

IV. From Lyndon LaRouche

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How To Solve the Collapse of the U.S. Economy

by Lyndon H. LaRouche, Jr.

Economist and statesman Lyndon LaRouche, in 1990, ran as an independent Democratic candidate for Congress for Virginia's 10th Congressional District. At the time, he was being held unjustly as a political prisoner at a federal penitentiary in Rochester, Minnesota. In early September, he issued the following campaign statement.

Prefatory note: It is necessary at this time, to issue, about the first of September, as the congressional and other campaigns become truly unfurled in the United States, and as the crisis worsens, to set forth, in addition to the necessary negative observations, a clear and relatively concise positive picture of what can be done to solve our problems as a nation, and the problems of the world. But this is issued primarily as a statement of U.S. perspectives, rather than global perspectives, although of course it will be of interest to people in other parts of the planet.

The Present Collapse of the U.S. Economy

September defines a new phase in the ongoing collapse of the U.S. economy, and of the Anglo-American monetary and financial system in particular. There can be essentially no recovery from already worsening depression conditions in the United States and elsewhere,

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as long as the United States continues the financial, monetary, and economic policies which have prevailed as a trend over the past 25 years, since the beginning of President Johnson's Great Society.

Over the past 25 years, we have, in short, turned away from the parameters and constraints of policy-



John Deere

According to LaRouche, the nation has turned away from a "balanced development and expansion of basic economic infrastructure, agriculture, and manufacturing," toward a "post-industrial" society. Pictured, a John Deere combine, capable of harvesting, winnowing and threshing grains and seed crops.

making which prevailed during the Kennedy administration, away from capital-intensive, energy-intensive investment in scientific and technological progress, away from a balanced development and expansion of basic economic infrastructure, agriculture, and manufacturing, and toward what is called a "post-industrial" society—a society based upon administration and services in the parasitical extreme, while constricting,

or even shutting down, the flow of investment into infrastructure, especially, into agriculture, and into manufacturing. We have, in effect, been increasingly looting these productive sectors of the economy, shutting down, increasingly, scientific research, in order to create a purely parasitical, paper administrative and services society. We have compounded that, especially since 1971, by a turn away from investment in production of physical wealth, into investment for purely speculative or usurious services.

People seem to think that the right way to earn a living, is to have a dollar, and to invest it at the highest interest-rate yield or equivalent yield possible, and that the right to that technically earned, but physically unearned income, in the form of interest and so forth, is the primary form of generation of wealth.

The combination of the collapse of the physical economy as a matter of policy, and the shift to emphasis on administration, services, and usury instead, has resulted in an erosion, collapse, and looting of the economic base of the United States, to the point that the Anglo-American sector of the world economy and the suppressed developing sector are now in a point of irremediable economic collapse—that is, no essential recovery is possible, as long as the present policy-making structure persists.

So essentially, at this point, we are collapsing as an economy, and no genuine recovery is possible under a continuation of the kind of economic policies, monetary policies, tax policies, financial policies, we associate with the Carter, Reagan, and Bush administrations thus far. We are in a depression, and it is going to become only worse, until appropriately fundamental changes in policy occur, until policy changes occur of the type which I have been demanding for more than the past 20 years.

The following steps, however, can, although not by themselves, lead to a genuine accelerating recovery of the U.S. economy. First, let's deal with the purely

economic policy matters, internal to the United States; then look at the global areas; and finally, let's look at some other measures which must be taken to make the economic program for a recovery succeed.

1) There must be a return to a policy of capital-intensive, energy-intensive investment in rapid rates of scientific and technological progress, through balanced development and rapid expansion at the same time, of net physical output per capita and per square kilometer, in basic economic infrastructure, in independent entrepreneurial agriculture, and in manufacturing.

2) There must be a restoration of federal regulation of the economy according to Article I of the U.S. Con-



Relativity Media

Capital-intensive, energy-intensive investment in scientific and technological progress is a necessity for any successful physical-economic system. Shown here is Stargate, the world's largest 3D printer, capable of creating a complete space launch vehicle in just 60 days.

stitution, as the Constitution defines these powers and responsibilities to be those of the legislative work of the Congress.

3) There must be the restoration of the concept of parity, under constitutionally defined legislative regulation of foreign and interstate commerce.

4) The nation must scrap the central banking form of the Federal Reserve System, and return to what is called Hamiltonian national banking, as the way of generating credit. At the same time, we must outlaw all forms of usury, by aid of putting ceilings on interest rates and kindred charges.



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LaRouche called for scrapping the Federal Reserve System, and returning to a Hamiltonian system of national banking. Shown here is the Eccles Building, which serves as the Federal Reserve's headquarters in Washington, D.C.

5) We must emphasize the use of national credit, as a matter of priority, in targeted areas of increase of physical output. This will be a preferential flow of credit to areas such as basic economic infrastructure and to entrepreneurial, family-owned high-technology agriculture, and into manufacturing. We must restore the practice of investment tax credits, which means a fairly high rate of taxation on upper income brackets, offset by investment tax credit earnings possibilities, so that if people spend large incomes in a frivolous way, or a manner which is frivolous relative to the benefit to the economy, they pay the maximum tax rate on their upper bracket income, whereas if they invest that same income in beneficial ways, then they receive the benefit of investment tax credit.

6) We must have a policy of investment in national goals. For example: The Kennedy administration's success in fostering an economic recovery, which lasted through most of the 1960s, depended upon the crash program commitment to place a man on the Moon by the end of the decade. That crash program fostered the technological and related progress, which made possible the highest rate of growth of productivity during the postwar period, at least into the middle of the decade. Today, the substitute for Kennedy's program—a more ambitious, broader one—is, instead of a 10-year crash program to put a man on the Moon, a 40-year crash program to the initial establishment of a permanent manned scientific and technological base on Mars.

This activity, this research program, this crash program, which will cover all aspects of the technologies required to establish a viable, permanent colonization of Mars, would ensure that our nation and this planet would have available as needed every variety of new technology which we on this planet would require. The space program should be seen both as a necessary exploration program, to make scientific discoveries in space which are extremely relevant to conditions of life on Earth, and also to generate—or force the generation of—new technologies which are directly

beneficial in increasing the productive powers of labor and conditions of life and the environmental conditions on this planet.

Therefore, government must consider, apart from basic economic infrastructure, that its primary commitment to investment should be in these areas of national, scientific, crash program missions, such as the Kennedy Moon landing program, or the 40-year Moon-Mars colonization program I'm indicating here, as the science-driver programs to stimulate our educational system, our laboratories, our industries, our machine-tool industry, and thus to ensure the highest possible rate of technological progress and increases of productivity for the economy in general.

The second thing to consider, after defining a sound economic program, is to look at the international requirements of a national recovery program.

The problem has been that today, we've reached the point where if you scratch the belly of almost anything we use, anything useful is usually either imported whole from other countries, or is composed of major components which are imported from other countries. That is not because other countries have cheated us, but because we have ourselves destroyed our capacity to produce many essential categories of goods. Therefore, as we try to get out of this depression which we have brought upon ourselves, with the bad policies of the Carter, Reagan, and Bush administrations, we are going to have to turn to our friends abroad for assistance

in building the machine-tool and other industries needed to establish an actual physical recovery.

The center of this will not be Japan, although Japan will play a very important part in this. The center will be Europe. The successful reunification of Germany, establishing, in the center of an area from France to Vienna to Berlin, a triangular area approximately, an area involving 92 million people, will be crucial for that. This area, this so-called Productive Triangle, is the center of the world economy, in terms of concentration of productive power. It is by linking the United States to the successful expansion of that center, that we can obtain, in the United States, the materials, the machine tools, and so forth, that are necessary to rebuild our shattered economy.

Therefore, what we must do is not only have a program of economic recovery of the United States at home, but we must see the United States as participating, in a qualitative way, in an international program of general economic recovery throughout the planet.

Thirdly, these measures will not work with a population which is as badly uneducated and miseducated as has been the case with the past two generations in particular. Those who have left high schools and colleges since the 1968-72 period, are, in general, incompetent and unable to compete with the standard of those in the same categories graduating prior to 1968 or even prior to 1958. Unless we have a program, not only of rebuilding our educational system, to get back to basic science and humanities as the emphasis, and away from the saturation with useless sociology and sociology-byproducts, we are not going to have a population which is capable of assimilating technological progress. If we do not make these changes, the United States population will be so useless, so underproductive, so primitive, that the United States will be simply a dumping place of cheap labor, employed in cheap assembly of products bought from the better-educated,



John F. Kennedy Presidential Library

LaRouche argued that the next step beyond President John F. Kennedy's 10-year Moon program must be a 40-year crash program to establish a permanent, manned science and technology base on Mars. Here, President Kennedy inspects the Friendship 7 space capsule at Cape Canaveral, FL, Feb. 23, 1962. Next to President Kennedy is Col. John Glenn who, in Friendship 7, became the first American to orbit the Earth.

and therefore wealthier, nations abroad.

We must not only change the school system, and get away from all of the so-called left radical reforms, the reforms associated, for example, with the leadership of the National Education Association, with the ecologists, the environmentalists, the "New Age" people generally, though all those things must be ripped out of the school system. But that's not enough. We must also recognize that the New Age counterculture in our society is destroying the morals and the minds of our citizens. If we wish to survive, we're going to have to recognize that the old ways of looking at the world, the old traditions of Judeo-Christian standards of morality, are essential to successful and durable survival of our nation, and we must return to those standards, with an educational system and cultural program which match that. Otherwise, we shall not survive.

These three approaches, if taken, with all the mistakes and all the failures which we must expect with any such program—but these three basic sets of actions, if taken, ensure that this nation will survive and that we will come out of this depression. And the sooner we get at it, the better.