

The State of the Union: Clinton caught in the middle

President Clinton is "caught in the middle," between a Republican Party majority, in which a good chunk of the leadership is out to destroy the United States, and a Democratic Party which has no policy at all, and which has "been shooting itself in all six feet," said economist Lyndon LaRouche on Jan. 25.

In an interview with *EIR*, LaRouche cautioned that Clinton's Jan. 24 State of the Union address must be seen "as a statement made in the midst of a swirling conflict," and that it can't be looked at as a document from which one can deduce particular conclusions about what the next 12-18 months of the Clinton administration will look like.

LaRouche identified three phenomena which provide the backdrop to Clinton's speech. First was Speaker of the House Newt Gingrich's (R-Ga.) speech to the Republican National Committee (RNC) on Jan. 20. Second was the President's Jan. 21 address to the Democratic National Committee. Third, said LaRouche, one has to look at the growing uneasiness both within Republican ranks over what Gingrich represents with his "Contract on America," and also among many Democrats of the "post-industrial" persuasion, who are not entirely happy with the center position assumed by President Clinton on many questions.

What LaRouche is pointing to in Gingrich's RNC speech, was the manner in which the new "Squeaker of the House" repeatedly portrayed himself as "a genuine revolutionary," while telling the screaming crowd: "This is a real revolution. In real revolutions, the defeated faction doesn't tend to convert, it tends to go down fighting. . . . I mean, if you look at the Bourbons in France, they didn't rush in and say, 'Oh please, can I join the revolution?' They remained Bourbons."

"I am a genuine revolutionary," shouted Gingrich, while referring to the Democrats and the Clinton administration as "the genuine reactionaries. We are going to change their

world, they will do anything to stop us, they will use any tool, there is no grotesquerie, no distortion, no dishonesty, too great for them to come after us."

Commenting on this, LaRouche observed that Gingrich "gave the show away a bit" when he presented himself as the Robespierre of a re-enactment of the French Revolution, and in representing his wrecking crew of followers as a revolutionary set of modern jacobins. "Gingrich is a thin-skinned Maximilian Robespierre, or perhaps a Danton, or the really thin-skinned butcher of that crew, Marat," LaRouche pointed out, adding that the jacobin leaders were all trained by British intelligence, and specifically by Jeremy Bentham, then heading British foreign intelligence service, who was running much of the French Revolution from London in consort with a group in France. These were the enemies of Benjamin Franklin, of Tom Paine, and of the American Revolution, LaRouche emphasized.

Now, LaRouche said, if you look at what Gingrich represents, and you trace out the think-tanks and the apparatus which have produced the "Contract on America," "you see, first of all, that it is the Mont Pelerin Society, which is an arm of British intelligence, created under Winston Churchill's sponsorship at the end of World War II, using Friedrich von Hayek." This is, strictly speaking, a fascist movement, LaRouche explained, because the Mont Pelerin Society was drawn out of the fascist movements of the 1920s and 1930s, those who went with Hitler in the 1920s and broke away from him in the early 1930s.

Clinton at the DNC

The second point of reference which LaRouche identified was the Democratic National Committee meeting on Jan. 21. There, Clinton had said that, despite what he calls the "recovery," many citizens still feel insecure economically;

Clinton also aptly hit on the problem of “political couch potatoes.” This insecurity means that people “are vulnerable to the siren songs they heard in the last election,” said the President. “Promise them anything, tell them what they want to hear, tell them that the government is their enemy.”

Clinton said that the problem for which both parties bear responsibility, is treating Americans as if they were “consumers” of politics, not participants, and turning them into “political couch potatoes, very often no more involved in politics than they are in the Super Bowl.”

Clinton’s DNC address, LaRouche said in his Jan. 25 interview, is probably a more accurate reflection of the President’s views than the State of the Union address.

LaRouche’s overall assessment: “The President’s State of the Union address must be seen as *a moment cast in a process of change*. It should not be seen as *something fixed* from which you can deduce the next coming years. It is a *moment of change* which gives you a chance of charting, perhaps, what the changes from that State of the Union address might be, in the coming 12 months; and I would predict there are going to be many changes in policy which will deviate from every policy which is set forth in the assorted events I referenced.”

The Balanced Budget Amendment

LaRouche was also asked to comment on the proposed Balanced Budget Amendment, which is now winding its way through the House of Representatives (a compromise version passed the House on Jan. 26), and must then be passed by the Senate, and then would have to be ratified by three-fourths of the states.

LaRouche said that to understand the Balanced Budget Amendment it is necessary to look back to the influence of the Mont Pelerin Society and one of its key members, Milton Friedman. “The argument by Friedman, which was repeated by many politicians, including this whole ‘Contract on America’ group, was that balancing the federal budget is like balancing your household budget. You must balance income and outgo; and if you haven’t got the income, you’ve got to cut the outgo.”

“That is absurd,” LaRouche retorted; but there are a lot of desperate populists who “are convinced that everything boils down to an agreement, a covenant, a contract, as the ‘Contract on America’ appeals to that kind of populist irrationality.”

In point of fact, LaRouche explained, modern government was created in France under Louis XI (ruled 1461-83), who created the first modern commonwealth state, in which the state was dedicated to improving the income of the nation and of every individual in the nation, as well as their demographic status, in the common good. “This idea of *commonwealth*; as enunciated by the monarchy of Louis XI of France, is what you find embedded in the Preamble to the Constitution in the ‘general welfare’ clause, which reflects also the same

idea, the commonwealth principle, which is famous in the opening passages of the Declaration of Independence.”

The commonwealth idea means that the function of government “is to *promote* the growth of income by such means as issuing a currency, which is a government obligation, a form of debt, a currency which is then *loaned* through banking, to be loaned to public and private enterprises whose function is to increase the potential of the national wealth per capita, per square kilometer, and per household.”

“So the function of government is not to ‘balance income against outgo,’ ” said LaRouche. “The function of government is to make sure that what government spends in the form of outgo, is not limited merely to necessary administrative functions, such as law enforcement or military defense; but that the primary purpose of government is to promote the *growth* of income, real income, not paper income; not stock capital gains; not stolen money, but income *derived from labor*, more people employed, more productive people.”

LaRouche noted in this context, that the same people who are promoting the Balanced Budget Amendment, are also proposing a reduction in the capital gains tax—which is in fact “a *subsidy* for the financial backers of Newt Gingrich and his crew.”

“The economy is being *sucked dry* in order to build up a bubble of capital gains in real estate speculation and financial speculation otherwise,” LaRouche explained. But what they don’t realize, he said, is that this is coming to an end very soon, and that entire international monetary and financial system is in the process of disintegration. This is what happened in Orange County, in Mexico, and around the world. “*This system is slowly disintegrating, phase by phase*; when the bottom will be reached, is not yet clear. But it’s disintegrating.”

Under these conditions, if the Balanced Budget Amendment were to be passed, this would mean that the states and localities would have to *increase* their tax rates in order to the cuts in the federal budget.

But the worst aspect of this, said LaRouche, is that “the only way in which we can avoid a virtual permanent depression erupting in the next year, the next two years, is for the federal government to put the Federal Reserve System and the New York banking system, into formal bankruptcy reorganization, and to create instantly, as Hamilton did as secretary of the Treasury under George Washington, a new currency, a new banking procedure, to make sure the country grows without essentially missing a step.”

LaRouche warned that if the Balanced Budget Amendment were passed in any form, “no recovery of the United States would be possible.” Thus, anyone who supports that, “is essentially committing suicide, national suicide and also for themselves and their families; that is not a nice, moral thing to do. So get rid of this hogwash; and instead, put an *increased* tax rate on capital gains, and use that to try to get the country moving again.”