

Gore has avoided events where, according to one leading newspaper, “he risks being upstaged by a President whose gifted intellect and smooth, graceful public speaking only underscores Gore’s inadequacies.”

Gore skipped a June 28 White House press conference on the budget. Nor did Gore attend the June 29 unveiling of the administration’s plan to overhaul Medicare, an issue considered central to the 2000 campaign. And, on July 15, the day after the DLC conference, when Clinton was speaking out for the Senate Democrats’ version of a popular patient protection bill, Gore was boarding Air Force II en route to a small event in Nebraska.

And, despite Podesta’s gag order, Clinton staffers readily conceded that they, and the President they serve, were fed up and “very upset” by Gore’s repeated sabotage of key Clinton initiatives.

Gore aides tried to counter by noting that the President did eat lunch with Gore in mid-July, and that the two were photographed together at the July 2 swearing-in ceremony for Treasury Secretary Lawrence Summers, an event a Gore spokeswoman said was their most recent joint public appearance. The Washington press corps wasn’t buying, arguing that there was nothing “public” about the event, which was closed to both reporters and the public.

The money is not coming in

New campaign finance reports, detailing the candidates’ fundraising and spending for the first half of 1999, seem to

indicate that the Democratic Party establishment is abandoning the sinking Gore ship. Gore’s campaign has had to spend heavily to raise the money it has taken in. For instance, in the second quarter, although Gore raised about \$8.7 million, he had to spend more than \$6 million to do it. And, Bill Bradley, who, along with economist and statesman Lyndon LaRouche, is also seeking the Democratic nomination, trounced Gore in a handful of key money states. In California, Bradley outraised Gore \$1.6 million to \$1 million. In New York, he collected more than twice as much as the Vice President.

But Gore’s biggest problem is that voters just don’t agree with him on critical issues. The Battleground Poll, conducted by Republican pollster Ed Goetas and Democratic pollster Celinda Lake, asked voters whether they had more confidence in Democrats or Republicans in Congress in dealing with education. Voters picked the Democrats by an overwhelming margin of 46% to 31%. But, when the same question was asked about candidates Gore and Bush, they were dead even at 40% each.

It is no wonder that Washington analysts are calling Bush Gore’s biggest booster. One key Democratic strategist admitted, “The only thing that even allows Bush to be taken seriously is the assumption that Gore will get the Democratic nomination. Knock out Gore, and it sinks Bush. Bush’s millions [in campaign funds] would be irrelevant. It will open up the entire race.” And, when pressed, he admitted that it was probably the only hope the United States had of making it into the next century intact.

Celebrate Apollo with a return to ‘American System’ economics

by Marsha Freeman

As *EIR* has been documenting, the world stands at the brink of the greatest financial crash in humanity’s history. This crash will only be the most dramatic manifestation of the past 30 years’ failed economic policies, which have destroyed the productive capabilities of the United States and most of the world’s economies.

Thirty years ago, the world was celebrating the most magnificent achievement of this century, the first landing of a man on the Moon. The success of the Apollo lunar landing program rested on the accomplishments, over the preceding 40 years, of the rocket team led by Wernher von Braun, which came to the United States after the Second World War. It required the genius of James Webb and the management team of the space

agency, to coordinate the efforts of a half-dozen NASA laboratories, hundreds of companies, and hundreds of thousands of scientists, engineers, and highly skilled workers.

But the Apollo program was only made possible through President John F. Kennedy’s commitment to an economic policy whose foundation rested on the mobilization of the nation’s human and technological resources. The President’s policy was based on the idea that a program with a noble national purpose would rally the productive forces of the economy, as long as there were direction from the top, as President Franklin Roosevelt had demonstrated during World War II.

Ninety days after taking office in 1961, and one month



President John F. Kennedy (right) congratulates astronaut Alan Shepard, Jr., the first American in space, for his May 5, 1961 flight in the Freedom 7 spacecraft. Three weeks later, the President was optimistic enough to propose, on the basis of that 15-minute suborbital mission, that NASA could land a man on the Moon within the decade.

before he would challenge NASA to, within the decade, “land a man on the Moon, and return him safely to the Earth,” President Kennedy proposed the enactment of an investment tax credit, to promote capital formation in industry. Walter Heller, the chairman of Kennedy’s Council of Economic Advisers, stated that the purpose was to shift the focus of government policy away from “corrective” action, or defensive responses to swings in the “business cycle,” toward a “propulsive orientation, geared to the dynamics and the promise of growth.”¹

In his tax message to Congress, President Kennedy noted that America’s success “has been one of rising productivity, based on improvements in skills, advances in technology, and a growing supply of more efficient tools and equipment. This rise has been reflected in rising wages and standards of living for our workers, as well as a healthy rate of growth for the economy as a whole. It has also been the foundation of our leadership in world markets, even as we enjoyed the highest wage rates in the world.”

The President continued, “Today, as we face serious pressure on our balance of payments position, we must give special attention to the modernization of our plant and equipment. . . . Additional expenditures on plant and equipment will immediately create more jobs in the construction, lumber, steel, cement, machinery, and other related capital-goods industries.

1. Andrew Rotstein, “Kennedy’s Investment Tax Credit,” *New Federalist*, June 15, 1990

tries. The staffing of these new plants, and filling the orders for new export markets, will require additional employees. The additional wages of these workers will help create still more jobs in consumer goods and service industries. The increase in jobs resulting from a full year’s operation of such an incentive is estimated at about half a million.”

The Investment Tax Credit allowed a company that spent more on new plant and equipment than its depreciation allowance, to deduct 15% of its investment, above the already-allowed deduction. There was also a flat 10% credit for smaller firms, and a universal 30% ceiling on the credit.

In order to ensure that the investments were vectored toward basic durable goods, the credit applied only to domestic assets with a life of six years or longer. To prevent abuses through artificial “swapping”—a speculative activity, in which a company would purchase new equipment to obtain the tax credit, and then sell off the asset to a firm not entitled to the tax credit—the policy allowed for the recapture by the government of any credits for such assets.

A survey of projected business investment by the McGraw Hill Department of Economics a year later, found that “businessmen have revised their capital spending plans sharply upward. The \$40 billion they now plan to sink into new plant and equipment this year will set an all-time record.” The survey also found that firms projected a steady acceleration of capital investment through 1966.

The Investment Tax Credit was surely an important factor in the stunning expansion of the U.S. economy during the

1960s, which saw per-capita income rise by 20%, corporate profits double, and 7 million new jobs created.

The President also recognized that specific sectors of the U.S. economy were in dire need of upgrading, particularly in the infrastructure that would underlie his industrial expansion program.

In a Special Message on Natural Resources, delivered to Congress in early 1961, President Kennedy stated, “No water resources program is of greater long-range importance, for relief not only of our shortages, but for arid nations the world over, than our efforts to find an effective and economical way to convert water from the world’s greatest, cheapest natural resources, our oceans, into water fit for consumption in the home and by industry.”

“To keep pace with the growth of our economy and national defense requirements,” the President said, “expansion of this nation’s power facilities will require intensive effort by all segments of our power industry. . . . Our efforts to achieve economically competitive nuclear power before the end of this decade in areas where fossil fuels are high will be encouraged through basic research, engineering developments, the construction of various prototype and full-scale reactors by the Atomic Energy Commission in cooperation with industry.”

One month after his inauguration, President Kennedy stated in a Special Message to the Congress on Education, “Our progress as a nation can be no swifter than our progress in education. . . . The human mind is our fundamental resource. A balanced Federal program must go well beyond incentives for investment in plant and equipment. It must equally include measures to invest in human beings, both in their basic education and training in their more advanced preparation for professional work.”

The President said, “Too many classrooms are overcrowded. Too many teachers are underpaid. Too many talented individuals cannot afford the benefits of higher education. Too many academic institutions cannot afford the cost of, or find room for, the growing numbers of students seeking admission in the ’60s.”

Along with the need to increase investment in education, came the need to invest in health care. On Feb. 9, 1961, in a Special Message to Congress on Health and Hospital Care, the President stated: “Twenty-six years ago, this nation adopted the principle that every member of the labor force and his family should be insured against the haunting fear of loss of income caused by retirement, death, or unemployment. To that we have added insurance against the economic loss caused by disability.”

“But,” he continued, “there remains a significant gap that denies to all but those with the highest incomes a full measure of security: the high cost of ill health in old age.” The President presented to Congress a plan for guaranteed health care for hospitalization, skilled nursing home services, hospital outpatient clinic diagnostic services, community visiting nurse pro-

grams, Federal scholarships for medical and dental students, matching grants for construction, expansion, or restoration of medical and dental schools, increased funds for medical research and construction grants for medical research facilities and experimental hospitals, and many other programs.

One year later, President Kennedy announced a “mass immunization program, aimed at the virtual elimination of such ancient enemies of our children as polio, diphtheria, whooping cough, and tetanus.” Through programs that included Atoms for Peace, initiated by President Eisenhower, President Kennedy planned to make available to developing nations the “tools of progress” which were the basis of a growing American economy.

To do all of this, a “great project,” to capture the imagination and drive of the American people, was needed. The organizing principle for the investments in infrastructure, industry, and human resources envisioned by the President, was the Apollo program, which propelled the physical economy, education, and science forward, on the basis of optimism.

‘Hitching the economy to the infinite’

Following President Kennedy’s May 25, 1961 Apollo message to Congress, in 1962, the editors of *Fortune* magazine authored a book about the emerging aerospace industry, one chapter of which was titled, “Hitching the Economy to the Infinite.”² “There is no end to space,” the authors wrote, “and so far as the U.S. economy is concerned, there will probably be no end to the space program. Man has hitched his wagon to the infinite, and he is unlikely ever to unhitch it again. . . . The space venture, in short, is likely to be more durably stupendous than even its most passionate advocates think it will be. It is bound to affect the nation’s economy powerfully and in many ways.” The dedication of the book by these staid Wall Street analysts—“To our grandchildren, who, no doubt, will think nothing at all of going to the Moon”—reflects the optimism of the time.

Although specific financial and economic initiatives, such as the Investment Tax Credit, spurred economic growth, a study by *EIR* in 1986 demonstrated that even before such government policies were fully in effect, American industry was not waiting for government contracts from NASA, or tax credits, but was spending its own money to expand facilities and create an array of new technologies on the *expectation* of what mankind would need to get to the Moon.

Between 1950 and 1957, there was an 8% decline in new orders for capital goods in non-defense industries, which reached an 18% decline in 1958. That year, there was a *net loss* of 211,000 metal-working machine tools. In 1963, there was a *net addition* of 124,000, as heavy industry basically rebuilt its capabilities, to ready itself for the space and nuclear ages.

2. *The Space Industry: America’s Newest Giant*, by the editors of *Fortune* magazine (New Jersey: Prentice-Hall, 1962).

Ten years ago, President George Bush stood on the steps of the Air and Space Museum in Washington, D.C., flanked by the three Apollo 11 astronauts who accomplished the goal of President Kennedy's visionary program. On the occasion of the 20th anniversary of the first lunar landing, he announced that the new vision for the space program should be a return to the Moon, "this time to stay," to be followed by human exploration of Mars. In 1986, former NASA Administrator and visionary Dr. Tom Paine had laid out such a program, in the National Commission on Space's report, requested by President Ronald Reagan.

But, a space program requires more than speeches. That President Bush had no intention of implementing the economic and budgetary policies that would make such a long-range goal for the space program possible, demonstrated that announcing such a program does not alone create it.

The balanced budget fanatics, or "fiscal conservatives," primarily in the Republican Party, insisted that such huge sums of money that the space effort would require could not, in good conscience, be allocated, as long as there were a budget deficit. The irony of such an ideological fallacy is that it ignores what President Kennedy and only a handful of economists, most notably Lyndon LaRouche, have understood: that it is only investments in new machine-tool technologies, and the human resources required for advancing levels of technology, that will create the physical economic (as opposed to financial) growth that can create the surplus to be reinvested in the nation's future.

Why we go to the Moon

Did President Kennedy propose to go to the Moon in 1961 because the U.S. economy was doing so well, that he had a lot of "extra" money to spend?

When President Kennedy took office, the nation had suffered through the fiscal conservatism of the Eisenhower administration, and 1957 recession. In his Jan. 29 State of the Union Message, Kennedy summarized the situation: "The present state of our economy is disturbing. We take office in the wake of seven months of recession, three and one-half years of slack, seven years of diminished economic growth, and nine years of falling farm income.

"Business bankruptcies have reached their highest level since the Great Depression. Since 1951, farm income has been squeezed down by 25%. Save for a brief period in 1958, insured unemployment is at the highest peak in our history. Of some 5.5 million Americans who are without jobs, more than 1 million have been searching for work for more than four months. And during each month, some 150,000 workers are exhausting their already meager jobless benefit rights."

Kennedy continued: "Our cities are being engulfed in squalor. We still have 25 million Americans living in substandard homes. . . . Our classrooms contain 2 million more children than they can properly have room for, taught by 90,000 teachers not properly qualified to teach. One-third of our most

promising high school graduates are financially unable to continue the development of their talents. . . . We lack the scientists, the engineers, and teachers our world obligations require. We have neglected oceanography, saline water conversion, and the basic research that lies at the root of all progress. . . .

"Medical research has achieved new wonders, but these wonders are too often beyond the reach of too many people, owing to a lack of income (particularly among the aged), a lack of hospital beds, a lack of nursing homes, and a lack of doctors and dentists."

Our progress as a nation can be no swifter than our progress in education. . . . The human mind is our fundamental resource. A balanced Federal program must go well beyond incentives for investment in plant and equipment. It must equally include measures to invest in human beings, both in their basic education and training in their more advanced preparation for professional work.

—John F. Kennedy, 1961

Less than four months after making those remarks, President Kennedy called for the lunar landing program. It has been argued that the only motivation for the President's initiative was to win the "space race" with the Soviet Union. The President definitely was aware that such a feat would be "impressive to mankind"; that nations in the Third World, being courted by the Soviet Union, would see a vibrant, economically growing United States as a positive alternative.

But, there were many arenas in which President Kennedy could have chosen to out-do the Russians. In his Special Message to the Congress on Urgent National Needs, on May 25, 1961, referring to the first human space flight less than a month before, when cosmonaut Yuri Gagarin circled the Earth, President Kennedy described the "impact of this adventure on the minds of men everywhere." After stating that space policy had been under review by Vice President Lyndon Johnson, the President concluded that "now it is time to take longer strides, time for a great new American enterprise, time for this nation to take a clearly leading role in space achievement, which in many ways, hold the key to our future on Earth."

Aware of the lack of the national mission in the previous administration, Kennedy stated, "I believe we possess all the resources and talents necessary. But the facts of the matter are that we have never made the national decisions or marshaled the national resources required for such leadership. We have never specified long-range goals on an urgent time schedule, or marshaled our resources and our time so as to ensure their fulfillment."

Putting the program he was asking Congress to endorse in the proper perspective, the President stated, "This is not merely a race. Space is open to us now; and our eagerness to share its meaning is not governed by the efforts of others. We go into space because whatever mankind must undertake, free men must fully share."

President Kennedy also told the nation and its elected officials that accomplishing the goal would demand "a major national commitment of scientific and technical manpower, material, and facilities, and the possibility of their diversion from other important activities where they are already thinly spread. It means a degree of dedication, organization, and discipline which have not always characterized our research and development efforts."

The effect on the business community was immediate, as indicated by the *Fortune* magazine book. While less than half of U.S. citizens polled at the time supported the new lunar program, the President continued to explain the importance, and potential, of the effort. In his second State of the Union address in January 1962, President Kennedy reported on the progress, and the fact that weather observations from space would soon be available, as well as international communications via satellite.

In his September 1962 speech at Rice University, the President put the unique potential of this country forward, stating, "Those who came before us made certain that this country rode the first waves of the industrial revolution, the first waves of modern invention, and the first wave of nuclear power, and this generation does not intend to founder in the backwash of the coming age of space."

While acknowledging that this effort was very costly, President Kennedy reported that "the space effort itself, while still in its infancy, has already created a great number of new companies and tens of thousands of new jobs. Space and related industries are generating new demands in investment and skilled personnel."

The nation rallied to the President's call.

A cultural paradigm shift

In addition to the widespread circulation of books, pamphlets, and educational films about space that were being distributed to schools during the first half of the 1960s, a flood of books commercially available and widely read reflected the optimism of the times.

In a 1964 book, *Project Apollo*, Tom Alexander, a science reporter for *Life* magazine, wrote, "A curious breed of individ-

ual seems to be making a place for himself in this ordeal of emerging from the pupal state into the space age. This is the man who, technically speaking, appears to be willing or able to think more than ten years ahead. A few years ago, people of his type were called crackpots."

Alexander himself joined the ranks of the "crackpots," proposing that the next steps after the lunar landing should be development of Earth-orbiting stations, then a lunar base using nuclear rockets (already proposed by President Kennedy in his Apollo speech in 1961), and then manned expeditions to the planets. If nuclear fusion becomes feasible, Alexander wrote, "it might be an even more efficient way of providing the necessary large amounts of energy to process lunar rock. Already Atomic Energy Commission officials envision implanting a permanent 1,000-man colony on Mars."

In his 1965 book, *The Case for Going to the Moon*, Neil P. Ruzic wrote: "The premise of the case to be made for technological transfer is that even if we were not to use the Moon for *anything*, the trip itself would be more than worth the cost in terms of practical knowledge learned and applied. . . . It should and can contribute to maintaining or increasing our national rate of economic growth."

Apollo 11 astronaut Michael Collins made a similar point in a speech before a Joint Session of Congress on Sept. 16, 1969. "We cannot launch our planetary probes from a springboard of poverty, discrimination, or unrest. But neither can we wait until each and every terrestrial problem has been solved," he stated. "We have taken to the Moon the wealth of this nation, the vision of its political leaders, the intelligence of its scientists, the dedication of its engineers, the careful craftsmanship of its workers, and the enthusiastic support of its people. We have brought back rocks. And I think it is a fair trade. For just as the Rosetta Stone revealed the languages of ancient Egypt, so may these rocks unlock the mystery of the origin of the Moon, of our Earth, and even our Solar System."

It was principally in response to the unbridled optimism that the Apollo program created, that the 1960s Malthusian, countercultural "environmentalist" movement was created out of whole cloth, through think-tanks like London's Tavistock Institute, to convince the U.S. population that nuclear power is dangerous, that not *every* child can grow up to be an astronaut, that the age of technology was over, and that personal pleasure rather than great projects was the pathway to a fulfilling life.

When Neil Armstrong took his first "small step for man" onto the Moon, on July 20, 1969, fulfilling a dream of mankind since the time of the ancients, an estimated 500 million people watched it live on television, and millions more listened on the radio. That first step was only possible because of the leadership of a President who understood that investment in this nation and its people would be organized around a great project that challenged the mental capabilities of its citizens, while it captured the imagination of the world.

That same task is before us today.