

LaRouche's 1971 Forecast

Following President Nixon's "pulling the plug" on the Bretton Woods system on Aug. 15, 1971, Lyndon LaRouche (then known by his nom de plume, Lyn Marcus), and his associates in the National Caucus of Labor Committees, warned of the danger of fascism arising from economic collapse.

From the pamphlet "Socialism or Fascism," Oct. 10, 1971:

Unsigned preface

At this moment of writing, the entire capitalist world is barely inches from that general collapse of world trade and production which will represent a Second Great Depression....

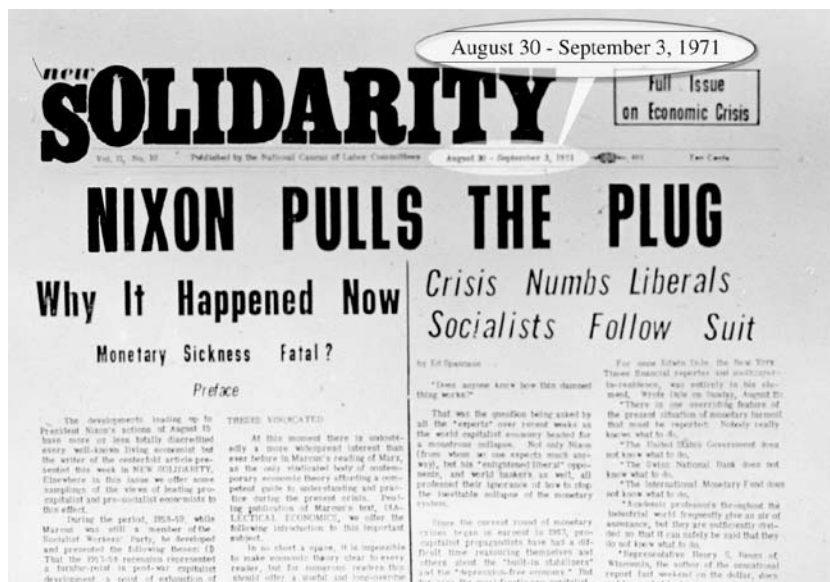
The most essential thing to be said about the impending new Great Depression is that it must be potentially far, far worse than that of the 1930s. For a comparison of the kind of general economic breakdown crisis it will potentially represent, we have to go back three centuries and more, to the general collapse and widespread depopulation of Europe during the hundred years following the Spanish and Portuguese bankruptcies of the late 16th century.

From LaRouche's remarks in a debate with Keynesian economics professor Abba Lerner, at Queens College in New York City, Dec. 2, 1971:

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—in all well meaning, all good intention—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....

The expansion of the monetary system, and the growth of debt ... is due to the debt-service and profits on purely fictitious instruments, which is assigned as a burden to production. Thus, the major reason for rising prices, for infla-



New Solidarity, the newspaper of the LaRouche movement, announced the end of the Bretton Woods system, in its issue of Aug. 30-Sept. 3, 1971. LaRouche had forecast this starting in 1959-60.

tion, has nothing to do with wages as such, but has to do with debt-service, directly and indirectly put on production....

A further factor is that the structural features of the economy are changed, to cause a structural inflation. That is, productive employment stagnates, as has been the case in the United States since 1953; whereas the growth of administrative services tied to this apparatus of paper capital expansion, generates expansion in both administrative employment and in services....

Potentially, in terms of real economy, we could have a shift to a production—productive employment, and very easily solve this problem, if we could only take the *paper* which stands for fictitious values—the rising debt, which is essentially based on fictitious values; stock values, which are based on fictitious values; rents, based on fictitious values—you just take this out and burn it, and reconstitute the economy, there's no reason we couldn't have full employment and full productivity....

However, if production is declining, relative to the rate of expansion of promissory notes, then obviously what you get into is a simple process of refinancing promissory notes.... And that, of course, leads to bankruptcy, which is precisely the problem we face: that when you get bankrupt, you hock somebody—maybe your grandmother, if you're a certain kind of businessman.... And therefore, 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.