

and business interests; the adoption of measures of social support for the “forgotten men and women” of the society; and a shift toward a large-scale increase of public and related employment in the building and maintenance of essential forms of both “soft” and “hard” basic economic infrastructure. These latter measures not only put people to work, but provided the basis for reviving private entrepreneurship, and for the later leap in productivity through investment in scientific and technological projects which depend upon that infrastructural basis.

In effect, FDR reasserted American national sovereignty, along the lines defined previously by the first Treasury Secretary, Alexander Hamilton, and by Presidents George Washington, John Quincy Adams, and Abraham Lincoln. He applied the same principles of support for the general welfare and national sovereignty in relations with other nations, by proposing to rid the world of colonialism. As such, while his measures were by no means perfect, FDR provided the indispensable leadership for preventing a global fascist dictatorship in the 1930s.

For this, the likes of Friedrich von Hayek, and the Synarchist bankers generally, will never forgive him or his leading advocate today, Lyndon LaRouche.

## LaRouche Replies to Slanders Against FDR

*Here are Lyndon LaRouche’s replies to an e-mail set of questions he received at the end of November.*

I reply *seriatim*. My replies will also be useful, not only to the sender of the request, but also by others who swallow the circulation of the the same false, right-wing assumptions embedded in each and of these questions:

### **Tough Questions for Defenders of the New Deal**

<http://www.cato.org/research/articles/powell-031106.html>

**1.** Why did FDR triple Federal taxes during the Great Depression? Federal tax revenues more than tripled, from \$1.6 billion in 1933 to \$5.3 billion in 1940. Excise taxes, personal income taxes, inheritance taxes, corporate income taxes, holding company taxes, and “excess profits” taxes all went up. FDR introduced an undistributed profits tax. Consumers had less money to spend, and employers had less money for growth and jobs.

**LaRouche replies:** The question is typical of criticisms of FDR based upon the challenger’s fallacy of composition. Roosevelt inherited a global, 1928-33, systemic collapse of the Versailles monetary system. The U.S. role in bringing

about that collapse had been Woodrow Wilson’s and Secretary of State Lansing’s bungling and worse at Versailles; but the immediate cause of the 1929-33 collapse of the U.S. economy by more than 50% was chiefly the stubbornly persisting, monetarist “free trade” policies of the successive Coolidge and Hoover Administrations. Even during the last months he was in office, Hoover continued the brutish policies of Andrew Mellon and the Mellon-du Pont-Morgan gang generally, even attempting to prevent the incoming Roosevelt Administration from taking any of those measures which saved the U.S. from joining Germany in a plunge into a fascist regime here.

The complaint in the first question is a defense of those follies of Mellon, Coolidge, and Hoover which plunged the U.S. into an avoidable general financial-economic collapse.

**2.** Why did FDR discourage investors from taking the risks of funding growth and jobs? Frequent tax hikes (1933, 1934, 1935, 1936) created uncertainty that discouraged investment, and FDR further discouraged investors by denouncing them as “economic royalists,” “economic dictators” and “privileged princes,” among other epithets. No surprise, that private investment was at historically low levels during the New Deal era.

**LaRouche replies:** U.S. investment was plunged to low levels by, chiefly, the Anglo-American direction of the Versailles monetary system. Roosevelt consistently raised the levels from the bottom, where the policies of the Republican administration had left the U.S. economy in 1929-33.

**3.** Why did FDR channel government spending away from the poorest people? Little New Deal spending went to the South, the poorest region; most went to political “swing” states in the West and East, where incomes were more than 60% higher. The South was already overwhelmingly on FDR’s side.

**LaRouche replies:** That question is based on false premises, and is thoroughly mistaken in its allegations as a fallacy of composition. FDR brought about a general recovery of the national economy, chiefly by emphasis on development of long-term investment in basic economic infrastructure, and a policy of improving the economy of all of the territory and all of the people. We are faced presently with a situation in which the monetarist policies of the Nixon, Carter, Reagan, Bush, Clinton, and Bush Administrations to date, have put the U.S. economy presently in a far worse peril than Coolidge, Hoover, and Mellon accomplished in 1928-1933.

**4.** Why did FDR make it more expensive for employers to hire people? By enforcing above-market wages, introducing excise taxes on payrolls and promoting compulsory unionism, the New Deal increased the costs of employing people about 25% from 1933 to 1940—a major reason why double-digit