

Editorial

Economics: Stupidity or Willfulness?

Indications have become numerous and strong, that the Bush Administration is pursuing economic and fiscal policies which cannot fail to make the United States' economic collapse worse—in fact, to make that collapse into a financial and fiscal blowout, what some are calling a “fiscal train wreck.” Among clear indications that the policies adopted by the Administration, supposedly to deal with the dollar collapse, are making things far worse, Lyndon H. LaRouche, Jr., candidate for the Democratic Party Presidential nomination, has raised the question, “Is this being done out of stupidity, or is it willful?”

Take, for example, the new Administration tax-cut plan, which was signed into law this week, at the same time as the post-April 15th tax-revenue picture shows that Federal government revenues from corporate and personal taxes in the first seven months of Fiscal Year 2003, are sharply down for the third year in a row, as our *Economics* lead story details. The Federal debt ceiling was lifted by nearly \$1 trillion last week, simply in order to “pay for” the new tax cuts, not to mention further depressionary revenue losses—the ceiling now stands at \$7.4 trillions. As for the falling dollar, Treasury Secretary John Snow says, “it’s easier to export” when you have a weak dollar.

That this is worse than stupidity, is the judgment of some observers. For example, the May 23 London *Financial Times* carried the editorial, “Tax Lunacy—The U.S. Administration Throws Prudence Out the Window.” They wrote, “On the management of fiscal policy, the lunatics are in charge of the asylum.” Why do they act this way? The *Financial Times* concluded that to these “more extreme Republicans,” a “fiscal crisis offers the tantalizing prospect of forcing” cuts in social spending “through the back door.”

The same view was expressed in the *New York Times*, on May 27, by economist Paul Krugman. Krugman suggested that the neo-conservatives now dominating the Administration, are actually hoping for a “train wreck” financial crisis. They can then use it as an excuse “to destroy America’s social safety net built up over the past 70 years.” He charged, “The people now running America aren’t conservatives: they’re radicals who

want to do away with the social and economic system we have, and the fiscal crisis they are concocting may give them the excuse they need.”

LaRouche adds some essential history to these evaluations, warning that the current economic policy moves may be aiming at an “economic 9/11.”

The Bush family, acting with allied Wall Street and City of London interests, had, in earlier generations, been co-responsible for putting Hitler into power, as a crisis move.

LaRouche notes that it is far more likely that Administration actions are proceeding not from stupidity, but are rather intended to willfully drive the world to a state of panic in which the banks are shut, businesses are shut, there is no credit, people have no money and are dropping in the streets. Then finally, private powers step into that kind of void with a new super-scheme à la the Bank for International Settlements, just as Montagu Norman, Hjalmar Schacht, Averell Harriman, and the Morgan interests, et al. did in the early 1930s in Germany—using the Bank for International Settlements then headed by Schacht—and tried to do in the United States against Franklin Delano Roosevelt.

The domestic corollary to such emergency measures, would be to put into place the Schachtian schemes of the Cato Institute, American Enterprise Institute, and Heritage Foundation, which call for the privatization of Social Security, and the slashing of the entitlements of Medicare and Medicaid. Already, advocates of this policy have begun to pump out scare stories about deficits, in the hopes of ramming their program through.

LaRouche noted that only under conditions of panic, would people willingly cave in to such a murderous supra-national scheme. That is the danger. The present post-Bretton Woods, floating-exchange-rate system forced into operation in 1971, is gone. It is past any “reform” or repair. A further 20%-50% fall of the dollar against the euro would mean the whole system is gone. This kind of thing is what the lunatics want, LaRouche observes.

The only alternative, he stresses, is his New Bretton Woods.