Clinton's choice: Free LaRouche or suffer disaster

by Kathleen Klenetsky

Shortly after the November elections, former Democratic presidential candidate Lyndon H. LaRouche issued a statement containing a friendly warning to the newly elected Bill Clinton. The gist was that if the new President did not move immediately to crack down on the multitrillion-dollar global financial bubble, the result of a decade of massive unregulated international financial speculation, any hopes he had of putting the U.S. economy on a pro-growth vector would be dashed, and his presidency would go down in flames.

"Contrary to the popular mythology which grips public opinion among the so-called reader of newspapers and viewer of television news and talk shows," said LaRouche in a Nov. 10 statement, "the problem is not . . . the deficit nor even the size of the federal official debt. The problem of the U.S. economy is a policy of deregulation unleashed during 1978-79 . . . by the Carter administration and by Paul Volcker's leadership of the Federal Reserve System, which created . . . the biggest international financial bubble in world history. That bubble is what is crushing the U.S. economy and the U.S. people," said LaRouche, "not the debt, and not the federal deficit.

"Unless the Clinton administration changes its policy and recognizes that Ross Perot did not understand economics, did not recognize that the Fed is the one thing they must attack—its policies, free trade, GATT [the General Agreement on Tariffs and Trade], and this other nonsense—and instead follows my particular program, this country is going to spiral deeper and deeper into the worst depression of the 20th century."

LaRouche's warning came as Wall Street was applying intense pressure on the President-elect to accede to policies directly the opposite of what LaRouche recommended. Within days of his election, the *Wall Street Journal* printed a front-page article flatly asserting that if Clinton went ahead with his proposed $200 billion infrastructure program (puny compared to the actual infrastructure requirements of the U.S. economy), the financial markets would react by dumping U.S. Treasury bonds, wreaking havoc on the U.S. economy.

Bill Clinton, during the presidential primary in February 1992 in New Hampshire, is handed a copy of a pamphlet on Lyndon LaRouche's "2255" appeal, documenting the evidence of government criminality in the prosecution against him.

That blackmail was reinforced a few weeks later, when the winter issue of the New York Council on Foreign Relations' journal *Foreign Affairs* published a lead article by investment banker Jeffrey Garten warning Clinton that the financial markets would "bring him to his knees" if he did not immediately adopt a regime of harsh domestic austerity.

Unfortunately for himself and the country, Clinton thus far has chosen to back off from those parts of his campaign platform which Wall Street opposes, including his promised tax cut for the middle class and, more importantly, the idea of using infrastructure investment to "grow the economy" out of its current collapse.

In addition to these sins of omission, Clinton and his key administration officials—many of whom, as we document in the following profiles, speak for the worst pro-austerity, anti-growth financial factions—have indicated an ominous willingness to embrace the "markets' " austerity dictates. Clinton set the tone in his inaugural speech, whose President Kennedy-mimicking rhetoric was punctuated by repeated calls for "sacrifice."

That wasn't just rhetoric on his part. The administration is rife with talk of imposing new taxes and making deeper budget cuts. In the latest instance, Treasury Secretary Lloyd Bentsen said in a nationally televised interview on Jan. 24 that Clinton will likely propose a broad-based consumption tax, possibly including new taxes on energy consumption, when he unveils his economic program in February.

If Clinton believes that such obeisance to Wall Street will somehow guarantee his political survival, he's sorely deluded. It was the economy which did in George Bush—as Clinton and his advisers well understood during the campaign. If Clinton persists in applying austerity "solutions" to a crisis that can only be dealt with by overthrowing the stranglehold which the markets, in conjunction with the Federal Reserve, have put on the U.S. economy, he will find himself having the shortest political honeymoon on record.

The honeymoon has already started to sour. Every time Clinton reneges on a campaign promise, as the furor over his about-face on the Haiti issue demonstrated, he alienates another constituency. The Zoe Baird debacle has further eroded his credibility.

Clinton has one alternative to otherwise certain catastrophe: He can adopt the economic program proposed by LaRouche, beginning with nationalizing the Federal Reserve, and using it as a source of low-interest credit targeted to reviving industrial and agricultural production, and putting millions of jobless Americans to work. This would enable him to line up the U.S. population behind him, giving him the political base required to face down the financial elites.

"So long as Clinton is committed to submitting to the bond market and the Federal Reserve System, and as long as he's not prepared to take the measures to bring these boys into line and get the economy moving in the way I've indicated, there's no chance of anything but a failure from Clinton," LaRouche commented in a Jan. 19 radio interview. "And that's the crux of the matter. That's the breaking point. That's the point on which he stands or falls. If he doesn't do as I've recommended, he's finished—he's finished before he begins."