

EDITORIAL

The Alternative to a Catastrophic Crash

Aug. 22—If a new financial crash, worse than 2008, strikes, say, this Fall or during 2020, the President will have to rely on an energetic mobilization of the U.S. citizenry, to stampede the Congress into immediate passage of emergency recovery legislation rather than bank bailouts. Congressmen will have to taste the fear of God, to the point that they will just forget about their Wall Street campaign contributions and special interests. Our Congressmen must be forced to vote up the use of Federal credit for loans directed exclusively into the real, physical economy, to crank up productive jobs in infrastructure and industry. No more bailouts for speculators' losses, like the \$23 trillion that was dumped down that sinkhole in 2008, with the results that we see today.

How will we deal with the problem of contagion—the danger that speculators' losses will shut down the commercial banking system upon which our economy depends? Not by bank bailouts, but by hiving off the dens of the Wall Street gambler's speculation from the commercial banking system, using a revival of Franklin Roosevelt's Glass-Steagall law. (A law that President Trump campaigned to revive.) Then their dubious gambling assets will not be eligible for Federal taxpayer support, and can be written down or written off over time, as those dubious assets are sorted out. Only legitimate commercial banking functions will be protected, not speculation.

The issuance of low-interest Federal credit exclusively for productive employment of unemployed or unproductive labor and capital, is not inflationary. If it is vectored towards science-driver programs like the Trump Administration's international Moon-Mars program, or the international effort to harness controlled fusion energy, it will be counter-inflationary, increasing the productivity of all labor, as scientific and technological breakthroughs filter through the economy. In the

United States, this policy is as old as the George Washington Administration, and lies behind the economic success of the Abraham Lincoln and Franklin Roosevelt administrations.

The late economist Lyndon LaRouche (1922-2019) developed and fought for these policies for decades and summed them up in his ["Four New Laws"](#) of 2014.

Internationally, at the first sign of a new crash or earlier, President Trump should invite the leaders of Russia, India, and China for what will amount to a wartime alliance with the United States against a common enemy—namely a devastating world depression. Together, these four great nations have the power to supplant the current London-Wall Street speculative monetary system that is collapsing, with a new world credit system based on the lessons of Franklin Roosevelt's design for the post World War II, Bretton Woods system. (Despite the post-Roosevelt problems, the longest period of world economic growth occurred under Bretton Woods, especially in Western Europe and the U.S.)

The new system will facilitate massive, long-term, low-interest development credits to the developing nations of Africa, Asia, Central and South America, and Eastern Europe. With the help of the space program and a cultural renaissance, the United States will cast off the rot of the past decades and surpass Japan and Germany as a great exporter of high-technology capital goods into such areas as China's "Belt and Road." As in Roosevelt's conception, this New Bretton Woods System will be a dollar-based gold-reserve system of relatively fixed exchange rates—without which such long-term, low-interest loans are impossible.

Lyndon LaRouche [designed](#) this system and fought for it for decades.

This can be done. Americans must join with their Presidency to make it happen.