

Editorial

There is no 'peace dividend'

Around Capitol Hill, and in some of the news media, a lot of the politicians and commentators are talking about what they call a "peace dividend." What they mean is that they believe that very hefty cuts in the U.S. defense budget mean more money in the budget to be spread around to other things, particularly some social good doings that some of their constituents might like. Forget about it; there is no peace dividend.

There are two reasons for this. First of all, on the smaller side of things, it is possible that the cuts in the defense budget may shrink the tax revenues by as much, or even a greater amount, than is taken out of defense. That is because the defense budget, in at least some of the items which are being cut, is one of the biggest stimulants to the U.S. economy. States like Massachusetts and parts of California depend crucially on defense spending to maintain the high-technology sector of their economy. Without that high-tech sector in their economy, the whole economy of the state will suffer greatly. Thus, the United States could lose more tax revenue than it saves in defense cuts just from that source alone.

However, at the same time, the United States is going into the biggest depression of the 20th century. Now, it could be stopped; we could have a recovery program. The economist Lyndon LaRouche has had draft plans for that for a number of years. These would work quite well. But unfortunately, George Bush and the crew around him are dead-set against the kind of recovery measures which are necessary to stop this economic depression. And therefore, if George sticks to his guns, you can count on a depression.

As a matter of fact, the depression already started between last summer and last fall. But now we're going to see things blow. Not necessarily the stock market right away. Don't look at what some people call the "Upside-Down Jones Index." Look rather at real things; look at real estate markets, sales of real estate, construction in the real estate sector, such as homebuilding, the business, industrial sector. Look also at the mortgage sector. Look at bankruptcies in construction

and in real estate and in banking. Look at the collapse in manufacturing. Look at the collapse in retail sales, as typified by the lower profits in retail sales which have helped to send the junk bond-riddled Campeau trust toward bankruptcy. Look at a lot of things going bad very fast, and one thing tumbling after another.

On top of this, the global strategic crisis which LaRouche predicted would be sparked by the Soviet Union by mid-January, was formally ushered in on Jan. 4 with the announcement by the Soviet ambassador to the United Kingdom, Leonid Zamyatin, that Gorbachov is postponing all contact with foreign politicians scheduled for the month of January, and probably for the succeeding months as well. The stock markets, especially in Japan, trembled at the news. This Soviet crisis is preparing a rude awakening for those disgustingly immoral fools who have been saying that the U.S. military no longer has a significant function vis-à-vis our primary strategic adversary—the Soviet empire—so that U.S. forces can be used now to begin shooting down our former allies and friends in various parts of the world.

There are three possible areas where the Soviets might intervene militarily: 1) Azerbaijan, 2) the Baltic, as part of a Bush-Gorbachov deal involving Panama—or at least what Bush *thinks* is a deal, and 3) Eastern Europe, in either Czechoslovakia or East Germany. Only a fool would wait for shots to be fired, to deal with the fact that the Soviet military machine is on the move.

So we're headed for the biggest depression of the century and a military disaster, unless we suddenly change George Bush's policies for something like the "American System" policies which LaRouche has proposed. We can get out of it, but not if we don't change the composition of the Congress and if we don't change the way the administration runs its financial, economic, and monetary policy. There is no "peace dividend." We're still in a world crisis. The only dividend we are going to get is by electing the right people, the people who have a genuine economic recovery program.