

Editorial

The Roosevelt reflex

The outrageous intervention by the Federal Reserve to bail out the bankrupt Long Term Credit Management hedge fund should bring to mind everything which Lyndon LaRouche has been saying for the past four years about how to deal with the systemic crisis: What is required is the decisive assertion of government power in the manner of Franklin Delano Roosevelt—protect the people, not the banks.

What is clear is that the private bankers, on the international and national level, are unable and unwilling to deal with the crises they have created. They are determined to print money like mad to bail out the speculators who have been destroying nations without limit. What is required is the exercise of the power of *government* in order to do what governments are supposed to do—care for the general welfare, curb the powerful cartels, provide for our posterity.

President Franklin D. Roosevelt is the towering example of that kind of responsible, energetic action under conditions of crisis, within this century. LaRouche has been discussing the FDR model since 1995—starting with the anti-imperialist alliance the wartime President forged with the Soviet Union and China, and moving on to the decisive approach which he took toward the banking and financial crisis within the United States. LaRouche has been urging world leaders to read FDR's first inaugural address, and to study his plans for post-war reconstruction and the infrastructure he actually built in the United States, in order to understand how to approach this time of crisis.

Now we are beginning to see what might be called a “Roosevelt reflex” coming from the three nations which formed that anti-imperialist alliance, and which today must come together to form the core of the New Bretton Woods system.

The first to discuss the Roosevelt model publicly was the government of the People's Republic of China.

The discussion of a “New Deal” in the Roosevelt tradition emerged in the official Chinese press in March 1998. *Outlook*, one of China's most important magazines, wrote on March 13 that “China's reforms and

development need a Chinese-style New Deal.”

On March 22, *China Daily* reported that Prime Minister “Zhu Rongji, the man who stemmed China's inflation without stifling growth, is poised to launch the Chinese version of Roosevelt's New Deal this year. . . . Zhu has made it clear that massive investment will be channeled into infrastructure, echoing Roosevelt's bid to revive the American economy in the 1930s.”

Less elaborated, but clearly in the same direction, are statements that have been made by Russia's Yevgeni Primakov, starting in June when he was Foreign Minister. Primakov told the Royal Institute for International Affairs in London on June 25: “There is no question of returning to the past, but we can learn from the United States. During the process of recovery from the Great Depression, Roosevelt took some state measures, tax measures that benefitted the development of industry. These are areas on which we plan to focus.”

As Prime Minister, Primakov has made appointments of economic advisers, and they too have cited the Roosevelt model of directing credit to industry.

The most critical player, however, who needs to understand the Roosevelt model, is President Bill Clinton. Reflections of how well he understands the need for the Roosevelt model have been very slow coming, but at the conclusion of the President's CFR speech on Sept. 14, there came an important hint. Having emphasized that “this is the biggest financial challenge facing the world in a half-century,” the President said at the close: “The World War II generation did it for us 50 years ago. Now it is time for us to rise to our responsibility as America has been called upon to do so often, so many times in the past. We can, if we do that, redeem the promise of the global economy and strengthen our own nation for a new century.”

One additional point is clear. For President Clinton, or any other world leader, to successfully apply the Roosevelt model today, he or she must follow the leadership of leading economist and statesman Lyndon LaRouche. The opportunity for doing so, before disaster strikes, is ripe—but the time is short.