

The Ban on Productivity-Increases And the Shooting of Ronald Reagan

by Jeffrey Steinberg

Oct. 6—In the background of the stark alternatives facing the U.S. economy today, is a ban on productivity increases which has been maintained since Franklin Roosevelt's death in 1945.

When programmed presidential assassin and Bush family associate John Hinckley shot Ronald Reagan, 70 days into the former California Governor's first term in the White House, the world changed, decisively, for the worse. President Reagan came into the Presidency in a landslide victory over the Trilateral Commission's Jimmy Carter in the 1980 election. He was committed to a revival of the American role in the world, starting with a revival of a U.S. economy that was beset by the consequences of the early onset of the Council on Foreign Relations policy of "controlled disintegration."

During the 1980 Presidential campaign, Lyndon LaRouche, who was running for the Democratic nomination against Carter, had powerfully injected a policy agenda into the race that addressed these concerns of Reagan and far more.

Reagan and LaRouche would go on to collaborate most publicly on the Strategic Defense Initiative (SDI), which aimed to bring an end to the era of thermonuclear terror through collaboration between the United States and the Soviet Union on technologies based on new physical principles, that would render thermonuclear weapons obsolete. But the areas of common interest were actually far broader.

LaRouche had featured his proposal for ballistic missile defense prominently in his Presidential primary campaigns, but had also produced a series of campaign white papers on such vital subjects as the revival of the North American Water and Power Alliance (NAWAPA).



EIRNS/Stuart Lewis

A promising start: President Reagan and Mexican President José López Portillo at a press conference in Washington, D.C. on June 9, 1981.

This was an integrated system of water management for the whole of North America, that had been originally designed during the 1960s by Parsons Engineering. NAWAPA was part of a larger economic "Grand Design" program, which featured plans to vastly expand and modernize the nation's vital infrastructure, revive the space program, complete the effort to achieve thermonuclear fusion power, and advance other areas of frontier science.

The Economic Promise

The LaRouche recovery plan began with a global debt moratorium and write-off, to end the tyranny against the developing world by the IMF and other agencies of world financial domination in the aftermath of the 1971 elimination of the Bretton Woods System of

Franklin Roosevelt. LaRouche called for the abolition of the Federal Reserve System, and its replacement by Hamiltonian national banking and Federal credit.

Although Ronald Reagan was a free-market conservative surrounded by advisors from the Austrian School of Friedrich Von Hayek and Milton Friedman, Reagan had also, at one time, been an FDR supporter and President of the Screen Actors Guild during his days in Hollywood. Above all else, Reagan was a patriot, who instinctively put the interests of the nation above ideological dogmas.

It was this deep personal character that ultimately attracted Reagan to the policies and principles of LaRouche. Through a close California friend, Reagan had been introduced to LaRouche's writings and to the *Executive Intelligence Review (EIR)*,—whose pages you are now reading,—during his period as Governor of California. For half a decade before his 1980 Presidential run, Reagan had received the weekly *EIR* at his California ranch.

LaRouche and Reagan met in person for the first and only time in February 1980 during the bipartisan Manchester, New Hampshire Presidential debates sponsored by the National Rifle Association. The two men were seated next to each other on the corner of the stage and had hours to talk.

From the day that Ronald Reagan was elected President, he regularly ordered aides to sound out LaRouche on the most pressing and controversial issues which confronted him.

During the Presidential transition, LaRouche had publicly called for a face-to-face informal summit meeting between the U.S. President-elect and Mexican President José López Portillo to discuss mutual cooperation on economic development, which would ease tensions and effectively serve as a model for development of lesser developed nations. The two men did in fact meet before Reagan's inauguration. LaRouche was also called in to participate in transition team deliberations on domestic infrastructure.

The Bush Factor

Early in the Reagan presidency, before his near-assassination, Reagan was seriously contemplating an



Bush Presidential Library and Museum

Vice President George H.W. Bush on Air Force Two watching a replay of the assassination attempt against President Reagan.

overhaul of the U.S. Federal Reserve. He seriously considered firing Fed Chairman Paul Volcker, who had brought the U.S. economy crashing down by his 20% interest rate policies, which nearly wiped out the U.S. agricultural sector, and brought all investment in manufacturing and R&D to a screeching halt.

LaRouche not only backed the idea, he spelled out a plan for the elimination of the Fed, the creation of a Third National Bank, and the launching of the greatest expansion in capital-intensive job creation and infrastructure modernization since FDR.

Members of the Reagan inner circle were studying the LaRouche proposals, when Chase Manhattan Bank's David Rockefeller, the founder of the Trilateral Commission, stormed into Washington and threatened to bring down the entire U.S. economy if any move was made to dump Volcker.

Rockefeller was ultimately bluffing. Had the Reagan Administration adopted the LaRouche proposals, Wall Street would have been brought down, but the real U.S. economy would have gone through a recovery, and the tyranny of the London monetarist system would have been brought to an end.

President Reagan survived the Hinckley assassination attempt, but only barely. He would never fully recover, and, as the result, the bulk of the Reagan Presidency was a compromise between Reagan's patriotic gut-feelings, and the very Trilateral Commission oligarchy that he personally hated and had campaigned to remove from power.

The man who personified the Trilateralists' penetra-

tion and subversion of the Reagan presidency was Vice President George Herbert Walker Bush.

It took an extraordinary intervention at the 1980 Republican nominating convention to insert Bush into the Reagan Presidential slate. Reagan had personally chosen his close friend Sen. Paul Laxalt (R-Nev.) to be his running mate. But a vicious media campaign against Laxalt succeeded in blocking Reagan from putting Laxalt on the slate. Reagan was excoriated that he had to “balance” the ticket by selecting a running mate acceptable to Wall Street and the Eastern Liberal Establishment.

The decision remained frozen well into the GOP nominating convention. At one point, nominee Reagan was pressed to accept a “dual presidency” with Gerald Ford, the very Republican President who had been defeated by Jimmy Carter, and who had never been elected to the Presidency by the American people. Reagan’s “kitchen cabinet” balked at the idea of surrendering Presidential powers to Ford.

What the Reaganites did not realize at the time was that this Ford ploy was a trap, aimed at getting Reagan to accept George H.W. Bush as his running mate. Bush’s campaign had been totally crushed in New Hampshire, when Reagan beat him in the first primary election, right in the Bush family’s back yard (the official family compound was located next door in Kennebunkport, Maine).

Bush was viewed by the Reagan inner circle as a weak figure, whose political career had been advanced by a series of appointive posts, and who had only served a few terms as a back-bench Republican Congressman from Houston. They clearly had not studied the murderous history of the Bush clan, including the role of George’s father Prescott Bush in installing Hitler into power, and profiteering off of trading with the Nazi enemy.

Bush was chosen by Reagan as the “lesser evil,” but along with Bush came a parade of Trilateral Commission and other rotten elements, who were ready to pounce the moment Reagan showed any sign of weakness.

Illustrative of the Bush subversion of the Reagan Presidency was the role of Bush’s alter-ego, James Baker III, who, as White House Chief of Staff in March 1983, tried to suppress Reagan’s crowning achievement as President—his March 23, 1983 SDI speech. On the day of the speech, Baker had ripped out the final three minutes of the Reagan speech, where the President was to launch the Strategic Defense Initiative to the Soviets. It was only because Reagan’s National Security Advisor, Judge William Clark, who was dedicated to the SDI policy, bypassed Baker to get the com-

plete speech draft onto the President’s desk for his approval, that March 23, 1983 went down in history as the launching of the SDI. Indeed, it was a world-historic moment.

In a 1982 year-end address to a national conference of his political movement in Manhattan, Lyndon LaRouche had said the world had reached a “*punctum saliens*” where mankind would either enact radical policy changes, or face an existential crisis. LaRouche demanded that President Reagan publicly endorse the SDI within the next 90 days, and also adopt LaRouche’s debt moratorium, and his policy of return to national banking. LaRouche called for a total mobilization to achieve these goals.

Reagan’s March 23, 1983 SDI speech fulfilled one of those two urgent policy goals. But the Bush League advisors had captured control of the Administration’s economic and monetary policy, and Vice President Bush became the Reagan team’s “privatization czar.”

The Consequences

When Ronald Reagan first came into office, he held out the prospect of reversing the controlled disintegration, outsourcing, and radical monetarist policies of the Trilateral Commission’s Carter Administration.

From the time of the death of President Franklin Roosevelt, right up to the present moment, the United States has gone through a continuing net decline in real productivity. True, there were exceptional moments, like President Dwight David Eisenhower’s “Atoms for Peace,” and President John F. Kennedy’s Apollo program and his investment tax credits. Once JFK was assassinated and Lyndon Johnson was drawn into the Indo-China War, it was all over. Real productivity, as measured in Lyndon LaRouche’s two physical economic principles—potential relative population density and energy flux density—has been on a downward spiral.

Reagan, with the active collaboration of Lyndon LaRouche, had a chance to reverse the collapse of productivity and launch a genuine recovery of the real economy. Reagan alone could never have done it, despite his genuine good intentions. But Reagan aligned with LaRouche was a different story, and had a real shot at restoring the nation’s true values and history.

The assassin’s bullets proved not to be physically fatal; but they were fatal to the opportunity of January 1981, and that is the proper point of reference for the lost opportunity to restore the true American system of economy.