

London decrees: U.S. must get no new infrastructure

by Marcia Merry

The Oct. 10 issue of the *Economist*, a London weekly business magazine, featured an article in its "American Survey" section, which all but orders leaders in Britain's former American colonies to give up any ideas they may have, that economic infrastructure improvements should be put into place in the United States.

Within four days, the *Washington Post*—ever attuned to the mood in London—began a series of business page articles on "Debating Growth," with the identical message. The first article on Oct. 14 focused on the proposals of Democratic presidential candidate Bill Clinton, whom the *Post* had endorsed just one week before. The article, "Building Bridges to Recovery; Critics Doubt Clinton's Big Public Spending Plan Will Work," featured a series of quotes from think-tank "experts," panning the idea of government-backed infrastructure development.

Why is London so upset? Clearly not about the details of Clinton's proposal, which proposes a measly \$20 billion a year, when it will take 50 to 100 times that amount to make a dent in the depression. Rather, London is terrified that the very *idea* that great infrastructural projects are beneficial to the economy, would once again become popular, after the Anglo-American establishment has labored for so long to brainwash Americans about the alleged joys of "post-industrial" life without adequate roads, canals, railways, bridges, water supplies, hospitals, and electricity.

Infrastructure, in short, is what keeps a growing population alive. Without it, people die.

The *Economist* is well-known as the mouthpiece of the City of London—the nexus of special financial interests and royal privilege, which traces back over the centuries to include such operations as the British East India Company, the Morgan bank group, and other entities including the U.S.

Federal Reserve. All these institutions have a long heritage of opposition to infrastructure. During the era of colonial America, the City of London viewpoint was expressed in the prohibitions against any manufacturing and infrastructure building in the colonies. In the 1860s, during the attempted wrecking of the United States by the Confederacy, the City of London favored the Southern slave-plantation system and sailing ships over steam engines and mechanized farming. During the Persian-Gulf war, the *Economist* cheered when the U.S. fighter jets systematically bombed power plants, water treatment facilities, and bridges along the rivers of Iraq. That's what the *Economist* thinks of infrastructure.

The recent *Economist* piece, titled "Paved With Fuzzy Intentions," argues along the same lines, and tries to convince you that there has already been more than enough construction of roads, rails, and sewers in the United States since the 1950s!

The *Economist* offers two graphs on the topic, prepared from Federal Reserve Bank of St. Louis and Congressional Budget Office data, purporting to show that from 1950 to 1990 the "capital stock" per capita of U.S. water, roads, and transport infrastructure has gone up, while federal capital spending in these areas has continued apace. In fact, the graphics are sleazy sleight-of-hand. The per capita "capital stock" graph is hokum, because, depending on how you figure valuation, you can place a very high dollar value on an antique outhouse; any ghetto slumlord knows chapter and verse of this crooked game. And the graphic on spending levels for water, roads, and public transport all show a decline—from which a reasonable person would infer that infrastructure spending should be increased.

So what does the *Economist* say? "John Tatum, at the Federal Reserve Bank of St. Louis, says that the baby boom

brought with it a demand for capital spending on roads and education *that no longer exists today*. Per person, the stock of public capital has risen quite sharply [citing the phoney charts]. . . . Besides, the greatest period of growth in public capital spending coincided with the building of the interstate highways, and, during the 1970s, with a surge in federally mandated sewage-work. These two tasks are all but complete, so slower spending is to be expected" (emphasis added).

The *Washington Post* follows suit, displaying the identical graph on spending levels. Mentioning Clinton's infrastructure proposal, the *Post* adds, "Critics, on the other hand, including some economists who support Clinton, said such a huge increase in federal public works spending is not needed because the neglect of the late 1970s and early 1980s had already been reversed, with the condition of the nation's highway system, airports and water and sewage treatment plants improving rather than declining."

The *Post* also asserts that providing jobs is no reason for the United States to launch infrastructure, because joblessness will diminish as a matter of course! It states that DRI/McGraw Hill analysts forecast "that the nation's unemployment rate, which was 7.5% last month, will fall to 6% by later 1994, without any added stimulus." (As *EIR* readers know, actual U.S. unemployment is at least 17.3%.)

LaRouche responds

Now, anyone who follows the U.S. political situation knows that when you talk about infrastructure nowadays, you're talking about Lyndon LaRouche. LaRouche led off his presidential campaign this year with two half-hour nationwide television broadcasts in February and March on the crisis, and specified a workable infrastructure-based program, beginning with nationalizing the Federal Reserve, declaring a national economic emergency, and launching a package of programs with government credit (not debt). Low-interest loans of 2% or less, for 10-20 years, would be put out to local and state governments, private contractors, suppliers, and others involved in the designated projects, including high-technology research and development. Job creation would reach 6 to 8 million in a short time.

During the week of Oct. 10, the same time as the *Economist's* tirade, details of the LaRouche program were released in a 170-page book called *The LaRouche-Bevel Program to Save the Nation; Reversing 30 Years of Post-industrial Suicide*.

On Oct. 11, LaRouche made a radio statement ridiculing the *Economist*. "Now these jerks are saying—and I use the term advisedly—that infrastructure is not needed at this time. Now, I invite them to look at the case of Mrs. Thatcher's Great Britain. Mrs. Thatcher has probably been the greatest, most appalling disaster in United Kingdom history in the 20th century. She has turned England, which once had a remnant of an industrial base, and a literate population of

sorts, into the most notorious junkheap in Europe. The British people are being turned into Yahoos, as Jonathan Swift described them in *Gulliver's Travels*. . . .

"The problem is now, that some people who call themselves experts, but who definitely are not, are attacking my proposal, and the proposals of some others, for large-scale infrastructure projects. I want to emphasize to you that these people are dangerously incompetent. Dangerous, because their incompetence might influence government. We already have enough incompetence in the incumbent Bush administration, and incompetence in the Mussolini-style programs that won't work, on top of everything else, of Perot and Clinton."

Infrastructure collapse

In reality, U.S. infrastructure is in a state of advanced decay, and a massive mobilization of resources and employment is required. Consider just water.

- **California:** The seventh year of drought has begun—to be expected in an area that is mostly desert—but the state is in a water supply crisis because new water infrastructure programs have been stalled or stopped for 25 years. These needed projects include nuclear-powered desalination of Pacific Ocean waters, and the massive North American Water and Power Alliance (Nawapa) for continental diversion of water from the Arctic Ocean.

- **U.S.-Mexico border zone.** Cholera is now in the Rio Grande River Valley, along most of the 2,000-mile border region, because the free trade policies of the City of London, the Federal Reserve, and collaborators have prohibited water treatment infrastructure development, while hundreds of thousands of new residents have poured in, desperate for work.

- **Florida.** Even before Hurricane Andrew hit this year, the state was facing a water supply crisis because of the lack of construction of infrastructure such as nuclear-powered desalination, to make up for the salt-water intrusion into the peninsula's coastal waters and aquifers.

In Britain itself, the state of infrastructure has reached such a state of neglect that during this autumn, dysentery has become a national crisis in British schools because poverty and lack of sanitation are so severe.

Thus, London has good reason to worry that the need for infrastructure might indeed politically catch on, even among the numbed American electorate.

The *Economist* view of LaRouche's traditional American approach is clearly stated. "True, a growing number of people claim that higher government spending brings enormous gains in private-sector output. They blame the drop in the annual rate of growth of infrastructure spending since the early 1970s (and an outright drop in real terms since 1980) for America's slower productivity growth over the period." But the *Economist* demurs, "Some sober researchers dismiss this view," going on to quote the unbalanced Mr. Tatum of the St. Louis Federal Reserve.