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## EIR Talks with Lyndon LaRouche

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# The LaRouche SDI economic policy versus Phil Gramm's 'Brand X'

*What follows is excerpted from the weekly radio broadcast "EIR Talks with Lyndon LaRouche" for April 8 and April 14. The interviewer is Melvin Klenetsky. If readers are interested in having their local radio station broadcast these interviews, they or their stations can contact Frank Bell at (703) 777-9451. The first part of the excerpt is from April 8.*

**EIR:** Mr. LaRouche, we have been discussing your negotiations on the Strategic Defense Initiative that took place back in the 1980s and the new "SDI" offer by Boris Yeltsin. Why should Bill Clinton accept this offer?

**LaRouche:** Let's take a look at something, skip ahead to the big breaking news in the United States this week. We have an old adversary of mine, I must say a very dangerous idiot—and I use the term idiot in a qualified sense—Sen. Phil Gramm [R] of Texas.

Gramm started out as a university professor in, shall we call it, "Brand X" economics, the type that he preaches at the top of his voice to this day. He became a Democratic representative in the House of Representatives, and then he became a "boll weevil" Democrat; and then he completed his transformation into a Republican and became a senator as a reward for jumping ship to the Republican Party.

Gramm is obsessed with the triumphant sound of his own incompetence. He insists that deregulation, radical free trade, radical monetarism, and so forth and so on, is the cure for everything: It is real snake medicine.

Now, the problem for the United States, and for our allies as well, is that if we continue to apply Dr.-Professor-Senator Gramm's snake-oil medicine to eastern Europe and the former Soviet Union in the form of International Monetary Fund [IMF] conditionalities, in the form of Jeffrey Sachs's snake-oil medicine from Harvard, and so forth, we are very soon going to come to the point that the former Soviet Union will emerge in the form of a Russian empire—not a communist system but a Russian system. It will not be making direct thermonuclear war against us, though it will have the capability virtually to do so. . . .

In Washington, as Secretary of State Warren Christopher has indicated, this Russian conflict is at the center of a whole host of conflicts globally, including our domestic economy

policy. If we can reverse, hopefully, the disaster which was brought upon us by the idiocy of Margaret Thatcher and the lunacy of George Bush, who took the greatest opportunity for peace and gave us a crisis instead, we can get out of this mess.

To do that, we have to utilize scientific and technological progress, an investment boom based on that, to get the U.S. economy and other economies moving again. This economic policy, which is being used to wreck Russia and eastern Europe, has already wrecked the United States economy; and people like Phil Gramm, who are opposing even the petty, token policy of job stimulation which President Clinton has put forward, are the flies in the ointment.

We have to get this crowd out of the way; we have to get the Thatcherites out of the way, and get back to traditional American emphasis on scientific and technological progress and investment along those lines. This Russian offer can be a kind of stimulant, a catalyst, which *eliminates* the danger of a renewed conflict between West and East, and which, at the same time, as an intellectual and scientific stimulant, will help to push us in the direction that Phil Gramm wants to prevent us from going. . . .

**EIR:** Clinton is in a big fight now with Phil Gramm over the \$16 billion job stimulus program. What would you say about that policy? Is it adequate? Is more needed? Clinton at this point is running into massive opposition.

**LaRouche:** It is only a token program. But it is a foot in the door, which utilizes heavy pressure from constituency groups to get some jobs going.

We had Robert Reich, who is now secretary of labor, who has indicated that if we do not see some job increases to match the fairy tale of recovery which has been coming out of Wall Street, then we are going to have to take some action. And Clinton is taking very modest, token action, putting his toe in the water, so to speak, to get a kind of jobs program going.

That is all right. By no means is it enough. We are way, way, far from anything that will actually turn the situation around. But the interesting thing is to look at how pitiful the Clinton program is, in terms of a need, and to see that at this

point fanatics like Phil Gramm realize that this is a toe in the water, and that if they do not stop it now, that this is going to build up and we are going to have an actual major job-creating program—real jobs—not the kind of phony sandwich-flipping jobs at minimum wages on which some people are trying to support families and can't. But a real recovery will be in the works, and that Gramm does not want. . . .

*From EIR Talks with Lyndon LaRouche, April 14.*

**EIR:** What are the implications in terms of strategic matters between the United States and the former Soviet Union, between the former Soviet Union and western Europe, between the different nuclear republics in the former Soviet Union, should your policy be adopted?

**LaRouche:** . . . The more fundamental strategic issue is not a military one, in the ordinary sense, but is rather an economic one. . . .

The problem is, that as of today, the eastern European economies are generally *down to a level of 30%* of the agricultural and industrial potential they had in 1989. And in the former Soviet Union, we have a similar condition, not quite as drastic, but nonetheless strategically decisive.

This economic issue, with its social and its political-social implications, is the major strategic issue. As long as the United States continues to support what is called free market, shock therapy, IMF conditionalities, and the kind of central banking which the Federal Reserve still demands, we are headed toward a potential war.

So these fools in Washington and elsewhere have got to get off it and get back to reality. Unless they give up the idiocy of shock therapy and free market and so forth that they launched in 1990, they are going to drive the Russians into a mood. There is now in Russia a great lethargy; this lethargy is a precursor of a *massive rage*. Once that erupts, the strategic situation, in its present form, becomes uncontrollable, at least from the standpoint of being able to do anything good. . . .

**EIR:** Mr. LaRouche, you gave an incredible statistic, that eastern Europe is operating at 30% of its industrial and agricultural capacity. What are the alternatives, or, as you put it very, very clearly, what is the only rational approach that can be taken in terms of policy toward this part of the world?

**LaRouche:** Two things have to be understood and one thing must be emphasized, because very few people in the world, including in government or among so-called professors in universities, have any understanding whatsoever of the basic principle of history.

Some people, of course, remember geometry—some people who are old enough, actually had a course in geometry in junior high school or high school. They remember that they started with Euclidean axioms and postulates, and they could derive, with aid of construction, every theorem in Euclidean geometry by starting with those axioms and postu-

lates; and every theorem developed was perfectly consistent with those axioms and postulates. And thus the axioms and postulates *predetermined* what kinds of theorems you could develop.

If you changed the axioms or postulates in part, as some people also remember, such as changing the so-called parallel postulate, you would get a different geometry with different theorems as possibilities, and a different overall result.

In history, it is the same thing. The superiority of western civilization is not based on some specific fixed doctrine, because we have had many changes, as many of us know who studied anything of history in the past 550 years. We have had bad changes, we have had changes for the better.

For example, the United States, originally, was one of those changes for the better. We have a Constitution which is unprecedented in that period—the original federal Constitution of the United States, toward which we no longer show much respect, but it was a very good Constitution. It was original.

But it came under a certain set of axioms, which were adopted in the middle of the 15th century. Look at the population curve, look at the income figures for various parts of the world, and wherever these axioms were introduced after being developed in western Europe, they have resulted in a bettering of the potential for existence of the individual, the family, and of the potential for individual freedom.

Instead of thinking about details of what *policy* will work, you have to think of what kind of *axioms of policymaking* must be adopted to bring nations with different structures to agreement on a set of policies which, even though the implementation may be different from one country to another, the principles are the same and therefore the various theorems that different nations adopt will be compatible.

Now, in economics, the basic principle is this.

Actual net profit, that is *profit from labor*, comes *only* from technological progress. That is, by increasing productivity through technological progress, we *increase* what people produce over and above what they require to consume to be able to produce at that level; and that margin of difference is the source of physical profit for society as a whole.

So if you employ enough people using the right technology, they can improve their standard of living, and that factor of improvement is the profit which, presumably, they reinvest in further improvements.

That is the principle of scientific and technological progress; and from about 1440 A.D. until about 1966, that was the prevailing axiomatic policy of the United States and of western Europe.

It was also the policy of developing nations which wished access to the right to have the same kind of economic policy for themselves. People were talking about equality, parity, equal opportunity for developing nations, and what they meant was that they wanted the right to technological progress. . . .