
Interview: Lyndon LaRouche

'We've gotten out of depressions before'

The following excerpts are from a radio interview with "EIR Talks" on Feb. 15 conducted by Mel Klenetsky.

EIR: We have a continuing blow-out in international markets. *Neue Zürcher Zeitung* says that there are many situations that are far worse than Mexico, namely Italy, Canada, Spain, and Sweden. The rebuilding of Kobe, Japan has pulled yen back into Japan. How many more crises can the international financial system handle before there is a total blowout?

LaRouche: It's not going to work that way. What's going to blow the system out, is not a question of a blowout in the normal sense. It will be a disintegration, and it will be through reverse leverage.

This much was said implicitly this week, by [International Monetary Fund Managing Director Michel] Camdessus from France. More and more people are recognizing what the news media are not saying, and what people in government in the United States are still denying. You might say there's a psychological problem of hysterical denying around government and other institutions, saying that the Mexico crisis is not systemic, that is, it's not a reflection of a world crisis.

Now, these burdens of demands on the system for construction, as with the Kobe problem, or rebuilding problems from natural disasters, are not going to blow out the system, for the simple reason that we have mass unemployment and a great margin of idle construction and related capacity in Japan, in the United States, and elsewhere. Actually, these disasters should have a stimulative effect on the economies, analogous to what we saw in military buildups during the 1940s, during World War II, during the 1950s, and with the space program, all of which were great boosters of economic recovery from depression or serious recession.

For example, the war buildup involved changes in policies which took the United States out of the depression, and laid the foundation for postwar prosperity. From 1946 into 1949, the United States was in a very severe postwar recession caused by the policies of the Federal Reserve. The military buildup of 1949-52 was a stimulant to the economy, and led the United States to greater levels of prosperity.

From approximately February-March 1957, through the initial weeks and months of the Kennedy administration,

the United States was in a deep recession, the deepest of the postwar period, followed by a period of stagnation in which the economy had not significantly recovered from the recession of 1957-58. That's the collapse phase. And we got out of this through measures taken by the Kennedy administration, among which was featured the NASA program. . . .

Disasters, even great wars, do not cause depressions. They don't cause economic collapses. Bad policies do. Bad monetary policies, Federal Reserve policies do, or derivatives policies. Deregulation policies cause depressions.

Now, we are already in a global economic depression. When you look at the list of cuts being proposed and made by the "Contract with America" crowd around [House Speaker Newt] Gingrich [R-Ga.] and [Sen. Phil] Gramm [R-Tex.], you're looking at *massive depression cuts*. You have not seen proposed cuts like this, since the 1930s Depression, since the Hoover period and immediately following. These are Herbert Hoover cuts-plus.

These cuts reflect the fact that the system is bankrupt, that debt is accumulating in all sectors, especially outside the government sector, in the derivatives sector. The big problem of debt today is not the government debt, but rather the government debt is the result of tax cuts during the Reagan years, compounded by this wave of wild financial speculation: deregulation under the original Bush policies of 1982; the Gramm-Rudman policies which wrecked the economy, which are the major cause for the present debt crisis; and the derivatives deregulation. Those are the things that are killing us, the great speculative financial bubble.

EIR: The Rowntree group in Britain has issued the "Rowntree Report," which says that poverty expanded in Britain during the Thatcher years (1979-90) more than in any other country with the exception of New Zealand.

LaRouche: The collapse of New Zealand is an interesting comparison. The reason for the collapse in New Zealand (and there's a similar collapse in Australia) and these formerly prosperous areas (for example, New Zealand had the highest level of nutrition per capita of any nation on the planet) was a result of environmentalist and deindustrialization policies.

This forebodes for the United States, where a more radical version of the same thing that Thatcher did to destroy the economy and living standard of Britain, would be done in the United States. And we know what the level of poverty is, it's all around us. *We're in a depression right now*. No matter how they try to fudge the figures and manipulate the data and massage the statistics, the fact is the United States is in a depression.

I'm one of those older people who remembers the Depression. I saw and recall what the Great Depression of the 1930s looked like relative to the conditions at the end of the 1920s. I know what happened in the United States: *It*

is happening now. It has already happened. We have had Coolidge and Hoover and what they did, and we've had it all over again, through the 1970s and 1980s, since the 1971-72 changes in our economic policy.

And what Thatcher and her bunch of ignorant, stupid, wrecking bandits, with their crazy theories, did to Britain, they're going to do to the United States, unless we stop them. Anyone who wants to fool around with this Gingrich crowd's "Contract with America," should know that's what they're buying. That means: medical care, cut; jobs, cut; wages, cut, for virtually all Americans except the very wealthy. If you're old; if you're a member of a minority group, you're in trouble. If you're sick, they're probably going to kill you by withholding the medical care you require. That is, deliberately kill you, with the stroke of a pen. Ordered by Gingrich and company.

People should learn from this Rowntree Report: This is what they plan to do *to you*, if you let them get by with it. And we're in a depression. This is not prosperity. Let's react. We've gotten out of depressions before, let's get out of this one. It is not necessary to go through this misery and suffering.

EIR: What are the characteristics of the Thatcher policies that distinguish it from previous policies?

LaRouche: First of all, deregulation. The foundation of every successful modern economy is the economic role of the government in providing the increasing scales of public investment and private investment into basic economic infrastructure, through government direct investment or government-organized credit to private regulated utilities.

If you take the government out of infrastructure, as Thatcher did, put it on the private sector, make it the subject of hostile takeover techniques of the [Michael] Milken variety, then you are going to destroy the entire economy, the living standards, the health standards of the whole population.

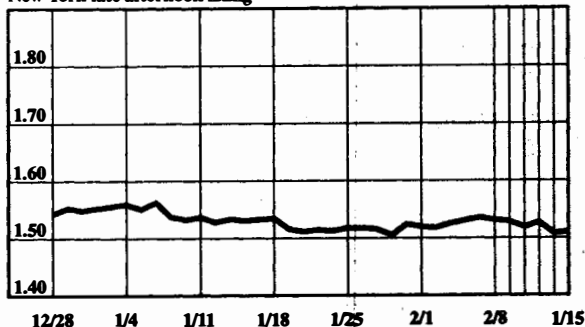
As society improves, you require more fresh water, public sanitation measures, the development of improved transportation systems, the development of sources of power and their distribution, the development of urban infrastructure, which has been collapsing in the United States for at least the past net effect, since 1970. The collapse of this infrastructure already, is the reason why our economy is collapsing.

Compare that with this immoral fascist philosophy, which the United States never followed in any period of U.S. prosperity. In every period of prosperity, the prosperity was based on what are called the methods of Alexander Hamilton, Friedrich List, and Henry C. Carey, that is, statist methods, or what Adam Smith denounced as "dirigist methods." Even Britain, in the 18th and 19th century, did not resort to free trade measures. They exported them to the victim economies; but Britain protected its own national economy rigorously.

Currency Rates

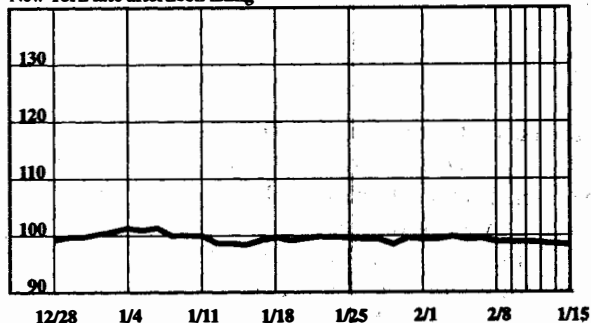
The dollar in deutschemarks

New York late afternoon fixing



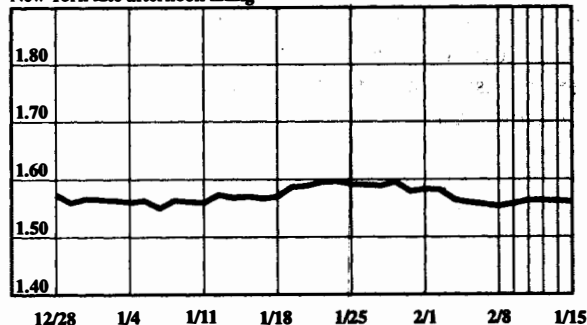
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

