

at making those economic decisions than we sitting up here.

EIR: What about, for instance, the nuclear power industry. That industry would not have been built without massive government involvement.

Weidenbaum: Yes, that's right.

EIR: Or take NASA.

Weidenbaum: Yes, that's right.

EIR: Or now take the fusion program.

Weidenbaum: Now, when I say yes, it is like with the Japanese—it means "Yes, I hear you," not "Yes, I agree."

EIR: Are you saying that the government should not have played that kind of crucial role?

Weidenbaum: I look forward, not backward. . . . Oh, the government played a vital role for nuclear power. But, as I look to the future we would be much better off if the government reduces its future role and frees up capital resources so the private sector can allocate.

EIR: The private sector is not going to develop fusion.

Weidenbaum: First keeping fuel prices low. Then reduce those regulatory obstacles. And third, stop the government competition for scarce investment funds. We must reduce the deficit and reduce the off-budget financing, and next we have got to bring down the inflation rate, which is the biggest deterrent to savings. Finally, we need a tax system more conducive to savings and investment. . . .

EIR: *EIR* has covered extensively the fact that West Germany's growth rate is high is due to a certain government orientation—which is what I was getting at by bringing up Alexander Hamilton, since he is identified with that kind of approach.

Weidenbaum: He's dead. . . .

EIR: What is your reaction to the recent statement by the head of the U.S. League for Savings and Loan Associations that there are a number of S&Ls that are about to go under. Do you have anything to say on that?

Weidenbaum: No.

EIR: Does it worry you?

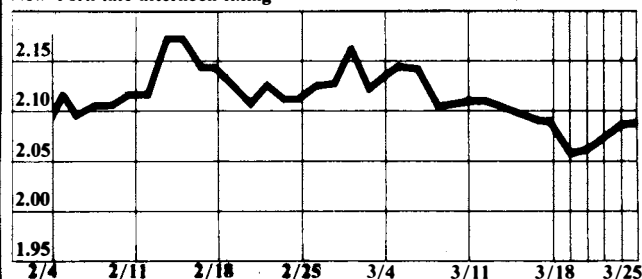
Weidenbaum: Oh, I follow all sectors of the economy. If you look at S&Ls, clearly the high interest rates are a special problem for them, and it reinforces the need to bring down high interest rates. The key thing for S&Ls is to bring interest rates down. . . .

EIR: We thank you for this interview.

Currency Rates

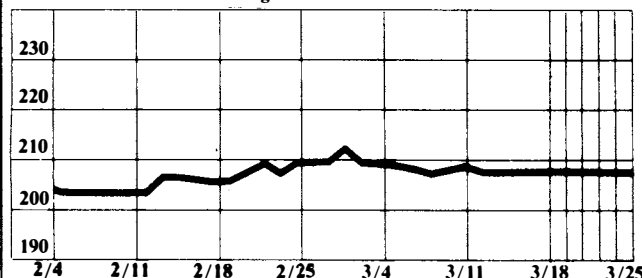
The dollar in deutschmarks

New York late afternoon fixing



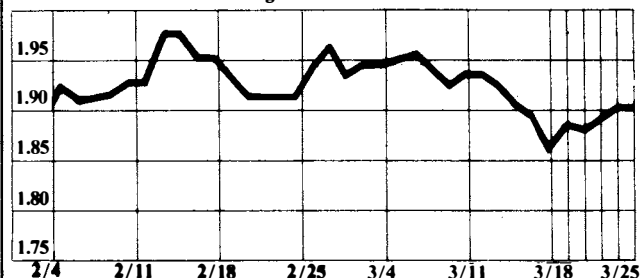
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

