

## LaRouche's Fateful Debate With Abba Lerner

On Dec. 2, 1971 an encounter took place at Queens College, in New York City, which shook the international financial community. Economist and political leader Lyndon LaRouche faced off in debate against the leading Keynesian economist Abba Lerner.

The “issues” of the debate had been put forward in a leaflet by LaRouche’s National Caucus of Labor Committees, specifically on the questions of the wage-price controls and fascist austerity policy being put into place at that time by the Nixon Administration, and by the government of Brazil. LaRouche and his associates had branded these policies as in the tradition of Hjalmar Schacht, Adolf Hitler’s Economics Minister up to 1936, and condemned them as such.

### ‘Schachtian’ Austerity

In his opening statement, Professor Lerner made it clear that he agreed with the *economic* idea behind the wage-price controls announced by Nixon, and with “anti-inflationary” measures which had been taken in Brazil, where ordinary workers were being “recycled” into slave labor jobs at lower and lower wages, although he did not think that enough jobs had been created in the wake of these measures. Crucial to his argument was what he said on Brazil: “Because I agree with what was done in Brazil, to check the inflation, it doesn’t mean that I’m in favor of the fascist dictatorship which they have there.”

LaRouche directly responded to that point, as follows:

“A professor, who says innocently, “The economy, from my point of view, would be better organized if certain administrative arrangements were made,” does not necessarily think *out*, the kind of administrative arrangements which in practice *realize* that very innocent proposal. Professor Lerner may attempt to divorce his economic policies from the policies of the government of Brazil, and see them in abstraction and detachment from that; however, you can not carry out the economic policies, which are recommended for Brazil, without having the kind of government which makes those economic policies work. You could not have the kind of policies which are recommended, which he has recommended as a classic austerity policy for increased unemployment.

“Now, this is classic, in the sense that this is precisely the policy of Schacht from 1933, on, in Germany, in which wages were frozen to prevent the inflation, and in order to increase employment. He may personally detach himself from that,

but it's not possible for the politicians to accept his advice, to detach themselves from the kind of government, and the kind of procedures, which enable those abstractions to become reality. And, that has to be grasped; because, now, no longer is economics merely a plaything of an obscure corner of the academic priesthood. Now economic policy is that which determines the lives, and daily lives and conditions of people. The form of economic policy, determines the kind of government, which is necessary to carry it out. And, the only kind of government which can carry out the kind of policy which Professor Lerner recommends . . . would have to be a Bonapartist or fascist government.

"He may be opposed to fascism with every fiber of his being; this was also true in Germany, where many economists, liberal economists, proposed austerity, who also opposed the Nazi regime. But, nonetheless, there are men who will take up these policies and carry them out, and they will be Bonapartists or fascists; but not Professor Lerner. So, he must understand, that sometimes his good intentions do not ensure, that his policies, carried into practice, will work out as he sees them, in human terms."

And, in fact, LaRouche said, "the kind of solution he's [Lerner's] proposing is precisely the kind of solution that was discovered by the German financiers of 1933, was implemented by Schacht—to *reduce* wages. That is, to fix them at the level of 1933—depression levels in Germany—as a means for expanding employment; and this is precisely the pattern, I suggest, throughout the world today."

### **Hitler and Schacht**

Professor Lerner did not take LaRouche's point kindly. "It's a complete misunderstanding to take the holding-down of money-wages as meaning austerity," he claimed. The question is more jobs. Hitler even created more jobs and prosperity for some, although he was bad politically.

LaRouche upped the pressure, in response: "The *only* way that the kind of policies that Professor Lerner is talking about can be carried out, is by a Brüning and von Papen regime, succeeded by a Hitler regime, or its equivalent in the U.S."

Professor Lerner got more and more agitated, until he blurted out his clearest statement, to the amazement of those in attendance: "But if Germany had accepted Schacht's policies, Hitler would not have been necessary."

The debate then limped to an end, with the professor insisting again and again that fascist economics had nothing to do with fascist politics. He kept a brave face on, but his friends and allies knew better. They determined that they would never let another one of theirs face off against LaRouche again.

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