Editorial

One better than Herbert Hoover

The idea that George Bush is another Herbert Hoover is beginning to catch on. The wild swings in the international stock and bond markets aren't helping his image, which is beginning to look like the American economy: sick. Every day there is news of more layoffs.

Bush's "peace dividend" means major cutbacks in aerospace, at a time when the automobile industry is in bad trouble as well. These two sectors of heavy industry are the core of American industrial potential, and have served as a test bed for research and development as well.

A new study, to be released by the National Science Foundation, shows that U.S. spending in research and development is no longer keeping pace with the official rate of inflation. Furthermore, the composition of the money spent, is vectored toward product development and away from basic research.

In a healthy economy, the exact opposite occurs: R&D spending continues to increase as a proportion of Gross National Product. Japan is a case in point, with a brisk rate of increase in spending on fundamental research.

One reason for this has been the role of corporate takeovers, since corporate raiders are interested in immediate cash profits rather than in future production. Another is the pressure upon Pentagon spending.

There was a sizable increase in corporate spending in 1984—almost 12%. This concurs with expectations that President Reagan's program for the Strategic Defense Initiative, would be carried out as a crash effort. By 1985, the increase was reduced to just under 8% as the SDI increasingly stalled, and condominium deals between the United States and the U.S.S.R. were put on the agenda. Then 1986 showed a sharp drop—down to a mere 2%.

The improvement was precisely the role which Lyndon LaRouche foresaw for the SDI, when he designed the program. It was the Apollo program-like impact on the U.S. economy as a whole, of a crash program for the development of a multi-layered defensive shield, which could have stimulated productivity across-the-board for decades to come.

Government investment in advanced systems design has always been a science driver for the economy as a whole. For every $1 spent by NASA on R&D, in preparation for the moonshot, the U.S. economy got a $10 payback in increased productivity. Similarly, the Defense Advanced Research Projects Agency sponsored research which gave us entire lines of products, from personal computers to the engineering work station.

Just as President Bush is busy assuring us that the Soviets are teddy bears, and the Chinese Maoists really love freedom, so we no longer have any enemies except maybe those nasty Japanese who insist on keeping their economy healthy by constantly increasing productivity, so now he is going one better.

Bush is pushing for a Clean Air Act, which the Business Roundtable estimates will be an annual $104 billion tax on the U.S. economy. Moneys which could be invested in R&D for higher technologies, will instead be spent to develop parallel technology to that which already exists today.

Were the basic eco-structure of the globe really threatened, then of course, some form of investment in protection for it would be necessary. Even so, we would approach the problem by looking for a high technology solution.

For example, the present hoopla about chlorofluorocarbons is a hoax, but were it really true, the solution is precisely the one rejected by Edgar Bronfman's environmentalist lobby. The correct solution would be to use food irradiation as a cost-effective, and in some instances more healthful substitute for refrigeration.

The problem is that dishonest environmentalist rhetoric has been adopted by the President out of whole cloth. He has even proposed to elevate the head of the Environmental Protection Agency to a cabinet-level appointment. Poor Bush is going Herbert Hoover one better: He is not only oblivious to the reality of the present deepening economic crisis, he is actively promulgating policies to make it worse!