

Editorial

'Reindustrialization': the bottom line

"Industrial policy" and "reindustrialization" are the catchwords of the hour in the United States. American elites, blinking as they reassess U.S. warfighting capability, have been forced to acknowledge the decrepitude their policies have inflicted on industry and labor power, while Europe and Japan—not to mention the Soviet Union—maintain high-technology growth.

To the factions behind Carter and Kennedy, "reindustrialization" means a return to the top-down Mussolini-style shakeout imposed, behind populist rhetoric, during the early New Deal. Salvaging and modernizing a portion of basic industry is the idea, and devoting most of that salvage to military production. Federal Reserve chairman Paul Volcker's credit squeeze was designed to set up key corporations, like Chrysler, for this rationalization and reconversion.

To the overlapping Georgetown-Hoover Institute group, which at present makes Ronald Reagan's economic policies, "industrial policy" boils down to the same thing, with a wrapper playing up tax depreciation and private enterprise. Again, the bottom line is a fantasized military buildup.

In either case the real president will be "Teddy Roosevelt on LSD," as we put it when this policy first began to emerge in January. The think tankers who most pride themselves on their "realism" do acknowledge that nuclear power, manpower upgrading, and capital goods beefups have some definite relevance to industrial and military matters. But they have yet to take on the real science of technological growth and war-winning capability embodied in the American System from the Civil War through World War II and the NASA space program.

Contributing editor Lyndon LaRouche has for-

mulated that tradition in terms of "parity." The special usefulness of the concept is that it comprehends both the financial and physical investment sides of a productive sector's expansion, and it specifies the roles of government and private enterprise in the terms that have actually worked in past periods of expansion.

A farmer—or any other producer—needs a profit that will not only cover his costs but enable him to invest in expanded capacity and technological innovations. Government must not only create the tax and credit policy fostering such investment, but ensure that the economy as a whole has the physical resources to accomplish it.

The economy must be able to generate enough net reinvestible wealth to meet the needs of both military preparedness—which deducts assets permanently from redeployable resources—and wealth-creating civilian industry.

The U.S. needs tanks, for example. But every tank is a subtraction from the total of tractors, and modern tractors are essential to the four percent of Americans who feed the nation and much of the world with such initiative and mechanical prowess. Tractors for export are also essential to stabilization of the foreign "hot spots" U.S. military potential cannot presently deal with in any case. And a nation without food self-sufficiency (or cars for its work force) lacks in-depth national security. In the 1980s the United States cannot produce guns without producing butter.

Currently this is impossible. The role of government must be to make it possible, through crash programs introducing economy-wide high-technology applications in industry, energy and education. America has exhausted its heritage of capital and manpower. There are no corners left to cut.