

## Interview: Lyndon LaRouche



# Return to fundamentals of production-based economics

*The following interview was conducted with U.S. economist and statesman Lyndon LaRouche from his prison cell in Rochester, Minnesota on Dec. 28, 1992. The interview was conducted by Mel Klenetsky for EIR's radio show "Talks With Lyndon LaRouche."*

**EIR:** We're coming up to the one-year anniversary of the formation of Commonwealth of Independent States, and of the Yegor Gaidar and Jeffrey Sachs "shock therapy" program, which has given the former Soviet Union 2,000% inflation. Can any country survive that kind of policy?

**LaRouche:** No, absolutely not. It's a rather complicated but important point, important not only for eastern Europe, but also for the United States, that no nation, including our own, can survive the kinds of so-called free market deregulation policies which are currently advocated by the U.S. government, by people at the Harvard University economics department, and so forth. It just cannot be done. It is a radical form of monetarist policy, absolutely wild, which is guaranteed to destroy any economy which is foolish enough to accept such policies.

In the case of the so-called shock therapy, this little fellow Sachs, educated in the modern fads in economics, that is, in totally incompetent economics, has proposed to use the shock therapy to destroy the structures of economy which were associated with the former communist economies, in order to clear the way for the gradual mushrooming, beginning with little peddlers, of a new so-called free market economy. And what he gets, is a combination, on the one side, of a total destruction of the economy, piece by piece; zooming inflation as a result of a collapse of the economy—for no other reason—and then a host of speculators playing upon the shortages thus created to make superprofits.

The image of the Mercedes Benz 600 vehicles in Moscow amid the relative hunger, is an example of that, or the virtual total collapse of the economy of Poland relative to what it was before Sachs got in there. And the same thing is true in the United States. Britain is destroyed as an economy, and the United States is destroying itself as an economy, all as a result of the same kind of philosophy of economics.

**EIR:** What is shock therapy, and what is a free market sys-

tem and free market policies?

**LaRouche:** The free market system is insanity. We fought our [American] Revolution for independence against the policies of what were then called Adam Smith's doctrine of wealth of nations, which was a milder, less radical version of free market than is being pushed by Sachs and others today.

These fellows look only at buying cheaply, from the cheapest source, and destroying every part of the world economy which does not meet that price of cheapness. This, in its milder form, the Adam Smith form of the British East India Co., destroyed many economies. Every time we tried this model in the United States, as we did under Presidents Jefferson, Madison, Jackson, Polk, Buchanan, or Pierce, we destroyed our economy and went into a deep depression. The United States never had a depression which was not caused by our submission to some version of this so-called free market economy. And the only way we ever got out of a depression, was by rejecting that free market economy, as it's called now.

**EIR:** What are the principles of shock therapy?

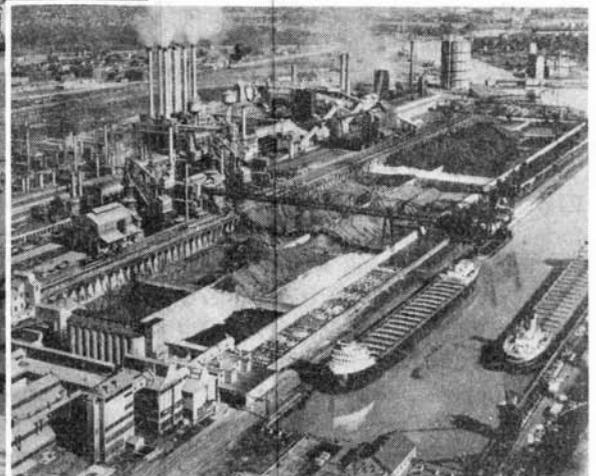
**LaRouche:** There's no principle at all. You simply allow no protection for your economy. You drop prices below replacement costs; you pile up debt—it looks like a leveraged takeover.

What happened in Poland, for example, as shock therapy, is not much different than what happened to Northwest Airlines, which is not yet bankrupt, and to a lot of other airlines, which did go bankrupt. Somebody moved in with a leveraged buyout; they took over the economy, or the company in this case. They piled on a lot of debt to cost of acquisition which was piled on the company. They sold off and otherwise looted parts of the company, cut wages, and so forth and so on—all in the name of paying off this debt, which had been created in the process of the takeover.

In the United States, there are a bunch of sharks that do this. They'll take somebody, set him up, invest in him, build up his company; he'll buy a lot of assets. And then at one point they pull the string and artificially drive him into bankruptcy, and then, one of the creditors ends up buying out the other creditors, taking over the whole company at 20-30% on



"We have to have a policy of capital intensity, that is, a lot of investment in production, machinery, equipment. . . . We have to have an emphasis on scientific and technological progress, and we have to supply the infrastructure." Shown, assembly line at Ford Motor Company's Rouge industrial complex in Dearborn, Michigan in a busier era. Inset: aerial view.



the dollar. That's what shock therapy is in practice, as applied in Poland.

**EIR:** Free market and free trade policies are what everyone learns when they go to school; they're told that protectionism is bad. And yet, what you're telling us is that protectionism is the system that built this country.

**LaRouche:** Yes, precisely. There is the case of Prof. Robert Reich, who's been designated by President-elect Clinton to become the secretary of labor. Now prior to that announcement, there was much mooring of the possibility that Reich, who presumably had been one of the leading advisers to the governor on economic policies for his presidential campaign, might become the so-called economics czar. There was a great protest from various people, saying, well, Professor Reich does admittedly write a great deal on economic policy and teach on it, but remember, he's not accredited as a tenured professor where he's teaching, because he has not qualified himself in the requisite academic courses in economics. Now, I laughed about that, and I said, that's the very reason he might be qualified.

Anybody who has been educated in the college level, for example, in what is called microeconomics and macroeconomics, is unqualified to be hired for an administrative position in any branch of government or any company firm today.

What is taught as economics in universities today is wretchedly incompetent. And the person who has successfully passed the courses in those subjects, *is a failure*. If you turn them loose in a corporation, they'll ruin it. If you turn them loose in a national economy, they'll ruin it.

Economy has nothing to do with this free market nonsense. Economy is the relationship of the individual and the society to nature. It's a matter of how we, as human beings, manage to produce enough and increase our productivity to the point that we as a nation, as a people, are able to survive. And we look at the nation, and we look also at the individual in that connection. We also look at the family, because the family after all is the unit which reproduces the individual; and therefore the development of the individual within the family, up to the point of maturity at least, is the crucial point of the development of economy.

Now, you don't develop an economy just simply by producing enough. In order to produce, you must have what we call infrastructure. You must have water management, land improvements, transportation, energy supplies, and so forth, which are all infrastructure. You must also have in a modern economy an educational system which teaches something which is not the so-called current fad in economics. You must also have a health delivery system; otherwise your population may be dying of lack of sanitation or lack of care.

So, these ingredients called infrastructure, which include the local city library for example, are *absolutely indispensable* to the functioning of productivity of society. They are the first cost of investment in maintaining a modern society. And today, we have a collapse in the United States of infrastructure. We have a water crisis, which is going to kill us—we're beginning to look like Africa, not as bad, but we're headed in that direction. We have an energy crisis. We're going to brownouts and blackouts with no energy supplies to replace it. We have no transportation system; the rail system is collapsed, and rail is still the cheapest and best way of long-distance freight movement, apart from the bulk freight which we move by water.

We don't have a health care system, our health-care capacity is 20% below the needs of the population. We have no educational system to speak of.

For example, even Stanford University, which is a highly respected university formerly, is one of those which has gone into the policy of not teaching students the writings of what are called "dead white European males." Now it happens that the *bulk* of all human knowledge to date involves dead white European males of the past 2,500 years, beginning with people like Solon, Homer, Plato, Pythagoras, and so forth. All of our knowledge is based on the development of the ideas developed by these people. And a university which is not teaching the work of dead white European males, has no physical science, no music department, virtually no literary department—nothing! On the high school level, we have again the political correctness program spilling down. The "World of Difference" program, for example, put in by the Anti-Defamation League, is destroying much education in parts of the country. But one thing I agree with the *Wall Street Journal* on, is that "political correctness" on the university level is destroying it.

So we have no infrastructure. We don't have a labor force which is as qualified to produce as it was 20 years ago, and all as a result of these kinds of crazy ideas associated with the current fads in economics.

**EIR:** If you go to an economics class today on the university, the main philosophy is the law of supply and demand. Why does the law of supply and demand not solve these problems? Why does it fail?

**LaRouche:** It always did. Supply and demand is a piece of idiocy. It was dreamed up during the 18th century in particular. It was revised in the 19th century.

It's nonsense. If you don't produce the supply, you can demand all you want, you're not going to get it. If you don't have infrastructure, you won't get it. This is a long and more complicated problem, which goes to the axiomatic roots of the incompetence of what is taught as economics. Its advocates argue that you start with a fund of money. Where this fund comes from, is a big mystery. Then, they argue that there are consumers, who buy, and that producers are merely

people who go out and work as cheaply as possible to satisfy the demands of the consumers. And when the consumers don't have anything, the consumers are willing to pay a higher price; and when they do have something in abundance, they will pay only a lower price. That's essentially the whole theory.

The fact of the matter is, that society is based not on consumption—obviously, we have to consume. But society is not driven by consumption. Society, economies, are driven by production. They're driven by the productivity of labor. They are determined by how much of the physical needs of mankind can we get from an average square mile of land area, by aid of human production. Supply and demand has nothing to do with that.

For example, the belief in supply and demand, and the use of that as an argument in policy-shaping, is the reason why the British economy is the useless rust bucket today, and why the United States is headed in the same direction.

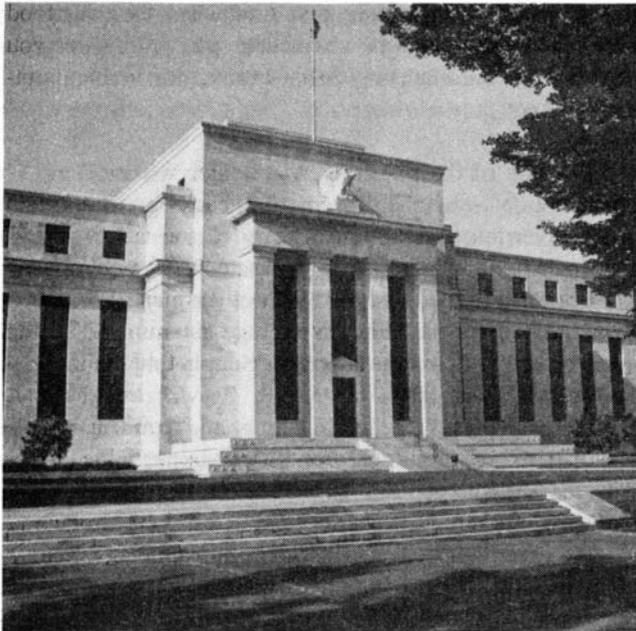
We're not being cheated by Japan; We're not being cheated by Europe. They're not unfair with us, we're unfair with ourselves. We shut down our infrastructure investment, which Japan did not do, which Europe has not done to the degree we have. We shut down our investment in technology, which they did not do to that degree. We did all these crazy things, and we ruined our economy. Everything that transformed us from the world's envy in economy at the beginning of the 1960s, to virtually becoming a Third World nation today, is the result of our own doing, our own stupidity, and what is taught as economics is largely responsible for shaping the policies which have turned us from a proud, prosperous nation into a junkheap today.

**EIR:** If the law of supply and demand and free trade policies do not lead to infrastructure development, how do you get it going?

**LaRouche:** It has to be done by the state. First of all, you have to start with this question of money. According to our federal Constitution, the creation of money and the circulation and regulation thereof, is a monopolistic responsibility of the federal government. Under Alexander Hamilton, and under all sensible presidencies, the way we've gotten money is not to have a Federal Reserve System or any central banking system, not to allow it. That's how we're looted.

The way we're supposed to get money, is, as the Constitution says, the President goes to the Congress and asks the Congress for a bill, which authorizes the Executive branch to print and circulate money or to create specie. Acting upon the authorization of that congressional bill, the President instructs the secretary of the Treasury to proceed. And the proper procedure is that the secretary of the Treasury issues the money, paper money, specie, and so forth, or authorizes someone else to do it on the Treasury's behalf, like a printing company or a mint, for example.

This money is then properly placed in a national bank.



*"The federal debt is being built up to bail out the private banks. . . . Our problems today are centered on the operations of the Federal Reserve System," charges LaRouche. Pictured: The U.S. Federal Reserve building.*

It's not spent usually for government expenditures directly. It's not paid out by the government. But it's put in a bank. When it gets to the bank, it is loaned. U.S. government money is loaned at a low interest rate to governmental agencies such as state governments, state projects, or federal corporations, that is, corporations which are authorized by the federal government, like water project companies or the Tennessee Valley Authority, for example. These companies use that money to create wealth in the form of infrastructure. The money is also to be loaned, mixed with private savings and loans, to private companies for worthwhile categories of private investments to build up the economy generally. And that's normally the way a healthy economy will grow. If it's investing in technological progress, capital-intensive, energy-intensive technological progress, such investment of federally created money will cause full employment (relatively), and prosperity and continued economic growth. And it will not cause any federal debt, except the imputed debt of balance sheet liability of the federal government to back up its own currency. And if the currency is properly invested, there won't be any problem on that account.

Our problems today are essentially centered on the operations of the Federal Reserve System. That is the key to our economic problems.

**EIR:** What is the basic difference between the Federal Reserve and the kind of national bank that you're talking about setting up? Who controls it?

**LaRouche:** The Federal Reserve is a private corporation, licensed, franchised by the federal government. A group of private bankers, domestic as well as foreign (but through domestic banking channels), sets up a bank called the Federal Reserve bank. They run it.

Now, they create money. For example, today, the Federal Reserve System will issue money at less than 3% to New York bankers and similar people. They print it by discount mechanisms. These banks in turn will loan that money to the federal government by buying federal debt at 5.5%, or something like that, or on long bonds they'll go as much as a 5% spread.

So what we have is the spectacle of money which is created out of thin air, loaned at 3% or less to banks and others who in turn loan that fiat money to the federal government at up to a 5% spread. So the debt is being created, the federal debt is being built up to bail out the private banks. And the federal government, in order to conduct its own operations, in order to pay the debt service that it already owes to the banks and similar people, borrows money, federal debt, which it pays for by this means. And so the federal debt is built up precisely because of this Federal Reserve System.

**EIR:** Assume that we get our infrastructure going again, we create a national bank. How does the United States compete with countries like Japan and Germany, who are so far ahead at this point in terms of infrastructure?

**LaRouche:** We really don't have to worry about competing, except in the sense of realizing that the level of technology in these countries represents a standard with which we must have parity. We don't have to have exactly the same industries, or the same complex of industries they have; but we have to meet that technological standard. That means a change in our policies presently; our tax policy, our credit policy—all have to change.

For example, let's start with the farmers—agriculture. Most people don't know it and most wouldn't even believe it, but the United States is a net food importing country. True, we export grains, but we are wiping out the American farmer. Why?

The American farmer is being paid far less than it costs the farmer to produce. For example, about 90-95% of parity is the price the average farmer must have in order to maintain farming, that is, to meet the costs of production. We have been for years forcing the price paid to the farmer down below 60%, to as low as 30%. Obviously, farmers go bankrupt as a result of trying to meet those prices.

The agriculture department of the U.S. government for years has been run by the grain cartels, chiefly the Cargill firm. For example, under President Reagan, we had a fellow called Daniel Amstutz in there, who was originally the foreign trading executive for Cargill, the largest grain-trading operation, running the agriculture department's foreign

trade. We have people who were former Cargill officials, former Cargill attorneys, Cargill assets, running the agriculture department. These guys have been looting the farmer. People like Dwayne Andreas have been looting the farmer.

So, farmers are going out of business. They didn't go out of business all at once; they got into government debt. Then the government turned the screws, often illegally, violating the law, to put the farmers out of business, even put them in jail, for doing nothing other than trying to keep the farm going and supplying food to the United States and the world *at below the cost of production*.

So obviously, we have to build up the agricultural sector again, to the point that we can produce enough food so we're not dependent upon foreign countries for our food supply, which is what we've done by sinking the American farmer. We have to do the same thing in the manufacturing sector. We have to create more jobs in manufacturing and transportation and so forth. We have to have a larger percentile of the total labor force involved in producing wealth and a much smaller percentile of the labor force involved in low-grade service industries, or in financial services and outright parasitism. We have to have more people in production, more people employed in science, and fewer in, shall we say, low-grade social services. We have to have a policy of capital intensity, that is, a lot of investment in production, in machinery, in equipment, and a relatively shrinking percentile of investments in the simple direct cost of production. And we have to have an emphasis on scientific and technological progress. We have to supply the infrastructure, including the transportation systems, the energy systems and the water systems which are necessary to allow industry and agriculture to function. Those should be our objectives.

**EIR:** Why do farmers need parity to survive?

**LaRouche:** A high-quality farmer will run a family farm of maybe 400 acres of land. He's a small businessman—actually, farmers are among the best small businessmen in the United States. They were better at managing the farm than probably 80% of the businessmen, including some large corporations, were at managing their companies, in terms of efficiency, everything considered. They worked harder, they had a higher degree of competence for their work, and their product was relatively superior.

Now, parity reflects the average paid-out cost of production for these farmers, plus a small margin of return on investment, to cover borrowing costs and profits. That's all it is.

So when you say "parity," you're not saying some magic term or some made-up term. Parity is simply the average cost of production plus a small percentage for borrowing costs and profit. That's all it represents. Some farmers are much more productive; therefore, that means a fairly substantial profit to them. Other farmers are less productive,

but we need all of these farmers to produce an adequate food supply, and that's the way we calculate parity. So when you force prices of commodities *below* parity, you are bankrupting farmers.

**EIR:** Who's forcing them to produce below parity?

**LaRouche:** The U.S. government is backing up the grain cartel. The grain cartel comes in, cuts a contract, and says we'll buy at this price. And they use their monopolistic power against the relatively small businessman, the farmer, taking him on one at a time, and they crush him. And if the U.S. government does not intervene against these monopolies, these oligopolies—they're actually violating the anti-trust laws, in principle—to prevent them from abusing the farmer, then the farmer will be crushed, because the farmer is a small businessman up against a giant like Cargill. How is a small farmer, grossing a couple of hundred thousand dollars year, going to compete in the so-called free market against a \$40-billion-a-year giant, which, with its friends, the Union-Pacific crowd in Omaha, controls the Chicago market, controls the grain trade deals in Minnesota? How is that individual farmer going to compete in the marketplace, which is rigged by these powerful grain cartels, with the assistance of a complicit agriculture department?

The U.S. government creates double talk. They call parity a "subsidy" for the farmer, and say that's coming out of the mouths of babies. Bunk. What we're subsidizing, by not maintaining a parity policy, is these cartels which are looting the farmer.

**EIR:** Farmers are being driven off their land. Who's buying up the land?

**LaRouche:** Sometimes they're not even buying the land; they're taking the land for a song. There are many people involved; it's a complicated question as to what's happening. But we are ruining the land. We're forcing the farmer down to dustbowl conditions, or something similar, by forcing him to produce from stored-up values in the land and in capital goods, until the point that the whole machine essentially breaks down. He's out of business, saying, "I just can't do it any more." It's a cruel story, but the point is, the whole thing is based on the lie that parity is a violation of free market; and if Americans want to sustain that lie, they're going to find themselves going very hungry—because of a shortage of supplies and because we can't afford to import them. And the dumb American, who thinks that cheap food prices based on a bankrupt farmer is somehow good for the consumer budget, who thinks that he or she gets his or her food from the supermarket and doesn't have to be concerned with the farmer, is going to be punished by his or her own stupidity.

We are now in a grievous worldwide food shortage, an acute one. People are dying of famine all over the place, for



High-technology hog feeding in Iowa. "If Americans want to sustain the lie that parity is a violation of the 'free market,' they're going to find themselves going very hungry."

many reasons. But essentially the reason that we're having this food shortage, is because of the very policies of the U.S. government, which many foolish consumers in the United States think are good for the consumer budget.

**EIR:** If the United States is going to restore itself as an economic power, it will have to deal with the educational level in this country, which, according to statistics, has fallen behind the level in other industrialized countries such as Germany and Japan. How does it do that?

**LaRouche:** First of all, look at how we went down. Forget the statistics. They're bunk. Yes, we are falling way behind these other countries, no question about it. That's obvious. But we're falling behind ourselves. If we look at the content of education in the 1950s and 1960s, the first half of the 1960s in particular, when the National Science Foundation grants to education were still in progress, for example, the average graduate of a university today, including many with doctoral degrees in social sciences, *could not pass* a competent high school standard of education from that period.

Similar things are occurring in Europe. For example, between 1968 and 1972, German education was collapsed by the so-called Brandt reforms of the late Willy Brandt, who was then chancellor. The German who is coming out of a high school in Germany today is virtually a barbarian compared with his older brother or parent who came out of an equivalent high school in 1966-68. So, comparing the

United States with other countries masks the problem. The problem is worldwide. Generally, the level of education, the competence of people graduating from high schools and universities, is such that often the university graduate of today would not be qualified for a high school diploma in a respectable high school, say, of 25 years ago. And that's where the problem lies.

The key to this, which is why I find myself in this uncomfortable alliance with the *Wall Street Journal* against political correctness, is that if we allow these thugs, the so-called deconstructionists (the name they use for themselves), these modern Nietzscheans, to use the Modern Language Association and other vehicles in colleges and high schools to introduce this political correctness program where truthfulness is no longer a standard of teaching, but rather sensitivity as they define it, is that we're going to find that we have a bunch of barbarians.

I refer people to Jonathan Swift's *Gulliver's Travels*, which many people think is simply a children's book; it is not. It's a very powerful satire on the condition of England at that time. And I refer them to the famous story about the Houyhnhnms—Houyhnhnms being horses. Poor Gulliver lands in the land of the Houyhnhnms, and he finds that horses, i.e., a parody of the British aristocracy, are running the place, and that human beings exist only in the form of baboon-like immoral, disgusting, ignorant, speechless specimens called Yahoos. And that's what's happening.

Our high schools and universities, and our general cultural system over the past 25 years, has been turning the American from a proud human being into an illiterate, drugged, ignorant, babbling, disgusting Yahoo. And if we want to have a civilization, let alone compete, we better start attending to remedying this sickness. Do you want your children and grandchildren to be a species of Yahoos who are unfit, unqualified, to survive? Or do you want grandchildren left behind you who amount to something? I think if we focused on that moral question, we would find that the economic questions would fall into place for us.

**EIR:** If we look at the cabinet which is being chosen by Bill Clinton, it seems to be a paradigm of political correctness. We have a certain number of women, a certain number of minority groups. Is this going to present a problem for this country?

**LaRouche:** Absolutely. One shouldn't look at it too simplistically. In framing a government, at least in terms of nominations so far, what the Clinton team has done, is to provide an assortment of representation to every geographic area of the country, and every part generally of the spectrum of the so-called political, sociological rainbow. Now, what's been created by doing so, in economics, for example, is at least four different mutually conflicting points of view on economic policy, all equally represented.

Sooner or later, those conflicts are going to have to be

sorted out, and something, either one of the four or something else, is going to have to take the place of most of the policies coming in there.

What you have is really the beginning of a rough-and-tumble; not a policy. In this rough-and-tumble, admittedly, we have some very bad things. We have this rainbow political correctness idea—it's going to be a disaster. None of it's going to work. The U.S. economy is going to become worse until it changes. So therefore, whatever happens, if the political correctness prevails, to that degree you will have a failure. The administration is going to have to choose policies, or tilt toward policies, which are against failure, which will tend to be against political correctness.

**EIR:** The backdrop of the incoming Clinton administration is a world in turmoil—the former Soviet Union, Europe, the developing sector. How do we restore some direction to the world strategic situation?

**LaRouche:** I see things becoming much worse than that. The former Soviet Union is not going to disappear; at present, it's being reconsolidated. What's happened is that the Russian *nomenklatura* (some of the old communists, of course, are in it) is sitting back and saying, "Okay, these fellows want independence from us. Let them have it for a while, let them try to swim on their own. They'll sink, and they'll beg for us to come back in." If you look at what's happening, you will find that the communists, with the blessing of Lawrence Eagleburger and others, especially the British government, that the Serbian fascists of Slobodan Milosevic are committing genocidal atrocities, with concentration camps and genocide, which are beyond those even of World War II. It's unbelievable. It's the worst extremes of the Nazis and beyond that. These are communists. And that's destroying that part of the world, threatening a Balkan war there.

The Russians are going to come back as an imperial power very rapidly, partly through agreements with forces in China, but otherwise, the United States will be disintegrating—while willing to play the role of world policeman, we'll collapse on the basis of our economic collapse here at home, which is now ongoing. So, we're in a terrible mess, and we have to recognize first of all that we're in a terrible mess.

**EIR:** The former President of the former Soviet Union, Mikhail Gorbachov, recently said that he expects to see a return to some of the integration that existed in the former Soviet Union. What is going to happen in terms of the Soviet Union, and what will this mean for the world strategic situation?

**LaRouche:** It's hard to say exactly what will happen. Gorbachov is correct in seeing the shift back in that direction. That was obvious to me from what I've seen from various sources. Some of the thinking among the leading Russian *nomenklatura*, back when Gorbachov fell, was that they said,

"Okay, we'll go through this period of deconstruction. We'll go through a period of placating Jeffery Sachs and the International Monetary Fund. We'll go through hell, but we're going to let our people see what it looks like. They think that they want the American system. Well, let them see what it's like these days. And when they get enough of the American system, they'll come back to us."

That is generally the thinking in some sections of the old apparatus, the *nomenklatura*. And you'll see that expressed among military voices more clearly than anywhere else, but the military voices are speaking for a broader group of people. This is true in Central Asia. The Russian troops will sit back, let the people shoot each other; when they get tired of shooting each other, and call for the Russian troops to come in and save them, the Russian troops will come in and save them—maybe not promptly, but slowly. So that process is going on.

To develop these areas, to render them stable, requires fairly large-scale infrastructure projects. The problem of the Soviet economy, up to the point of the dissolution, was a rapid disintegration of infrastructure. And this occurred for many reasons. But this disintegration of infrastructure will prevent any economic development from occurring on a large scale. So they're going to have to tackle this infrastructure problem. That will require, from their standpoint, some sort of integrated effort, and Moscow, naturally, would like to have this integrated effort occur under Moscow's dominance. And that's what Gorbachov is reflecting when he makes those kinds of observations. I'd say that's a fairly good estimate of the direction of things. And remember, the former Soviets have about 30,000 warheads and a strategic naval fleet which is very impressive, so they still are a superpower, whereas the United States and Britain and so forth collapsed, partly because of this crazy Balkan war which the Anglo-Americans started and have kept going. We're going to find that the Russians, even though they've gone back a great deal, will be relatively stronger, relative to the United States and Britain, than they were in '89. Very soon, they'll be ahead, the way things are going now.

**EIR:** In terms of the strategic situation, is there any policy that can be quickly pushed in motion in terms of Europe and the former Soviet Union, that the United States should be looking toward?

**LaRouche:** Yes. Forget the military policies as such; that's a longer subject. Go back to fundamentals. Fundamentals are economics. We need to scrap every economic policy which was introduced as an innovation during the past 25-odd years, and go back to the kind of thinking in economic policy which was characteristic of the period of the John Kennedy administration. This is the right policy for the world as well as the United States. That's the fundamental thing we have to do, and that's what they're blocking on in Washington these days.