

## Bush crowd finally approves the 'R' word

by Chris White

Sometime before Dec. 16, the Bush crowd's public relations chiefs finally approved public use of the feared "R" word. This is the single word, whose magic powers are such, that uttered publicly by persons of self-imputed consequence, such as Treasury secretaries, Commerce Department secretaries, never mind Presidents, all kinds of horrible sequelae are set in train.

Now, it can be said. President Bush himself, it seems, was the first to say it; in an interview with the slimily sincere British proto-yuppie David Frost, he said, "We're in a slow-down economically . . . if not a recession. In some areas we are already in a recession." The interview was put into the can on Dec. 16, and was broadcast on Jan. 2.

It isn't just the President whose lips have been freed to shape the potent syllables. In the interim, an administration team, led by Treasury Secretary Nicholas Brady, the head of Bush's Council of Economic Advisers Michael Boskin, and Budget Director Richard Darman, has put together forecasts of what the country's Gross National Product will look like during the last three months of 1990 and the first of 1991.

These forecasts, still subject to revision, are being used as guidelines in government departments' work in preparing the next budget. Still subject to further revision, they show—lo and behold!—that the Gross National Product shrank during the fourth quarter of 1990 at an annual rate of 3.4%. They foresee that it will continue to shrink, during the first quarter of 1991, at a slower rate of 1.3%, and that growth will resume again by the second half of the year.

### 'A recessionary kind of period'

Two quarters of officially projected less than zero growth—the first time this has been done since the peak impact of Federal Reserve Chairman Paul Volcker's high interest rate policy during the winter of 1981-82. Boskin,

one of those responsible for these projections, told NBC's "Today Show" on Jan. 2: "It does appear that, after the longest economic expansion in the peacetime history of the United States, that the economy probably has entered a recession." And Marlin Fitzwater, the White House spokesman, told the press during his briefing the same day: "We're in a recessionary kind of period."

The dominant, cultist superstition, which heretofore prevented the utterance of this unique collection of syllables, at least in public, was based on certain insanities about money and its power. Two-thirds of what they call the Gross National Product, is made up of sales to consumers. As long as consumers keep buying, the economy keeps growing. Therefore, they argue, nothing ought to be done which might undermine the consumers' propensity to spend. Isn't that what happened after the stock market crash of 1929?

Therefore, words such as the "R" word ought not to be said in public, for fear of their effect on consumer confidence, and thus for fear of being the administration on whose watch it was, that the feared consequences came to the light of day.

Actually, that last concern is the more significant, and in this case, probably decisive. Bush and company were running the risk of losing all credibility, by sticking to the approach they had taken through the elections of November 1990. Then, the officials who now utter the "R" word with impunity, each lined up, from President Bush himself on down, in support of the Commerce Department's fantastical report of third-quarter growth, and anticipation of more such in the fourth quarter. Now, two months after those elections, the same people say the economy declined by 3.4%.

### No policy change

But, they now insist, as Bush did in the interview with David Frost, that the recession won't be deep, and the econo-

my will come out of it in a few months. Therefore, no policy changes. So, here comes the cultist insanity that proscribes the use of the "R" word all over again. Again it comes back to money: They say, lower interest rates, make money available for banks to lend again, and then consumers and others will be able to buy. In the Boskin version, the fairy-tale happy ending is that the so-called recession will be turned around by the end of the summer, with no policy changes required.

The money isn't the problem. These people should know; they are the ones who make it. As a matter of fact, the Treasury Department, which prints dollar bills, has just had to open up a new operation down in Texas, because the printing shop in Washington could no longer churn out the green stuff fast enough.

What if there were an infinite amount of money? Would that be any comfort, if there were no goods available to buy? It might be green, but it isn't edible. Elton John may have figured out how to wear it. No one has managed to live in it, even though, these days, they do manage to do some pretty peculiar things with it.

### **A swindle and a coverup**

What the administration's pundits won't say, is that it isn't simply a recession: The economy is and has been in a depression. A depression is not simply a slowdown, or what Alan Greenspan of the Federal Reserve called in December, avoiding the "R" word, "a meaningful downturn"; it is a self-feeding spiral of economic collapse, in which deflation of economic activity is accompanied by hyperinflationary blow-outs of pricing arrangements.

The United States went into a depression during 1981 and 1982, because of the policy associated with then Federal Reserve Chairman Volcker, of usuriously jacking up interest rates. This policy was begun under Jimmy Carter, and continued under the first Reagan administration. Despite all the talk in the interim about the "longest running sustained period of peacetime economic growth" in U.S. history, the economy never did recover to its pre-1981 levels of functioning.

The depression was covered over by genocidal looting against developing-sector nations, such as those in Ibero-America, forced to become exporters to the United States, to supply part of what the U.S. would no longer produce for itself, and by the most rapid expansion of debt in all of U.S. history.

The coverup began to come unglued in October 1987, with the meltdown on Wall Street. It was delayed, for a while, by the insane proliferation of leveraged buyout takeovers, which culminated during the winter of 1988-89 in the \$40 billion or so committed to the buyouts of RJR Nabisco and other companies. The collapse of the buyouts in the fall of 1990 began the shift into the downward spiral of deflation. The progress of the depression, and the accompanying

wreckage of lives and livelihoods, has been, to date, the biggest political coverup and swindle in U.S. history.

And still, the Establishment's wise men insist, the policy doesn't have to change.

That means that there will not be any bottom to the economy's downslide. It means that there will be a wave of bankruptcies, and layoffs developing over the next months like none ever seen before, with all the misery and suffering that go with that.

### **LaRouche was right**

It could have been avoided. Certainly in 1982, it could have been avoided—and perhaps later. What was to happen was forecast repeatedly by Lyndon LaRouche and *EIR*, along with the method and measures that ought to be adopted to change it: financial reorganization to permit jump-starting the economy through increasing productive employment in industry, agriculture, and manufacturing, through technologically progressive investment. Put the economy and population back to work to produce wealth, instead of looting out the investments of the past through speculation and usury.

But Washington said, "No," just like they now insist, "No change."

They don't want to have to admit that it was they who were wrong, and that LaRouche, all along, was right. They, like just about everybody else in this culture, would rather look for a scapegoat to blame, than to confront the consistent blunders of 25 years, which brought the current catastrophe into being.

### **'The problem is . . . Saddam Hussein!'**

So it is, now that the "R" word is permissible. Bush has said it; Boskin says it too, as he did on Jan. 2. Believe it or not, it's Saddam Hussein. "We said . . . back in August that the economy, which was suffering already from high worldwide interest rates and tight credit conditions . . . would take a hit in the fourth quarter from the oil shock. We weren't sure how large that would be. It now looks like it's likely to be substantial," said the economic wizard.

That's Bush's crowd. After all, he, and his British friends, launched the caper in the Persian Gulf in order to change the subject away from the internal financial and economic catastrophes which were accumulating by the end of July. But this line is still too absurd a story for others. *New York Times* veteran Leonard Silk, for example, blames it on the populist conservatives who forced tax-cutting and debt growth on Ronald Reagan, over and against what Silk calls "the establishment"—meaning Bush, and his crowd of carry-overs.

Both versions are lies, just like the worn-out propaganda about the "longest period of economic growth in U.S. history." And neither will avert the catastrophe in progress, no matter what letter of the alphabet begins the words which express it.