Mass-Insanity

With the so-called “cultural-paradigm shift” which, like the utopian U.S. war in Indo-China, became the prevalent trend of the past thirty-seven years, the popular culture and national policy-framework of the U.S.A. and other nations was shifted, from the traditional producer-oriented culture on which the U.S. independence had been founded, to a pathetically utopian, inherently parasitical belief in “consumer society.”

The policy of “trade liberalization” generalized by the Administration of President Carter under the direction of utopian madman Zbigniew “Leporello” Brzezinski, did more than any other post-1965 U.S. administration, to destroy the once growing economies of western Europe, Japan, and the Americas. This shift away from the traditionally protectionist policies of the U.S.A. and its law-making, has been responsi-

ble for the continuing, post-1977 collapse of the real incomes of the lower eighty-percentile of our family households, and for the generalized monetary-financial crisis and physical-economic collapse of the economies of Europe, the Americas, and Japan today.

It can be fairly said, that if you see any head of government or economist smiling over the state of the economy today, what you are witnessing is the grin, called “risus sardonicus,” caused by liberal doses of free-trade strychnine. Any continued such dosages, and the economy will be surely dead, and very, very many of us with it. “Free trade” has achieved, today, a potential for mass homicide rivalled only by mass asteroid collisions with Earth, or general thermonuclear warfare. Admittedly, for those who are addicted to Pokémon or Nintendo games generally, that would be a truly thrilling experience, but not for any sane person. Thus, the key to understanding the problems of the world economy today, is to recognize that “liberalization of trade” is a form of mass-insanity.

The Creator of the universe has built into the design of our free will, the freedom to choose between cultures which are viable, and those which eliminate themselves, or nearly so, through calamities such as those which repeatedly brought about the self-destruction of the cultures of ancient Mesopotamia and the first and second Roman empires. You have the freedom to choose “free trade;” but, if you continue to do so, it is by your own choice that you will see your nation and its culture destroyed. That is precisely the cause of economic distress which our nation, and others, are suffering now.

As I have documented in various published locations, the doctrine of “free trade” was spread into modern European culture from the curious gnostic religious sect known technically as the “Bogomils” or “Cathars,” and commonly referenced in English slang as “the buggers.” These “buggers” believed, as Thomas Hobbes, John Locke, Bernard Mandeville, Adam Smith, Baroness Thatcher, and the cult of the American Enterprise Institute did, and do, in the virtual existence of certain “little green men” operating from “under the floorboards” of sense-certainty. In effect, the theory of creation and distribution of wealth among these gnostics, the choice of who shall prosper, and which shall starve to death, is made by a roll of the dice cast by these little green men. It is for that reason, that all such believers, such as the followers of Adam Smith, are classed as gnostics, as their forerunners, the “buggers,” were.

In principle, all those who believe in “free trade” today, are actually pagan religious gnostics in precisely the same sense as those “buggers” of medieval Europe from whom the empiricist followers of Venice’s Paolo Sarpi and his lackey Galileo, derived the modern English-language “free trade” dogma.

The significance of my emphasis on gnostic religious dogma, is that it is only from the standpoint of treating all leading facets of the past thirty-seven years’ cultural-paradigm-shift as an expression of the same pathological state of



Did Robert Rubin actually say, “further trade liberalization” in Tokyo? After 35 years of destruction of economies, that disastrous axiom is finished.

superstition as belief in “free trade,” that we can understand the generalized moral decay which has overtaken so much of the culture of Europe and the Americas over the course of this time.

The Economic Specifics

In the real universe, “profit” is measured primarily in physical, not financial terms. It is only in the case that an estimated financial profit corresponds to a separately determined margin of physical profitability, that the estimated margin of financial profit is truthfully determined.

Any distinction between micro-economics and macro-economics, is not only intrinsically incompetent, but a potentially dangerous mental aberration, a delusion. In a real economy, the cost of production expressed in the case of the particular enterprise, must take into account the full costs which the enterprise owes to the economy as a whole. In other words, the public education, the water management, the power production, and the necessary costs of government are an incurred physical cost of each and every private enterprise. Each enterprise must pay its share of those physical costs.

The essential function of the most important kinds of private enterprises, are the owner-operated farms and firms which generate improved applications of technology to create improved designs of products and production-processes.



“Among the most essential functions of any sane form of government . . . is to provide protection to the fair-price levels of enterprises, and of the income of the member of the household employed.” Price must maintain “physical, rather than merely financial capital.”

These so-called “closely held” entrepreneurships of agriculture, manufacturing, and professional or quasi-professional qualities of scientific and related services, are the driving element of expression of true creativity within the pores of the national economy.

The function of the national economy’s other structures, is to create and maintain the platform on which the work of the creative individual mind can make those contributions on which general progress of society depends absolutely. Thus, there is a reciprocal relationship between that platform and the closely-held entrepreneurship or related activity. The creative individual mind supplies the innovations on which the existence of actually earned profit depends, but that on which the success, even the continued existence of the individual innovator depends, is the maintenance and improvement of the platform.

Among the most essential functions of any sane form of government (a rare form of government these past thirty-five years), is to provide protection to the fair-price levels of enterprises, and of the income of the member of the household employed by those enterprises.

This function of governmental protection, is most simply exhibited by considering the relationship between price and the maintenance of physical, rather than merely financial capital. A fair price must include a provision for maintaining the

technological potential of the needed enterprise. This means adequate wage-levels and adequate margins for maintaining and increasing relevant levels for both physical-capital formation and technological progress, and also for the general expansion of useful forms of productive activity.

So-called monetarist, or neo-liberal applications of free trade, ensure a kind of auto-cannibalistic self-destruction of the real, physical economy of any and all nations. That is the essential point to be understood, to identify the causes for the accelerating degeneration of the world economy, especially those of Europe, Japan, and the Americas, from the overall successful economy of the 1945-1965 interval. The shift from a society committed to producer values, to one premised on the lunatic fancies of a consumer’s paradise, is the source of the rot from which the world is suffering today.

The trick is to become suddenly sane again. This means to return to the protectionist outlook of the fixed-exchange-rate system as it operated during 1945-1965, and to take down all of the novelties of monetarist lunacy which have ruined what had been the most successful economy the world had known up to that time. Without a cessation of recent trends in free-trade liberalization, there is no hope, ever, for a recovery of the present international economy, at least not in the forms which have become predominant during the recent thirty-odd years.

ON THE WEB

EIR'S STORE



Quick, easy, and secure credit-card purchase of:

- Single issues of *EIR*
- Videotapes
- Special Reports
- Books

www.larouchepub.com

Visa and MasterCard accepted.

See the website for a complete listing of available titles.