

ON HIS 250TH BIRTHDAY

Hamilton Counsels Congress: Rediscover Your *Powers*

by Michael Kirsch, LaRouche Youth Movement

Dear 110th Congress:

Five years into the Revolutionary War, with the States hoarding funds and resources from the Continental Army, the nation dependent on foreign resources, and the Continental Congress unable to enforce taxation on the states, Alexander Hamilton (1757-1804) issued a letter to New York Congressman James Duane, beginning, “Sir, the fundamental defect is a *want of power in Congress*.” This would soon be elaborated and developed in private correspondence with Robert Morris, and a series of Open Letters in the *New York Packet*, “The Continentalist Papers,” in 1781 and 1782. So began the creation of the Union, from the mind of man.

Today, there is no “*want of power in Congress*,” but there is a general lack of will to apply it. Whether such idleness continues, is of the highest concern for the immediate fate of civilization.

Our situation is grim.

In the last year, we’ve lost hundreds of thousands of square feet of machine-tool stock, which means a loss of the potential to rebuild. We’ve suffered a long period of destruction of our physical infrastructure. Our credit has hence been plunged deep below breakeven. Our ability to invest in needed projects has been sucked up in payment of speculation. Some 56% of our banks’ assets are invested in “leveraged” lending to hedge funds and private equity funds; \$2.5 trillion in financial derivatives is linked with the already doomed U.S. housing bubble. The debt of the nation has become so large, that the Federal Reserve has even stopped publishing the M3 figures.

As *EIR* has documented over the last two years, much of this policy shift has been led by a general organizing drive, best expressed by American Tories John Train, Felix Roha-

tyn, George Shultz, and others, to eliminate the sovereignty of nations. In what is literally an open conspiracy, they intend to return the world, our nation included, to methods of the British East India Company in the form of globalization. Alan Greenspan’s derivatives policy was such an “invisible hand” for today. Current Fed Chairman Ben Bernanke, in a speech on Aug. 25, 2006, explicitly promoted an Anglo-Dutch trading company program, and the Roman Empire, while attacking the “American System.” Henry Kissinger and George Shultz, the key advisors to the Bush Administration, have both, in recent years, explicitly called for an end to the “Westphalian System.” These policies our Constitution rejects.

More dangerous still, for such evil purposes, we also face an attack on the sovereignty of our nation’s credit, with a foreseen frontal assault against the U.S. dollar by synarchist-linked bankers centered in London. As the Jan. 19 *EIR* documented, the plan is to sell short on the British pound, causing a chain-reaction collapse of the dollar. The consequences would be devastating for banking functions, such as lending for required productivity. Speculative debt will suck in government liquidity for payment. In such a crisis, unless the needed patriotism is found, the U.S. could relinquish its sovereign banking functions. Would the U.S. government today accept something akin to, but worse than, the 1971 move from a fixed- to a floating-exchange-rate system?

What serves to blow up this entire situation, is the further, pressing fact, that a puppet of synarchist operatives Bernard Lewis, Henry Kissinger, and George Shultz—Vice President Dick Cheney, “insane” by all measurements of recent reality checks—is being used to launch all-out warfare against the institution of the sovereign nation-state. Their intention is that



EIRNS/Stuart Lewis



Today, Democratic Party statesman Lyndon LaRouche is the world's leading proponent of Alexander Hamilton's nation-building policies.

the U.S. will destroy itself in the process of unleashing hell in Southwest Asia, thus eliminating the threat of an FDR-style revival of the sovereign nation-state system.

In this time of great national need, the *only solution* is for Congress to rediscover its authority, and power, to carry out the intention of the U.S. Constitution in defense against such horrors. Once these Powers are comprehended in their full scope, the needed remedy is available—U.S. statesman Lyndon LaRouche has it articulated clearly.

Steps Required

On Jan. 11, the day of Alexander Hamilton's 250th birthday, LaRouche, in an international webcast, outlined the steps to be taken.

First, Cheney must be removed. The following measures to reverse the crisis, are pending on this first step being carried out.

Next, LaRouche proposed an immediate bankruptcy reorganization. Upon finding the general welfare imperiled, Congress, with authority to provide for the common defense and general welfare, following Article I, Section 8 and the Preamble of the Constitution, must take the Federal Reserve System, as bankrupt in fact, and re-establish a U.S. Constitutional, "Hamiltonian" form of national-banking system.

In Hamiltonian style, LaRouche proposed that the mere possibility of a collapse of the banking system, which would destroy us as a nation, requires protection of the functions of those banks by the U.S. government. They should be regulated to "ensure the maintenance of levels of present useful employment and functioning of essential public and private services in each and every county of the U.S.A." Such regulation will require freezing large masses of claims, in accord with the public safety, and passing laws to ban further speculation, the kind of "gambling" that caused the crisis.

The third step required is the Federal utterance of monetary credit, bills of the Treasury, as financial capital for direct investment. "We're going to issue, with the credit of the Federal government, under a reorganized Federal Reserve System, Federal bills—by the authority of uttering, unique to our system, by the Federal government. We're going to create masses of capital budget, masses of capital investment, which will be allocated to build up infrastructure and necessary industries." He stressed increasing the value of the dollar by making it the source of the world's greatest influx of public credit.

Subsequently, as George Washington carried out such measures in his time, the Federal government must allocate funds from the U.S. Treasury to an association of officials, who, gaining a status of incorporation for the purposes of organization for lending and paying, will apply their considerations to re-tooling, directing funds from the corporation, to rebuild the U.S.A. Further measures of regulation of the physical economy for the creation of real creative profit, depend on these actions being taken.

What I shall show here, is that, not only are these steps entirely consistent with the U.S. Constitution, but with the very nature of government, and the spirit of man himself.

To achieve a swift application of those means, upon which the existence of our nation depends, I offer the following essay as a fresh historical look into the Constitutional foundation of the principles of that, much needed, design.

The 'Final Cause' of Government

Patriots today must understand that Hamilton's ideas of the American System were *necessary* to the creation of the Union. Without internalizing the changes that Hamilton made, and the corresponding Powers needed to *maintain* the Union, it were doubtful—and there were no principled assur-

ance—that it could be maintained. Understanding the operations of a *national* government must be akin to the rediscovery of a *scientific principle*.

As LaRouche today, Hamilton knew, while approaching a boundary condition, *nothing* in the present system would work. Hamilton saw that a confederation of “free and independent states,” with separate armies, fighting over duties and loans and land, would fail. Therefore he moved to create a union, which could supply credit, administered from a national bank, suitable to provide for the exigencies of a *nation*.

LaRouche echoed Hamilton on Jan. 11: “Any discussions about negotiations with the existing system . . . is a waste of time. Totally counterproductive . . . when you should be organizing around something which is the only thing which will save the system. . . . We are always approaching a boundary, a limit. As we reach toward that limit, a collapse is inevitable unless we change the boundary. And you change the boundary, by introducing a new condition, by a political improvement. . . .”

So, it is to this author, a haunting similarity, and at the least, a suitable and timely lesson, for members of Congress to relive in their minds today. For the world system that the dogged U.S. statesman LaRouche is proposing, flows from that same method of Hamilton.

But, lest we move too hastily, it is necessary to reflect on the consequences of needed action. How must we think about the required change? Hamilton wrote in the *Federalist* No. 1: “It seems to have been reserved to the people of this country, by their conduct and example, to decide the important question, whether societies of men are capable or not, of establishing good government from reflection or choice, or whether they are forever destined to depend, for their political constitutions, on accident and force.”

On Jan. 11, after answering many questions from members of Congress concerning issues of economic policy, LaRouche, with a certain nod to Hamilton on his birthday, reasoned: “But let us, at the same time, make sure that we don’t lose track of the vital issue: Is this *nation*, is this *civilization* going to survive? That’s the question! That’s the *fundamental* question. Once you understand what you mean by that, and understand what you mean by a solution to *that* challenge, *now* you can legislate.

“What is the legislation which should determine the future existence of this nation, and its role in the world? Start from that. Now, look at every one of the issues that comes up, from *that* standpoint, and you will probably get it pretty nearly right.”

Hence, from “*that* standpoint,” reflect now on the role of our first Treasury Secretary as he assumed such responsibilities in 1779 as aide de camp to Gen. George Washington, through his celebrated *Report to Congress on Manufactures* in 1791, in creating what is known today as the “American System of Political Economy.”

May Congress discover, that the *Congress* itself was a



EIRNS/Stuart Lewis

At a Jan. 11 webcast, LaRouche, “in a nod to Hamilton on his birthday,” challenged the Congress: “Is this nation, is this civilization going to survive? That’s the fundamental question. Once you understand what you mean by that, and understand what you mean by a solution to that challenge, now you can legislate.” Pictured, Senate majority leader Harry Reid.

creation in the mind of man, and that there is no book, no banker’s pen, which delivers the authority for a nation to develop the credit of its people.

May the Congress, reliving this truth, find such authority, and rise with the courage to apply Hamilton’s “Powers of Congress” in this New Year. The lives of our people and their posterity depend upon it.

1. A Higher Hypothesis

In the years 1779-1781, Washington’s aide de camp Alexander Hamilton candidly reported to leading minds of the new nation concerning the defects and limitations of the system of the Articles of Confederation. He was blunt about the poverty and lack of money to maintain the army, the disparity of the value of the currency, the lack of confidence in allies to obtain loans, and the destruction of the nation’s credit since the beginning of the war. Taxes were diminishing, as many of the

people were without money. Hamilton stated that, without the means to create a lasting ability to cover expenses, securing more loans would only be patchwork. All previous attempts to rearrange the funding had broken down. In a letter in 1779, Hamilton wrote, "The hope of appreciating the money by taxes and domestic loans is at an end. As fast as it could be received, it must be issued in the daily expenditures. The momentary interval between its being drawn out of circulation and returning into it, would prevent its receiving the least advantage."

Hamilton saw the importance of solving this crisis as more than efficiency. He saw that the establishment of American independence would be decided in the more decisive "battle" won, in providing the logistics for the war. He later wrote to Robert Morris, a leading financier, "It is by introducing order into our finances—by restoring public credit—not by winning battles, that we are finally to gain our object. It's by putting ourselves in a condition to continue the war not by temporary violent and unnatural efforts . . . that we shall in reality bring it to a speedy and successful one."

After casting aside and refuting all other partial or temporary efforts, which were being proposed, Hamilton hypothesized a solution. A foreign loan would have to be secured, but with the greater purpose of bringing in the stock of "monied interests" to create a "permanent paper credit." All other plans were futile in giving the government the "systematic credit" it needed.

The paradox facing Hamilton was: Monied interests could make more profit investing their money in trade, than lending it to the Congress at interest, and with greater assurance of payment. How could they be persuaded to loan their money for the security of the Union? Hamilton, on April 30, 1781, wrote to Robert Morris, then recently appointed financier of the Continental Congress, describing his idea, developed over two years, to attract lenders by: ". . . uniting them with those of the public will, on the foundation of that Incorporation and Union, erect a mass of credit that will supply the defect of monied capitals and answer all the purposes of cash, a plan which will offer adventurers immediate advantages analogous to those they receive by employing their money in trade and eventually greater advantages, a plan which will give them their greatest security . . . not only advance their own interest and secure the independence of their country, but in its progress have the most beneficial influence upon its future commerce and be a source of national strength and wealth. . . . I mean the institution of a *National Bank*."

Hamilton, always a student, even as aide de camp, imported the mechanical uses of the bank as simply a place where money goes in and out gaining interest, and transformed it into a "mass of credit," uniting the separate piles of money of private wealthy individuals, and business owners, into a source for *national* wealth. "[It] turns the wealth and influence of both [parties] into a commercial channel for mutual benefit, which must afford advantages not to be

[under]estimated."

Instead of separate pieces of money from wealthy individuals to fill the leaky ship, the bank served to bring the separate resources of the nation to act as one. Putting money into commerce and trade caused the currency to grow strong, and attracted more investment. "It will promote commerce by furnishing a more extensive medium which we greatly want in our circumstances. I mean a more extensive valuable medium. . . . [The] tendency of the national bank is to increase public and private credit. Industry is increased, commodities are multiplied, agriculture and manufactures flourish, and herein consist the true wealth and prosperity of the state."

The bank circulated more money than was held in specie or stock, for monied interests could gain a profit in public contracts. "There is a defect of circulation medium which this plan supplies by a sort of creative power, converting what is so produced into a real and efficacious instrument of Trade," Hamilton wrote.

Creating the "mass of credit" necessary for the bank would put the nation as a whole, rather than each individual state, in debt. But, said Hamilton, this would be a driver to organize the finances of the nation as a single unity. "A national debt, if it is not excessive, will be to us a national blessing; it will be a powerful cement of our union. It will also create a necessity for keeping up taxation to a degree which, without being oppressive, will be a spur to industry."

A Want of Power in Congress

At the same time, in this period, he recognized that if this were not done, the credit of the Confederation would be lost, and so, there was a necessity to procure a more solid confederation, to regain confidence. For the allies abroad had faith in the establishment of independence. But, says Hamilton, the question as to whether the states would stay together, was in doubt. What brought the states independence was a joint action in establishing an idea of sovereignty; therefore, after the war, in peacetime, such an ability to act as a unity, had to be established for the states to prosper.

What was lacking? Hamilton issued bigger calls. His 1780 letter to New York Congressman James Duane began, "Sir, the fundamental defect is *a want of power in Congress*." He elaborated that the states, filled with an excess of their own liberty, ignored the demands of Congress. Congress, diffident toward its own authority, grew timid and indecisive, and "scarcely left themselves a shadow of power." Further, Congress had a want of both sufficient means at their disposal to answer the public exigencies, and of a vigor to draw forth the means. Hamilton noted they had "descended from the spirit of the act of '76." He stated that the danger was, "that the common sovereign will not have power sufficient to unite the different members together, and direct the common forces to the interest and happiness of the whole."

Pointing to the paradox of the moment, he asked, had Congress not done many things the nation cheerfully submit-



The First Bank of the United States, in Philadelphia, was the brainchild of Alexander Hamilton. He wrote to Robert Morris: “It is by introducing order into our finances—by restoring public credit—not by winning battles, that we are finally to gain our object.”

ted to, such as the Declaration of Independence, declaring war, etc.? Hamilton described their situation: “Undefined Powers are discretionary powers,” thus “limited only by the object for which they were given—in the present case, the independence and freedom of America.”

Therefore, the members of Congress, if recollecting the manner in which they were appointed, “should have considered themselves as vested with full authority “to preserve the republic from harm.” Why therefore, should Congress not have applied its authority to financial matters? If certain exigencies were necessary for independence, why should they have lacked such authority?

In addressing the ontological questions, which others refused to recognize, Hamilton initiated the process he would almost single-handedly lead in conspiring, organizing, fulfilling, and defending, for the rest of his life. We must frame “a confederacy capable of deciding the differences and compelling the obedience of the respective members,” he wrote. “If a Convention is called, the minds of all the states and the people ought to be prepared to receive its determinations by sensible and popular writings which should conform to the views of Congress.”¹

1. There is no magic or coincidence in the fact that it was Alexander Hamilton, at the age of 23, who initiated the call for a new Congress and a Convention to create a stronger Constitution. Hamilton did so, fully engaged in the conflict, and leading the cause. So it should come as no surprise that this author, at age 25, and other youth of the LYM are appealing fervently to Congress. We youth, who have assembled from across the nation, are joining Lyndon LaRouche for the purpose of saving this republic; we have a future to create.

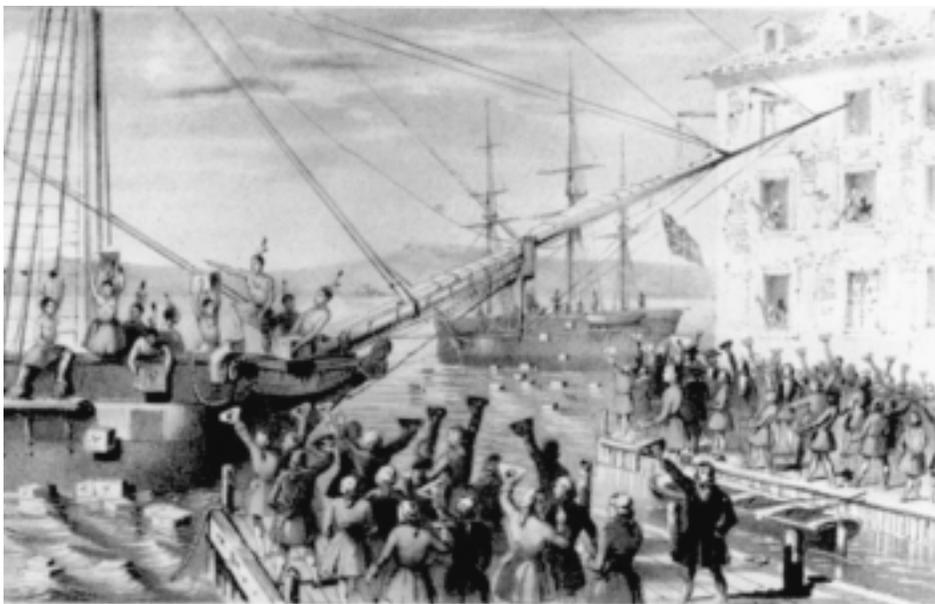
Time Span of Intentions

Hence, summarily, facing the effects of necessities, he hypothesized the causes of those effects, and then generated higher hypotheses that subsumed those predicates; however, to replicate such a sublime feat, we must comprehend the issue of the *time* in which Hamilton thought.

In taking up this immediate situation, Hamilton had greater thoughts on his mind. What was the true cause of the Revolutionary War? Was it simply a question of taxes? What was the cause of the disunity among states? What was the purpose of gaining economic freedom?

Hamilton, only a few years earlier, in his “A Full Vindication of the Measures of Congress” of ’74 and “A Farmer Refuted” of ’75, while serving as the leading intellect in promoting the cause of the Sons of Liberty, answered these questions: “They endeavor to persuade us . . . that our contest with Britain is founded entirely upon the petty duty of 3 pence per pound on East India tea, whereas the whole world knows, it is built upon this interesting question, whether the inhabitants of Great Britain, have a right to dispose of the lives and properties of the inhabitants of America, or not.”

In the “Farmer Refuted,” after relating his opponent’s conception of man to the wicked Thomas Hobbes, Hamilton wrote that, “Good and wise men, in all ages, have supposed, that the deity, from the relations we stand in, to himself and to each other, had constituted an eternal and immutable law, which is, indispensably, obligatory upon all mankind, prior to any human institution whatever. . . . This is what is called the ‘law of nature’ which, being coeval with mankind, and dictated by God Himself, is of course, superior in obligation



The Boston Tea Party, 1773. Hamilton, wrote in the mid-1770s: "They endeavor to persuade us . . . that our contest with Britain is founded entirely upon the petty duty of 3 pence per pound on East India tea, whereas the whole world knows, it is built upon this interesting question, whether the inhabitants of Great Britain, have a right to dispose of the lives and properties of the inhabitants of America, or not."

to any other. It is binding all over the globe, in all countries, and at all times. No human laws are of any validity, if contrary to this; and such of them as are valid, derive their authority . . . from this. . . . The sacred rights of mankind are not to be rummaged for, among old parchments, or musty records. They are written, as with a sunbeam, in the whole volume of human nature, by the hand of the divinity itself; and can never be erased or obscured by mortal power."

It was not Hamilton's wit for memorizing information in his studies, his mastery of the art of money, nor his study of history, which gave him the insights quoted above. Hamilton expressed the same intent shown by his forebears, Cotton Mather, Alexander Spotswood, and Benjamin Franklin, in their discussions of the role of mankind.² It was his *conception of man*: That man is not to be used as a mere beast for another man, nor are whole peoples to be enslaved. So, it was with such a grasp of *natural law*, that, in his mission to establish the first sovereign nation-state, as aide de camp years later, Hamilton recognized the historical significance of the needed "Powers of Congress."

Further, when hypothesizing the cause of the strife between states, and the remedy, he pointed to a more universal crisis. In the letters cited above, he discussed the crisis in terms of ancient Greece, with its many city-states that failed to unite, and were eventually taken over and dissolved. He reminded the reader of the dissolution of the Swiss Cantons, and the German Diet which fell apart. Hamilton, in reference to the Greeks, and other civilizations, had something more in

mind: not just winning the war, but the future for civilization as a whole. He saw himself, at the same time, solving a practical problem that went back 2,000 years; like all great minds, in all periods of history, past, present, and future, he lived in multiple "times" at once.

Conspiracy

In the Spring of 1781, Hamilton left Washington to involve himself entirely in what he knew was the more important and longstanding battle of the country, to organize the "Federal Government" to realize its authority, and prevent what he saw as the sure dissolution of the union of states after the war. He intended to create a Congress that could guide a nation, rather than tragically doomed states.

By July, seeing the Congress's failure to realize such change, Hamilton moved to organize a broader audience in the Fishkill *New York Packet*, in a series of articles entitled, the "Continentalist Papers."

He began the series stating that there is a "WANT OF POWER OF CONGRESS," that the current ideas guiding our Congress are not "enlarged and suited to the government of an INDEPENDENT NATION." Reviewing a current conflict in which states were blaming the Federal Government for their disputes, he made clear the fault was theirs. In the Third paper, he asserted that if the "FEDERAL GOVERNMENT SHOULD LOSE ITS AUTHORITY, we would most certainly fall apart." The states were not complying with the demands of Congress, even in times of war. The Congress's greatest mistake was too much "readiness to make concessions of the Powers implied in its original trust." Only an organization of all the resources of the whole guided by a prevailing Congress could "preserve us from being a CONQUERED PEOPLE now, or

2. H. Graham Lowry, *How the Nation Was Won; America's Untold Story, Volume 1, 1630-1754* (Washington, D.C.: Executive Intelligence Review, 1988).



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This monument in the city of Chicago, depicts Gen. George Washington (center) flanked by the two leading financiers of the Revolution, Hyam Salomon (left) and Robert Morris. It was Morris who joined with Hamilton to provide the funds for the establishment of the Bank of North America which funded Congress before the Constitution was established.

make us a HAPPY PEOPLE hereafter.”

After outlining this general need to augment the POWERS OF CONGRESS, Hamilton moved to outline specifically what objects they concerned. Echoing his letter to James Duane, he listed the power to regulate trade, and the power of taxation, as primary. Without these, said Hamilton, the “FEDERAL GOVERNMENT can neither have dignity, vigor nor credit. CREDIT supposes specific and permanent funds for the punctual payment of interest, with a MORAL CERTAINTY of a final redemption of the principal.”

Hamilton’s idea to ensure “credit” was, that while the necessity would arise to appropriate long-term funds, it were better to restrain running such debts, except on the condition that Congress would appropriate funds for paying the principal and interest. As Hamilton said, “such a restriction is serviceable to public credit.” This, along with needed funds for the Bank of North America, having just then been incorporated in Philadelphia by Robert Morris, in conspiracy with Hamilton, made it imperative that Congress have such Powers.

In the following Summer, Hamilton made clear, in the fifth and sixth papers, that to obtain such funds, required a *regulation of trade*. He demonstrated beyond all doubt, the necessity of Congress to regulate trade, externally, as well as between states. Hamilton takes a shot at the followers of Adam Smith at the time: “There are some, who maintain, that trade will regulate itself, and is not to be benefitted by the encouragements, or restraints of government. Such persons will imagine, that there is no need of a common directing power. This is one of those wild speculative paradoxes.” Hamilton developed a thorough account of the superiority of a top-down organization of duties between the states rather

than each state viewing the economy from its individual standpoint, and, in what is reminiscent of his later 1791 piece on Manufactures, states the benefits such regulation would have: “People lose sight of obvious facts like the mutual benefit of manufactures and agriculture when seductions of some immediate advantage or exemption tempt us to sacrifice the future to the present.”

However, the residue of prejudice and backwardness was thick, and some hoped that with the war over, the states could dispense with providing funds for Congress altogether. Addressing such dangerous incompetence, Hamilton ironically wrote: “It is of importance to unmask this delusion and open the eyes of the people to the truth. It is paying too great a tribute to the idol of popularity to flatter so injurious and so visionary an expectation.”

To achieve such an active use of the “implied powers” that were being conceded to the states, and realize the full breadth of his hypothesis, only two weeks after penning his final “Continentalist” essay, Hamilton travelled to lobby state legislators in Poughkeepsie, New York. The legislators adopted his resolutions for Congressional taxing power and the very convention he’d called for two years back. Inspired by Hamilton’s educated passion, the legislature chose Hamilton as one of five representatives of the New York delegation to the Continental Congress. However, his visit to the state legislature gave him a first-hand experience of the tragedy of “democracy.” In a letter to his comrade Morris, he wrote, “The inquiry constantly is what will please, not what will *benefit* the people. In such a government there can be nothing but temporary expedient, fickleness, and folly.”³

3. Ron Chernow, *Alexander Hamilton* (New York: Penguin, 2004).

He was ahead of all the rest in moving toward what needed to be solved for the future, and took full responsibility. In a letter to his dear friend John Laurens, Hamilton wrote of his determination to take on what he uniquely, out of every individual in the states, had the strength of intention to take on: the false assumptions of the people: "Peace made, My Dear friend, a new scene opens. The object then will be to *make our independence a blessing*. To do this we must secure our *union* on solid foundations; an Herculean task and to effect which mountains of prejudice must be leveled!

"It requires all the virtue and all the abilities of the Country. Quit your sword my friend, put on the *toga*, come to Congress. We know each others sentiments, our views are the same: we have fought side by side to make America free, let us hand in hand struggle to make her happy."⁴

1.1 The Master Statesman

In May of 1786, Hamilton was appointed to the Annapolis Convention (the gathering which was called the Constitutional Convention), concerning "trade and commerce, [to] decide a uniform system of regulation."

Then, at the July 6 Constitutional Convention in Philadelphia, Hamilton turned the issue of trade and commerce, which he had mastered more skillfully than anyone, into a cause célèbre for an "adjustment of the other parts of the federal system."⁵

The convention for which he'd been organizing for six years, was now finally in process.⁶

4. Later, in 1784 Hamilton would as a lawyer, defend the nation against the Jacobin-like tyranny of the mob, which cried, unlawfully, to steal the land of Tories in New York. Hamilton, as a defense lawyer for these Tories, saved the credibility of our peace treaty, which he was involved in writing. In his "Letters of Phocion" to the people of New York, he applied the lessons of statecraft of the Leibnizian, Emerich Vattel's *Law of Nations*. And so, Hamilton stood, as if on a plain above the rest, in dialogue with immortal minds. (See the *Papers of Alexander Hamilton*, Vol. 3.)

5. Hamilton wrote, representing the convention, which he certainly had a hand in organizing, "Your commissioners, with the most respectful deference, beg leave to suggest their unanimous conviction, that it may essentially tend to advance the interests of the union, if the States, by whom they have been respectively delegated, would themselves concur, and use their endeavors to procure the concurrence of the other States, in the appointment of commissioners, to meet at Philadelphia on the second Monday in May next, to take into consideration of the situation of the U.S. to devise such further provisions as shall appear to them necessary to render the constitution of the federal government adequate to the exigencies of the union; and to report such an Act for the purpose to the U.S. in congress assembled, as when agreed to, by them, and afterwards confirmed by the legislatures of every state will effectually provide for the same."

6. At the convention, his speech reflected the letters discussed here: To stem the anarchy and tyranny of "popular opinion," that threatened to push the states toward the folly of ancient Greece, it was necessary to create a Union organized on the guidance and deliberation of learned men, rather than mob rule of the masses, as Plato outlines democracy in Book Eight of the *Republic*. Although there is no transcript of his speech, but only notes, it is clear that it reached the height of his 1779-82 letters concerning the failures of other civilizations, and how the causes point to changes that were needed. Further,

In the Fall of 1787, after the Convention, Hamilton organized the project of the *Federalist Papers*, to ensure the ratification of the "Powers" he knew civilization and the *existence of a Union* depended on. Hamilton used the distilled principles, deliberated on over the Summer, as a measuring-stick for the continuing problems of the nation.

As he had sought to create a nation in fact, more than just form, on Dec. 28, he wrote Federalist No. 30, stating that the Federal government must not only embrace the national forces, but must also embrace the national debt, and for this, it must have a general power of taxation; what he called the "indispensable ingredient."

Hamilton had outlined this for nine years; however, here he demonstrates the concepts as a master of statecraft. The key to understanding the "Powers of Congress" today, is the exposition of Nos. 30-36; Hamilton says of them, "the principle developed here concerning taxation, is applicable to all other powers in the constitution" (even for the removal of the President of Vice!).

The misconception of the states, was that *their* needs were comparable to those of the Federal government, and therefore, inside the prejudice of their individual "survival of the fittest" mentality, they argued for maintaining a monopoly on internal trade and taxation.

Hamilton saw beyond the immediate crisis, with the debt-burdened states, and beyond the immediate border and trade conflicts. He saw the cause of their conflicts, and so, rather than weighing their individual protests, including unreasonable objections which had no basis in reality, Hamilton wrote that the protest of the states against unlimited objects of taxation, violated the "fundamental maxim of good sense and sound policy," that, "Every *power* ought to be in proportion to its *object*." Hamilton understood that government must be able to provide for the present *and* future exigencies of the union, the latter undetermined. Therefore, remaining dependent on any particular ability, such as commercial imposts, renders it impotent in regard to its Power.

Method of Approach

Sound like common sense? From Dec. 29-31, 1787, Hamilton was focussed on the question: What was preventing the state from recognizing such a "maxim of good sense"? As he posed the question: "Who can pretend that commercial imposts are or would be alone equal to the present and future exigencies of the Union?" For something so seemingly demonstrable to be confused as such, he understood, it had to arise from those other prejudices. However, the states, caught up in their own populism, could not conceive the idea of the *Union* he proposed. It were as if, in today's language, he asked, "What don't they get?"

only months later, in Federalists 18-21, he makes a more in-depth, but similar review. Considering this, Jefferson's slander can be labelled what it is: garbage.



President George Washington presiding over the Constitutional Convention of 1787 in Philadelphia. In this painting, Hamilton can be seen, seated in the center, leaning over the shoulder of Benjamin Franklin.

On the dawn of a New Year, Hamilton rose, thinking “Aha!” and, as if in a flash of insight, he wrote Federalist No. 31, reasoning thus:

“In disquisitions of every kind there are certain primary truths or first principles upon which all subsequent reasonings must depend.” Commanding the assent of the mind, Hamilton continued, these principles are only *not* utilized to the extent there is a “disorder in the organs of perception, or from the influence of some strong interest, or passion, or prejudice.”

Hamilton realized on New Year’s Day, in 1788, that what was at the core of the problem, was an inability to conceptualize the “idea” of a nation, that the Powers were not rules, but akin to discovered scientific *principles*.

He continued: “Of this nature are the maxims in geometry,” that “the whole is greater than its parts; that things equal to the same are equal to each other, that two lines cannot enclose a space. . . .” The nature of maxims in politics and ethics: “There cannot be an effect without a cause; that the *means* ought to be proportioned to the *end*; that every *power* ought to be commensurate with its *object*; that there ought to be no limitation of a *power destined to effect a purpose which is itself incapable of limitation*.”

If geometry can conceive of such “abstruse paradoxes” as the “infinite divisibility of matter,” why cannot men in politics conceptualize such grand ideas?

Hamilton realized that it is not the depth of the particular *object of concentration*, such as “indefinite taxation,” that leads truth to be cloaked in paradox, but the fact that men, “far less manageable,” become obstinate, and perverse in their own prejudice. “Men, upon too many occasions do not give their own understandings fair play; but, yielding to some untoward bias, they entangle themselves in words and confound

themselves in subtleties. How else could it happen that positions so clear as those which manifest the necessity of a general power of taxation in the government of the union, should have to encounter any adversaries among men of discernment?”

He added that such perversity of thinking brings us to an “unfathomable abyss, out of reach of all reasoning. Imagination may range at pleasure till it gets bewildered amidst the labyrinths of an enchanted castle and knows not which side to turn. . . .”

Hamilton’s thinking is reminiscent of Kepler’s refutation of Ptolemy, Copernicus, et al., who, he says, did “not give their own understandings fair play; but, yielding to some untoward bias” of circular orbits and an equant, entangling themselves in a labyrinth of epicycles. As Lyndon LaRouche has advised, the *method of thinking* required for economics is primary in managing an economy. Hamilton would concur.

Hamilton here, in demonstrating the Power of Congress, undertook the “Herculean task” of refuting the backwardness, and in some cases, sophistry, of his opponents. Hamilton thought as did the great scientists, with a Leibnizian conception of man, following his guide, Reason.

‘Necessary Means’

As it was a misconception of the *nature* of Powers, Hamilton *used* this misconception to demonstrate what method the use of them requires.

The biggest objection to taxation, Hamilton wrote in No. 33, was the last clause in Article I, Section 8 of the Constitution, which states that Congress may have Power “to make all laws that shall be necessary and proper for carrying into Execution the foregoing Powers.”

The Powers of Congress From the U.S. Constitution

Preamble

We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.

Article 1

Section 8.

The Congress shall have Power to lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States; but all Duties, Imposts and Excises shall be uniform throughout the United States;

To borrow Money on the credit of the United States;

To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes;

To establish an uniform Rule of Naturalization, and uniform Laws on the subject of Bankruptcies throughout the United States;

To coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures;

To provide for the Punishment of counterfeiting the Securities and current Coin of the United States;

To establish Post Offices and post Roads;

To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;

To constitute Tribunals inferior to the supreme Court;

To define and punish Piracies and Felonies committed on the high Seas, and Offences against the Law of Nations;

To declare War, grant Letters of Marque and Reprisal, and make Rules concerning Captures on Land and Water;

To raise and support Armies, but no Appropriation of Money to that Use shall be for a longer Term than two Years;

To provide and maintain a Navy;

To make Rules for the Government and Regulation of the land and naval Forces;

To provide for calling forth the Militia to execute the Laws of the Union, suppress Insurrections and repel Invasions;

To provide for organizing, arming, and disciplining, the Militia, and for governing such Part of them as may be employed in the Service of the United States, reserving to the States respectively, the Appointment of the Officers, and the Authority of training the Militia according to the discipline prescribed by Congress;

To exercise exclusive Legislation in all Cases whatsoever, over such District (not exceeding ten Miles square) as may, by Cession of particular States, and the Acceptance of Congress, become the Seat of the Government of the United States, and to exercise like Authority over all Places purchased by the Consent of the Legislature of the State in which the Same shall be, for the Erection of Forts, Magazines, Arsenals, dock-Yards, and other needful Buildings;—And

To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof.

Hamilton said, that this was objected to “as the hideous monster whose devouring jaws would spare neither sex nor age.” Understanding the core failure of thinking here, is of utmost importance today. Hamilton pointed out, that ironically, the cause of such distress, this clause, *was already implied*.

“What is a power, but the ability or faculty of doing a thing? What is the ability to do a thing, but the power of employing the means necessary to its execution? What is a LEGISLATIVE power, but the power of making LAWS? What are the *means* to execute a LEGISLATIVE POWER, but LAWS? What is the power of laying and collecting taxes, but a *legislative power*, or a power of *making* laws, to lay and collect taxes? What are the proper means of executing such a power, but *necessary* and *proper laws*?”

The authority of the national legislature to pass laws falls in the context of “expressly” carrying out the Powers, and therefore, it is laws of this kind which are “necessary.”

Rather than those who could only think in terms of mechanical rules, Hamilton thought of the creation of the means, the measures, such as the passing of “necessary” laws, as the true creative effort of legislation. The means reflect the process of problem solving. They are the object of creativity, but not the object of the Power. The Power is the point of departure for the Congress, but the means are not objects and ends; they are not predetermined.

The laws are not literally defined, but must express the intention of the Powers, derived from the Preamble to the Constitution. The means are the application of a Power in specific moments in time, but which express the infinite exten-

sion of principle; predicates which reflect the substance. As Leibniz might add: A legislator whose *concept* of the true substance of the Constitution is most clear, would pass laws expressing the “principle of perfection.”

Such creative effort is required to maintain a nation, creativity to grasp the Powers as scientific principles.

Accounting for the Mind of Man

Having demonstrated the nature of Powers, with the crucial method involved in the implication of all “necessary” means, Hamilton laid down further implications on Jan. 4, 1788, in Federalist No. 34.

Underscoring that exigencies of the states would move to a “narrow compass,” once the Federal Government assumed the war debts, while the nation’s were of a vaster scope, Hamilton wrote:

“We must bear in mind that we are not to confine our view to the present period, but to look forward to remote futurity. Constitutions of civil government are not to be framed upon a calculation of *existing exigencies*, but upon a combination of these with the *probable exigencies* of ages, according to the natural and tried course of human affairs. Nothing can be more fallacious than to infer the extent of any power, from an estimate of its immediate necessities. THERE ought to be a CAPACITY to provide for future contingencies as they may happen; and as these are illimitable in their nature, it is impossible to safely limit that capacity.

“In framing a GOVERNMENT for *posterity* as well as ourselves, we ought, in those provisions which are designed to be permanent, to calculate, not on temporary, but on *permanent causes* of expence.”

Simply accounting for how much revenue is required to maintain payments for a certain period of time, is a folly.

Socratic Rigor

A point must be made concerning the rigor with which Hamilton, like Kepler, takes the reader through every false assumption. Only those patriots committed to the happiness of the Union, can take on the challenge as Hamilton did, to create a system dependent on the *deliberation* of man to organize an *intention* of men; a system dependent on no mechanical measures, but measures found in the reasoning of man. So it was, that Hamilton led the way in creating a constitution operating on principles, and not mere rules. As Hamilton wrote: “Everything beyond this must be left to the prudence and firmness of the people; who, as they will hold the scales in their own hands, it is to be hoped, will always take care to preserve the constitutional equilibrium between the general and the state governments.”

Hamilton shaped the Constitution in such a way, that it can not exist without those committed to the “general Welfare,” as Hamilton was. The principles must be rediscovered in each generation. And therefore, as Hamilton crafted it on the basis of this principle, it is therefore the case that the Constitution

only “works,” if those guiding it think in terms of “final causes,” and are able to discuss the ideas on those terms. The “general Welfare” only exists in the minds of those who can understand scientific principle.

What Hamilton communicated to future generations, is that the crucial thing is the passion, not merely to convince others that you are correct by achieving the resulting action of your point being delivered, or enacted by authority, but to make available the discovery of a truth to others. Such thinking of Hamilton, makes the Powers of Congress re-discoverable today.

This underscores the point, that it is one’s relationship to the joy of Plato that allows one not merely to win arguments of principle, but to achieve in moving civilization steps, if not leaps, forward. It is only when man does his measuring in the time span of hypotheses, that knowable progress can be made.

2. A Medium for Natural Law

In 1779, Hamilton had elaborated the need for establishment of the public credit if the nation were to survive. He had fought with his whole being for years to unite the broken Union. As he said in the final Federalist paper, “The establishment of a constitution, in time of profound peace, by the voluntary consent of the whole people, is a PRODIGY, to the completion of which I look forward with trembling anxiety.”

Now, with the Constitution ratified, and as the first Treasury Secretary, he had the full scope of his Powers to save the credit of the U.S., by getting the national government to assume the debt of the states. What he’d masterfully proved and won through reason, was now an instrument for application; with the apparatus of the Constitution, applying the very Powers he’d argued for in the Continentalist papers, Hamilton performed his first experiment: the creation of a national debt.

In January 1790, Hamilton issued to Congress his *Report on Public Credit*. Creating a national debt allowed the new Union, once the Constitution was ratified, to turn from acting in theory, and become in truth a unified nation. The national debt began the process by which the Federal government could utilize the national system of taxation, internally, and externally, thus promoting trade and manufacturing, and saving our credit.

The First Experiment

Hamilton began his Report, with the caution that while it is necessary to borrow, it should be done on good terms. Therefore, securing the public credit had to be done by making punctual payments to creditors. Establishing credit would accomplish much for the nation; it would serve to: “promote the increasing respectability of the American name; to answer the

calls of justice; to restore landed property to its due value; to furnish new resources both to agriculture and commerce; to cement more closely the union of the states; to add to their security against foreign attack; to establish public order on the basis of an upright and liberal policy.”

Furthermore, wrote Hamilton, creating an allocation to fund the national debt, creates at the same time a credible currency, making public stock and debt serve as the equivalent to specie for the purposes of money. From this, flow the true benefits of credit, that large amounts of capital for industry and trade become available since stock brings interest rather than simple payments in the form of money. Hamilton created a currency that could support development, rather than a mere money exchange.

During the war the challenge was to get each state to send money to Congress; now, in peacetime, with each state attempting to collect money to pay its own debt, the states were even worse off. They protested that they would be better at paying it themselves, so they shouldn't have to bear the Congress collecting taxes. Ironically, the states couldn't *collect* their own taxes to pay their debts as well as the Federal government.

Hamilton found that the total of state debts came to \$4,587,444, which to manage, when also paying interest on foreign and other loans, and maintaining service of the present expenses of government, necessitated the first real use—the test-run—of Article I, Section 8: taxes on luxury items. He moved to pay the interest on the foreign debts with the duties on wine, tea, and coffee. In the first U.S. Administration of President George Washington, Hamilton used the Power to collect taxes, and to construct lighthouses for the Coast Guard to be able to collect the duties on imports and exports.

As he wrote in his 1790 *Report on Public Credit*, “Persuaded as the Secretary is, that the proper funding of the present debt, will render it as a national blessing . . . that he ardently wishes to see incorporated, as a fundamental maxim, in the system of public credit of the U.S., that the creation of debt should always be accompanied with the means of extinguishment. This he regards as the true secret for rendering public credit immortal.”

Re-Discovering the *Nation*

Concerning Hamilton's words, something must be added: Hamilton said he was not of the opinion of those who say public debt is a public blessing. Think of those scoffing at Hamilton today, who say sarcastically, “Yes, all this debt is a blessing.” To him I say: “Fool! What meaning did the term *nation* have when uttered by Hamilton? Thus, what did he mean, by *national* debt?”

The discovery of the word *nation* is similar to the discovery of Kepler. In most dictionaries today, the word *eccentric*, referring to astronomy, is defined as *not circular*. Astronomical dictionaries go further in saying, that *eccentric* means, *not a circle, but elliptical*. Or *eccentricity* is defined as the amount

a figure varies from a circle. However, the word *eccentric*, in Kepler's *New Astronomy*, means neither. *Eccentric* meant that the object of reference for the orbit, was not in the center. The *eccentric* was the path of the planet, which was circular, on all accounts. It was only after the fact of Kepler's discovery, that the *eccentric* was proven to be elliptical, and not circular.

Think now of the context in which Hamilton's 1781 National Bank paper was submitted. Read the Declaration of Independence. Notice the phrase, “We declare . . . these to be Independent and Free States. . . .” The states were not recognized as a unity, and the leaders had no authority to operate as one. The Continental Congress, in writing the Articles of Confederation, left out the needed Powers. Later, Hamilton, in the middle of the Revolutionary War, as aide de camp to Washington, assuming the responsibility as a veritable continental financier, *discovered*, what the failures of the present system were.

As Hamilton said in the last of the Federalist papers, “A **nation** without a **national** government, is, in my view, an awful spectacle.” The debt in itself was not useful, but creating a nation that could maintain a debt, through a *national* government, implied the re-organization.

2.1 Geometry of the National Bank

Having saved our credit, Hamilton then moved to create a medium in which a *national* system of economy could be governed, leaving behind the former entropic Bentham-like price competition among states.

The National Bank, as he introduced it in his *Report to the Congress*, on Dec. 13, 1790, would house the *national* debt. He put the motion to the Congress, that the creation of a National Bank would be of the “greatest utility in the operations associated with Public Credit” in the organization of the nation's finances. The bank provided the quality of organization necessary to finalize the system of taxation. It would create a new medium with which currency could be collected, that is, rather than a tax in kind, or specie, taxes would be collected in Treasury bills, generated from stock and public debt. The currency expressed in its *practical* use, the form of a loan from banks, collecting interest as money, while invested in commerce and trade. However, in its *principled* use, it expressed the nation's intention to develop.

This, therefore, allowed for the Powers in Article I, Section 8, although infinite in potential, to take form in actuality. The Powers to borrow money, to lay and collect taxes, to regulate trade, now had a mode of operation through the coordination of the National Bank; with the National Bank, the ability to apply long-term thinking to the pecuniary exigencies of the nation became the driver. With the Public Credit established, as debts were set to be paid, the nation became a place for investment through trade and commerce, all the more strengthening the currency. At first, the nation would have to go into debt in order to gather the money for the bank.



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Washington at Valley Forge (by E. Percy Moran). During the War of Independence, Hamilton, while serving as aide de camp to General Washington, assumed responsibility as a veritable continental financier.

But, as he said to Robert Morris in 1781, and in his 1790 *Report on Public Credit*, such debt in this case would, in transforming the concept of a *nation*, into an active process, be a blessing. While providing for the pecuniary exigencies, it would also be building a national economy.

Sovereign Powers

His 1790 Report offered many benefits, but a cry of alarm arose from James Madison in the House of Representatives. He said the bank was unconstitutional, because there were no specified Powers in the Constitution allowing the Federal government to form corporations. In January and February of 1791, a great debate occurred in the House, led on the opposing side by James Madison, and in defense of Hamilton, Fischer Ames. Once the bill passed on Feb. 8, Madison, joined by Secretary of State Thomas Jefferson and Attorney General Edmond Randolph, went to work pressing President Washington to veto it. Washington forwarded their complaints to Hamilton, who had only a week to reply before Washington had to sign or veto. According to his Hamilton's wife, on the morning he delivered the essay to Washington, he had worked straight through the night and into the morning without sleeping. After reading it, Washington signed it without discussing the matter with Jefferson.

Hamilton, echoing the same genius of reason of his Federalist papers on taxation, succinctly outlined the nature of what is constitutional, and then, using *that* as a measurement, proceeded for 20 pages to expose every single argu-

ment as riddled with false assumptions.⁷

Hamilton said the objections of the Secretary of State against a power of incorporation, would be fatal to the indispensable "*authority*" of the United States. He had led the fight in creating such authority: "The manifest design and scope of the constitution is to vest in Congress all the powers requisite to the effectual administration of the finances of the U.S."

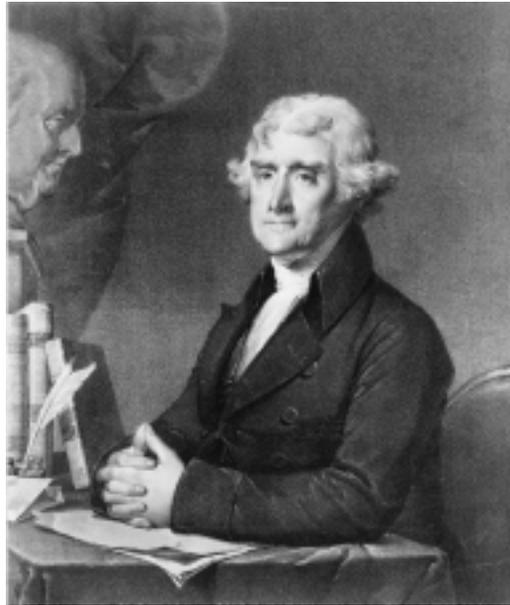
Having conspired to create this specific set of Powers for ten years, he captured their essence with superhuman precision, in a few sentences: "This *general principle* is *inherent* in the very *definition of government* and essential to every step of progress to be made by that of the U.S.—namely, that every power vested in a GOVERNMENT is in its nature *sovereign*, and includes by *force of the term*, a right to employ all the *means* requisite, and fairly *applicable* to the attainment of the *ends* of such power. . . .

"The powers of the Federal government as to its *objects*

7. Here in carrying out the application of Constitutional powers, in the creation of the bank he had first hypothesized in 1779, when the nation's credit was held hostage by the states, he had *once again* to argue against the ignorance and backward understanding of those concerns of people, expressed by Jefferson. In fact, what is absolutely tremendous, is that the very protest before the ratification which Hamilton discussed in Federalist No. 33 as the "hideous monster," the sweeping clause, is the very one which Jefferson couldn't understand. Hadn't Hamilton already won this argument in the *Federalist Papers*? It is with such sublimity, infinite passion, it must be viewed that he fought through, once again, to implement the principles he'd won.



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Among the leading opponents of Hamilton's Bank were Secretary of State Thomas Jefferson (right) Attorney General Edmond Randolph (top left), and Congressman James Madison. But President Washington signed the bill authorizing the Bank in 1791, over their strenuous objections.

are sovereign. . . . The power that can create the supreme law of the land, is doubtless sovereign in this case." It is "incident of sovereign power" to erect corporations "in relation to the objects intrusted in the management of government."

Hamilton, echoing Federalist No. 33, defined the corporation, functionally, in the context of the principles organizing the nation. He called it an instrument, a mean for carrying into execution a Power. Therefore, the only question as to constitutionality was: Did the mean, in this case the corporation, have a natural relationship to the object or end of government?

Did it have a relation to organizing the taxes of internal and external trade? Did it aid the Federal government, in regulating the objects under its province? Hamilton said, "It is incident to a general sovereign or legislative power to regulate a thing, to employ all the means which relate to its regulation and to the best and greatest advantage."

Danger of Empiricism

What were the axioms which got in the way of such clear Socratic rigor?

As Hamilton had said in Federalist No. 31, "Men, upon too many occasions do not give their own understandings fair play; but, yielding to some untoward bias, they entangle themselves in words and confound themselves in subtleties."

In this case, central to the cause of Jefferson's "untoward bias," was treating the corporation as an object of sense perception, an "independent, substantive thing," a "political end," when in fact, it is truly a "quality, capacity, means

to an end." Is an association of people gathering together to form capital an object of commerce, an end? Or is it a means necessary for the government to carry out its Power of laying and collecting taxes? Clearly, reason would suggest, that incorporation of that association is merely an added "quality," or "capacity" to the association.

The Attorney General himself claimed that the disposal and regulation of money (i.e., the corporation) was itself a "final cause," and therefore not a mean. Hamilton replied, "the support of government, common defense, and payment of public debt, are the true 'final causes' for raising money." Hamilton made the point further, saying, "the welfare of the community is the only legitimate end for which money can be raised on the community."

Jefferson thought the only "necessary" laws, referred to laws that "without which the grant of power would be nugatory." Hamilton's reply to the in-

jectiveness of their definitions of the case, demonstrates once more his ability to comprehend how a principle could act on the whole, while expressing itself differently in each particular location, and, while not necessarily definable before hand, is subject to reason afterwards. Lacking such purpose and mind, Jefferson and others thought of mechanical objects and fixed circumstances, trying to decide every case literally, leaving no latitude in the Federal government's exercise of its Power.

Constitutional Power in Action

If the end be closely comprehended within any of the specified Powers, and if the measure has an obvious relation to that end, is it forbidden by the Constitution? Rather, it is within the compass of the national authority. Hamilton made explicit what was implied, capturing the ontological nature of the thinking required:

"The relation between the measure and the end, between the nature of the mean employed towards the execution of a power and the object of that power, must be the criterion of constitutionality, not the more or less of necessity or utility." (See box on the "Geometry of the Constitution.")

The corporation is not the object. The object is taxation. The object is duties. But the means are the process which construct the end. To state the corporation as an end, is like saying there is no Power, no principle, but only a rule to do another thing. Isn't this like saying, that the Power to collect taxes would not exist, but only a procedure to be followed in collecting taxes? The Power implies the ability to pass laws

Geometry of the Constitution

Hamilton wrote, in “The Constitutionality of the National Bank”:

“The relation between the measure and the end, between the nature of the mean employed towards the execution of a power and the object of that power, must be the criterion of constitutionality, not the more or less of necessity or utility.”

Perhaps it were a useful metaphor, and one which the author could not refuse to entertain, that such language appears to be akin to Pythagorean Geometry. The square root of 2 is not an object, nor definable as such. It is only conceived as a *relationship*, the very idea of a *mean* implies a relationship with the end, and the unseen Power guiding the process.

So it was that Theatetus conceived of the unseen power, bounding the process of construction. So the

National Bank is an expression of the unseen power to provide for the general welfare organizing the pecuniary exigencies of the nation. It is the way in which the general welfare principle manifests itself in actuality. The Power to double any square, implies the ability to construct all the geometric means to create the object of the doubled square. If the square is doubled three times, that power of doubling implies the ability to “construct” such means. So the object of the doubled cube is generated by a Power of cubing, but requires multiply connected actions, that is, a process of means—for example, the square root of 2 and 4. The means must be in proportion to the end.

Such are constitutional means. If the means are lawfully constructed, they will effect the object of the Power. It is thus not an approximate more or less, in how close, as one would define the square root of two as 1.4343434, etc., but it is understood in a principled relationship! The proportional relationship is the criterion “not the more or less of *necessity or utility*.” (For graphics, see <http://wlym.com/antidummies/part42/html>.)—*Michael Kirsch*

necessary to carry out a principle.

The means are the process of change, and the responsibility of GOVERNMENT to come up with the challenge of carrying out its Powers. To abandon this responsibility, as in rejecting the corporation, as a mean, is really to be a non-creative person, to act immature as to the necessary creative input by every successive Congress. For the passing of necessary laws is always the discretion of each Congress, and the substance of creative effort. The Powers that were ratified in 1789, need creative people to carry them out. Such is the issue of “means” and why they should be implied.

Why are Powers confused with rules? Clearly, the understanding that Congress’s Powers are a basis of principle for mankind, is an understanding only earned by recognizing the *thinking* which developed the principle. How else could the false opinions be overcome, such as those dooming our nation today? If readers think for a moment, they could ask for no greater opportunity, than to carry out such Socratic rigor with their fellow representatives of the people and the people themselves, for it was such dialogue for which the nation was created, a nation which would be guided based on reason, rather than arbitrary will. But with the freedom from the latter, comes the responsibility of the former.

2.3 A Lesson for Today

After a painstaking refutation of every axiom of Jefferson and the Attorney General: “and there results a full and complete demonstration, that the Secretary of State and Attorney General are mistaken, when they deny generally the power of the National Government to erect corporations,” Hamilton then elaborates the constitutional relation of the Bank to its

functions for the economy. Hamilton outlined for Washington exactly how his bill would be applied, and the construction of the bill, from the standpoint of the Constitution.

As the Bank is constitutional in all its relations with the Power of Article I, Section 8, how did it work, what were its benefits? Hamilton provided a useful lesson.

A bank is an association of persons for the purpose of creating a joint capital in loans. The bill added to this, that the government, being a joint proprietor, permitted bills of the bank to be co-payable on demand and receivable in revenues.

In its lawful relation to taxes, it increases the quantity of circulating medium, and the speed of circulation. Furthermore, as the Congress has the Power to collect taxes, it is necessary to designate what medium the taxes will be paid in; the government decided the more convenient medium was created with the Bank! By creating a medium of credit, the taxes were more readily collected as loans were greater, at less interest, since interest could now be used, i.e., stock and public debt, as a form of payment.

In relation to the payment of taxes, since the government decided they should be *paid* in Treasury bills, the form in which to *issue* those bills was discretionary. Perhaps an association of officers should direct the issuance of bills; in order to increase the credibility of the currency and increase the circulation, the government might decide to give the officers a special fund to direct, besides just the taxes. Setting apart a given sum out of the Treasury, they created a special fund to answer payments of the U.S. This would constitute the creation of a Bank; it would give gold and silver a chance to acquire life and gain a productive quality. It allowed the Fed-

eral government to partake in the organized operations of loaning and borrowing more than it had in specie, as banks do, but for a purpose much grander than any one bank. Such a bank, as this fund is put under the direction of private individuals for the purposes for greater security, utility or convenience, would constitute a corporation.

In relation to the regulation of trade, it created a convenient medium of exchange, more suitable than “merely gold and silver, and other things that have served the purpose with different degrees of utility.” It created a full circulation by preventing the frequent displacement of these metals in reciprocal remittances.

In creating a national bank, a *national* debt could be managed. An organization of taxes, and a like creation of a medium for taxation, could be used to not only pay the debt over time, but to utilize the resources of the nation as a single unity.

When Money Is Not Money

Hamilton used some of the valuable mechanics of banking functions such as interest, while altering their context. Hamilton changed the value of money as a medium of exchange of goods, to directed credit. Now, instead of mere private interest, the bank was used to create a currency based on interest, a currency *embedded* in the intention of government.

Only a currency embedded in the intention of government has lasting value, and an ability to organize a nation-state economy, because without government direction of the economy there is only private wealth. Such a currency is no longer money but represents the “blood flow” of the nation.

In other words, the money in a national bank is incommensurable with the money in a mere private central bank. It’s the difference between a nation-state and an oligarchy.

Such a bank is truly an idea, not an object of commerce, as misguided patriots assumed. However, it took a higher mind to conceptualize a modern nation-state economy built on the principle of the general welfare.

In his time, many accused Hamilton of trying to import “Old Europe” with his banking. In reality, Hamilton utilized the mechanics, and forced money and banking to bend toward the intention of humanity. So here, Jefferson, and other terribly misguided patriots, were trying to keep the economy strangled without money, dependent on an oligarchical system of gold, silver, and bartering, that would in effect, impose “Old Europe” upon them; Hamilton had mastered the science of money, in order to move civilization beyond such “infancy,” and establish a system based on the general welfare.⁸

8. As LaRouche wrote in “Saving the U.S. Economy (*EIR* Nov. 24, 2006): “The essential systemic difference between the Anglo-Dutch Liberal and American System of political-economy, has been the sovereign control of utterance and circulation of currency, under the American System of political-economy, as opposed to the intrinsically imperialist Anglo-Dutch Liberal system of reign over banking practices of nations by so-called ‘independent central banking systems.’

“Any government which submits to control of its practices by consent of

Indeed, with his bank, Hamilton created the necessary medium, in which an economy could develop without the chains of the old money system. Hence it is clear, the basis of modern economics was, and still is today, impossible without putting these principles of policy into action. Without the Powers of Congress in Article I, Section 8, *understood as Hamilton understood them*, there is no possibility of a national government providing for the exigencies of the nation.

Hamilton’s system was necessary for physical economy to be developed. The policies set by government must be done with the understanding of creating the medium in which the dynamics work. Physical economy is only possible, if the intention of the policy is correct. To “account” for the mind of man is truly the purpose of banking.

Therefore, the Power of the Congress to create a Federal government corporation, or better yet, a national bank, is most certainly Constitutional!⁹

2.4 A Creative Medium

After fighting for 12 years with unbroken passion to create, defend, and apply the Powers of Congress, Hamilton’s experiment, in creating a system which could house a true application of human effort, and promote the common defense and general welfare, had proven a success.

With the medium of Public Credit and subsequent organization and direction of that medium with sovereign banking established, organizing taxes became not merely collecting money, but creating the most efficient medium in which a *directed* application of principles, could further increase the strength of the medium. With such a Credit system, the national government now had an ability to create consistently increasing value in types of goods, and a like increasing value of infrastructure and technological applications. In Hamilton’s next report to Congress, he revealed that the medium of the Credit system was, in fact, a reflection of principles of physical economy.

As will be shown, this *American System*, was, and is still today, the only environment in which the intention to maintain the governance of the Preamble at every moment of the economic process could be maintained.

In this system, all local processes partake in the whole, a whole being the guided intention of government. In this system, the parts of the economy interact to magnify their potential, rather than sucking one another’s production in scarcity, like the entropy of a handful of vampires locked in a room without humans.¹⁰

a so-called ‘independent central banking system,’ has no true sovereignty as a nation, as a people.”

9. So, it is a sick irony today, that the mere existence of the bankers who cry “unconstitutional!” at the idea of national banking, and Federal credit, are themselves only able to be parasites of the nation, because this nation was built and created for those very means.

10. Therefore, for their own safety, perhaps it were good advice never to leave Bernanke and Greenspan by themselves.

Cartesian Sums or Unseen Relations?

After educating Congress on the already mentioned Powers, Hamilton, a true scientist of economy, next educated Congress in his *On the Subject of Manufactures* on how to apply their Power to regulate trade to produce, in the now-created context of his credit system, the true profit of the nation—*creativity*.

However, once again, Hamilton had to walk Congress through every false prejudice of habit, one by one, with infinite patience, in order to educate them and future generations on how to work inside a dynamic economy.

Having become accustomed to fighting against that seemingly endless tide of British suppression of U.S. manufacturing, and internal state-to-state conflicts, most citizens lacked an understanding of how the new government regulations would change their local conditions.

Therefore Hamilton, in the beginning of his report, had to show the reader, step by step, the fallacy of promoting either the benefits of manufacturing, or the benefits of agriculture. Rather than adding up benefits and weighing them on a scale, Hamilton pointed to the relationship between them which augmented the “total mass of useful and productive labor.”

The relationships caused with the promotion of what Hamilton called, “the productive powers of labor,” appear as a “kaleidoscopic” image.¹¹

Promoting a constant employment of one manufacture yielded an increasing degree of skill, and learned dexterity not found before, due to the attention put upon one form of employment rather than multiple tasks. No more was time wasted running from the field to the shop to manufacture one’s clothes. Now time was saved and skill in crafting was won. Also, through an extension of machinery, new fields for the imagination to devise methods for the abridgment and efficiency of labor were obtained. The total produce of labor was augmented by these means.

With the extension of machinery, the labor-force once encumbered with heavy manual labor could now turn their attention to more skillful work, letting machines do the rest. In addition to the benefits of a greater division of labor, more occupations were now available for the people on the land. With the same amount of people being more productive, what was before leisure time for many occupations due to weather, seasonal employment, etc., could now be used due to the many new occupations available to such persons. People who were idle due to physical and/or age constraints, could now contribute to the nation with the help of manufactures.

New talents arose, with a greater scope of industry allow-

ing each individual to find his proper element. “There is, in the genius of the people of this country, a peculiar aptitude for mechanic improvements.” The whole community was benefitted through the promotion of individuals who contributed by their inclination to do good.

Hamilton knew the cause for such increases in the “productive powers of labor”—“To cherish and stimulate the activity of the human mind, by multiplying the objects of enterprise, is not among the least considerable of expedients, by which the wealth of a nation may be promoted. Even things in themselves not positively advantageous, sometimes become so, by their tendency to provoke exertion. Every new scene, which is opened to the busy nature of man to rouse and exert itself, is the addition of a new energy to the general stock of effort.”

With those many transformations of the nation’s productivity in mind, Hamilton moved onward to what the principal mean was by which agriculture benefitted through promoting manufactures: a steady demand for produce.

Hamilton said: Whether a farmer’s productivity is steady or fluctuating, vigorous or feeble, is due to the steady or fluctuating, adequate or inadequate market on which he must depend.

With a steady demand created, the farmer was free from having to move from one good to the next, appeasing the fluctuating demand of Britain; the farmer was supplying a steady American market with a demand on which he could depend. Because of this constant demand for the agricultural produce, the farmer could now make a steady profit rather than the constant battle of now investing in a new cultivation, now cutting others because of a loss, or cutting employment because of a failure of a crop. With a constant domestic manufacturing demand, a profit was enjoyed, which could be constantly turned to the farm leading to a growing amount and variety of land cultivated. This created a steady employment on the farm; it created families that were able to settle down and create their own farms, or move into manufacturing. With the steady demand of their produce, farmers were able to afford the newest and best manufactured goods produced. Manufactures would be available not some of the time and in fluctuating quantities, but would be constantly available from domestic manufacturers. These new improvements to the productive process would be even more efficient, leading to ever greater surpluses.

Hold in mind the *kaleidoscopic* image he unfolded, and conceptualize what the effect was upon the agriculturalists who could, then, not only have a steady supply of new manufactures to increase the value of their property, but could now afford them cheaply, increasing the value of their income.

And that was not all! *Turn the kaleidoscope again.* Not only will there be a more flourishing demand but also a whole new and growing demand. The “Bowels of the earth as well as the surface of the earth are ransacked for articles which were before neglected. Animals, Plants, Minerals acquire a

11. Lyndon LaRouche, “Greenspan, Seneca, and Their Baths,” *EIR*, Aug. 12, 2005. “The image which Secretary Hamilton presents in that location, in particular, is what must seem to the spectator, at first glance, as a *kaleidoscopic*, and literally *dynamic* process of transformation of the nation, upwards, in economic power, as by a process of balanced interplay among the development of the elements of our population’s economic activity.”



The Saugus Iron Works, near Boston, was the first integrated ironworks in North America, 1646-68. Hamilton promoted the development of the “productive powers of labor”: “There is,” said Hamilton, “in the genius of the people of this country, a peculiar aptitude for mechanic improvements.”

utility and value, which were before unexplored.” Which new employments are now created? What new profits from the farms? What new materials become useful to the manufacturer? What new minerals for new metals in infrastructure, what new kinds of wood, animals, and plants for medicine and food? What changes occur in manufacturing that demand new farming techniques? What new farming techniques procuring new minerals and produce demand new manufactures? At what rate do the improvements occur in agriculture as a steady demand occurs in manufacturing? How is this rate then changed with a new technology in manufacturing, which demands a new mineral or plant product?

Hamilton gives us the example that the prosperity and types of employment in our fisheries multiplied, with oils, bones, and skins of marine animals becoming extensively useful in manufactures. Who would have thought fish skin had value? It was indisputedly established: “the *aggregate* prosperity of manufactures, and the *aggregate* prosperity of Agriculture are intimately connected.”

It was the operation of physical principles, general and not local, that defined the physical economy; hence, the dynamic interaction of manufacturing and agriculture. The Universe is not made of an *a priori* Cartesian space, as was proved by Leibniz’s discovery of the complex domain.¹²

As Leibniz before him had demonstrated in his applications of technology to mining, Hamilton knew that economic

profit is defined by creativity. That it was scientific principles applied to production which changed the relationship of power and work, that were the basis to improve man’s labor. That happiness is creating better conditions for man, and that those principles are occurring in a universe defined by those principles, rather than a Hobbesian-Cartesian space, in which man is ever fighting against the tide of entropy.

Human beings express creativity, the organizing principle of the Universe; in doing so, our economy expresses the principle of perfection, developing into a more perfect Union.

The Paradox of the Government

How do these dynamic relations occur? Was this simply a “natural” process of the “Invisible Hand”?

At the end of the Manufactures paper, one realizes that, all the benefits that continue to jump out in the economy, were occurring, as if out of the corner of the eye, with the constant unseen oversight of *government*.

Without the *intention* of government at every moment, maintaining a relationship among all the changing parts of the economy through application of the Powers of taxation and regulation to promote the general Welfare, a veritable *infinitesimal*, there is no dynamic interaction of principles—only an entropic Bentham-like barnyard.

The essential point is, that once you take away the guiding intention of the human mind to maintain the general Welfare, then a seemingly once dynamic economy, becomes, immediately, as if instantly, entropic! It were as if, suddenly, God, in Leibniz’s terms, shut off contact with all monads, and forced

12. Michael Kirsch and Aaron Yule, “Experimental Metaphysics,” *Dynamis*, October 2006 (www.seattlelym.com).



EIRNS/Adam Sturman

Hamilton knew that happiness comes from discovering the universal principles that create better conditions for mankind. Here, young scientists of the LaRouche Youth Movement present a pedagogical illustration from Kepler's work.

them to hit against one another rather than communicating through Him. Hence, in one moment, a universe changing from Leibnizian, to Cartesian.

Such was the small discrepancy understood by LaRouche in 1958 when he made his first long-range economic forecast.¹³

Unconstitutional?

"Communism!" one cries, "Dictatorship!" cries another! Adam Smith, crawling from the grave, yells, "Leave industry to itself! When it comes to the development of the nation's economy, let *Nature* decide the *best route* to take!" After all, isn't this, "Big Guv' mint?"¹⁴

After illustrating such benefits of Regulating Trade, Hamilton proceeded to educate the Congress on which regulations

13. U.S. citizens and Congress alike can, if recognizing and acting on these principles of our U.S. Constitution and heritage so defined, take comfort in the fact, that the LaRouche Youth Movement will increasingly demonstrate in reports completed over the coming weeks and months, that the universe belongs to Kepler, Leibniz, Gauss and Riemann. They will be available for consultation.

14. The crafty lie in economics has been that government should keep its hands out of directing the economy. "No government over the economy; let individual private capital and the market direct it, that's the 'natural' way!" Ah, but all the while, the seemingly random process then ensuing, with unregulated private capital flowing through the system, *is* being *governed*, by those who created the lie. They wished to destroy sovereignty in the first place. *A principle* of a nation, Rohatyn, Train, Shultz, and others don't believe in, and in fact despise the idea.

to apply. Hamilton promoted many kinds of tariffs, but the regulation receiving the greatest protest from the puppets of Britain at the time was, "Pecuniary Bounties." Hamilton called them "the best" of all regulations. It is useful to exhaust the case.

Bounties avoided the temporary high prices of established goods while transitioning to domestic manufactures. This occurred because the duties were applied to encourage a new industry to gain its footing, while it was not yet able to sell its goods at a cheaper price than the established imported goods. Also, duties discouraged and reduced foreign imports, giving the home market the advantage, which could produce a scarcity of the product. There was also the added complication of the relationship between farmers and manufacturers.

Farmers wanted their goods promoted, but applying a duty on foreign materials caused the price to rise on domestic materials *before* they could be sold cheaply.¹⁵ The manufac-

15. The price of the individual good, to which some empiricists react, must be understood as the effects of a whole process. In Hamilton's time, reactions to the immediate individual costs came from not understanding that the immediate changes in the price would not be arbitrary or "invisible," not results of rolling crooked dice, but could be intentionally increased by a Government with a moral commitment to its citizens. This problem was the deep-rooted assumption of individuals, who, not understanding the republic like the one Hamilton described, were accustomed to "free trade," and thus reacted in protest and skepticism to the guarantees of Government. There were also conspiracies by Jefferson et al., to rally people against a Federal government, claiming it was violating their personal "freedom."

A further example of the method of regulation, is that instead of seeking

turer would now have to pay more, and be forced, in most circumstances, to charge more for his goods, which the farmer would end up paying; thereby, in truth, winning nothing from the duty.

Also, the foreign supply which was still relied upon in the transition could be destroyed by some duties, creating a very high price for the manufacturer, who, unable to pay a very high price on a material, may abandon or bankrupt the project, leaving the farmer without a market for his materials, and the foreign article lost for nothing.

The way to resolve these two interests was to apply a duty on the foreign manufactures of the material to aid domestic farmers, and use it to make the domestic manufacturing process cheaper, or the production of the material cheaper. In other words, use the tax on the foreign goods to cheapen the manufacturing process, and allow the manufacturer to buy the more expensive domestic product, being compensated by the duty.

Because of its cunning nature in avoiding any of the mechanical rules, which could always find a way to impose their wrath upon the nation, pecuniary bounties were subject to the biggest protest of all, and yielded the following sublime defense by Hamilton. He addresses the essential principle: The intention and willful direction by the United States government to promote the general Welfare orders all. We are not slaves of money, but rather have the power, as long as the welfare which is affected is general and not particular, but universal, to raise, and spend money in whatever fashion promotes the common good. Indeed, “protectionism” is a requirement embedded in the general Welfare.

One can see Hamilton, reading over the objections, letting out a chuckle, as he picked up his pen to write the following in his *Report on Manufactures*:

“A question has been made concerning the Constitutional right of the Government of the United States to apply this species of encouragement, but there is certainly no good foundation for such a question.”

“The National Legislature has express authority, ‘To lay

cheap labor to reduce price, government promoted the use of discoveries in mechanic power and infrastructure to achieve a lower cost of production.

Lyndon LaRouche in his Sept. 3, 2005 webcast entitled, “Pulling This Nation Together Now!”, recommended as such: “Make a national policy plan. Now, the way you do that, is not by setting prices, by government setting prices. But you do things, that will set prices. For example, use protectionist measures; use tax measures; you do investment tax credit programs; you set tariffs; you set trade agreements with other countries. You do interstate commerce regulations, so that we have a balance, an optimal balance, that we require, and you achieve that, as Hamilton laid out in his paper *On the Subject of Manufactures*, his Report to the Congress. And by this kind of regulation, you *cause*, more or less automatically, within the economy, that people in business adapt to these rules and regulations, and they come up with prices which correspond to this amount.

“You don’t have to set it. You may set ceilings. You may set bottoms, you may set ceilings, you may use protective tariffs. But you do various things by government, which create an environment, in which the private sector will come up with the right answer.”

and Collect taxes, duties, excises, to pay the debts and provide for the *Common defence and general welfare*” with no other qualification than that ‘all duties, imposts, and excises, shall be *uniform* through the United States, that no capitation or other direct tax shall be laid unless in proportion to numbers ascertained by a census or enumeration taken on the principles prescribed in the Constitution,’ and that ‘no tax or duty shall be laid on articles exported from any state.’

“These three qualifications excepted, the power to *raise money is plenary*, and *indefinite*; and the objects to which it may be appropriated are no less comprehensive, than the payment of the public debts and the providing for the common defense and ‘general Welfare.’ The terms, ‘general Welfare’ were doubtless intended to signify more than was expressed or imported in those which Preceded; otherwise numerous exigencies incident to the affairs of a Nation would have been left without a provision. *The phrase is as comprehensive as any that could have been used; because it was not fit that the constitutional authority of the Union, to appropriate its revenues should have been restricted with a narrower limits that the ‘General Welfare’ and because this necessarily embraces a vast variety of particulars, which are susceptible neither of specification nor of definition.*

“It is therefore of necessity left to the discretion of the National Legislature, to pronounce, upon the objects, which concern the general Welfare, and for which under that description, an appropriation of money is requisite and proper. And there seems to be no room for a doubt that whatever concerns the general Interests of *learning of Agriculture, of Manufactures, and of Commerce* are within the sphere of the national Councils *as far as regards an application of Money.*

“The only qualification of the generality of the Phrase in question, which seems to be admissible, is this—*That the object to which an appropriation of money is to be made be General and not local; its operation extending in fact, or by possibility, throughout the Union, and not being confined to a particular spot.* No objection ought to arise to this construction from a supposition that it would imply a power to do whatever else should appear to Congress conducive to the General Welfare” (emphasis added).

3. ‘Immortal’ Credit

The paradoxes Hamilton identified, *haunt* this author, with every visit to our U.S. Congress. How the Congress lacks its *authority* to approach the crisis of our people! How each state is in its own crisis, without a coordinating effort from the national government. With what *fear* do they consistently approach in formulating their responses to “economic authorities” such as Felix Rohatyn. The actions they refuse to take, are the very actions they *must* take. We lack the intention to develop, our debt has become a burden, and so our Credit is becoming lost.

“Hey, Congress, tell us, tell the lower eighty percentile of our citizens: ‘What have you done to the U.S. constitutional general welfare principle’s superior role in the making of our law?’ ”

Now, ask, in what false assumption is the Power to provide for the general Welfare hiding?

Think back now, to what was required for the founding of the *nation*. What were the principles which defined the nation? Without those principles operating, how long will the residue of those acting principles remain, such that we can call ourselves a sovereign nation, as it was *defined* by those principles? Taking this advice from Hamilton (from his “Constitutionality of the National Bank”), approach the needed tasks: “Measures which will not bear the test of future unbiased examination, can neither be productive of individual reputation, nor public honor or advantage.”

Immediate Action

“The *relation* between the *measure* and the *end*, between the *nature* of the *mean* employed towards the execution of a power and the object of that power, must be the criterion of constitutionality,” Hamilton stated in the “Constitutionality of the National Bank.”

All Powers in the Constitution are necessary for carrying out the intention of the Preamble. Therefore, by the authority of the Congress’s Powers in Article I, Section 8, the Preamble,

and as Hamilton says, the “Undefined Powers” of the Declaration of Independence, any actions by individual states, corporations or private citizens of states or nations, or the Vice President of the United States, which interfere with the action of the Federal government in executing his power, are illegal and unconstitutional. With this knowledge, one wonders, what is Congress doing today?

Step one: Remove Cheney

If the Congress applies its creative effort to their Powers, they would find the actions of the Vice President are taken with willful disregard to the Constitution and its Intent; this includes interfering with the Congress’s Power concerning War.

Step two: Bankruptcy Reorganization

The current state of the banking system is interfering with Congress’s execution of its Powers located in Article I, and the intention in the Preamble. The national government has the Power, therefore, to reorganize the banking system. Above all, we must protect the general Welfare. “You can’t do, that, government can’t intervene!” Bernanke cries. “Look buddy—this is the law of the U.S.—to regulate trade, and collect taxes; *your activities* are interfering.”

As Hamilton would have written, a banking system that is unable to engage with the Congress in the creation of credit for long-term investments, due to leveraged debt, needs to be reorganized. A banking system that is destroying the U.S. dollar is interfering with the collection of taxes, and the preferred medium of such collection, needs to be reorganized. Congress has designated that taxes should be collected in the form of dollars. How can taxes be collected with all the banks bankrupt by speculation in housing and derivatives? A bankruptcy reorganization is required under Article I, Section 8.

Hamilton said, while refuting Jefferson’s definition of necessity, that in a crisis, if a national bank would allow us to receive money quickly, and save the nation, why therefore would it be unconstitutional?

As LaRouche wrote in “Saving the U.S. Economy” (*EIR*, Nov. 24, 2004), “Anyone who fails to recognize the vital interest of the nation and constituent communities in the protection of such banking functions, should be regarded as like a mental case, perhaps as an obsessed ideologue whose aberrant fantasies are more precious to him or her, than the welfare of the people and their nation. We must have a functioning banking system, which responds, under Federal protection, almost as if no condition of bankruptcy had existed.”

Step Three: Save the Dollar, and Our Credit!

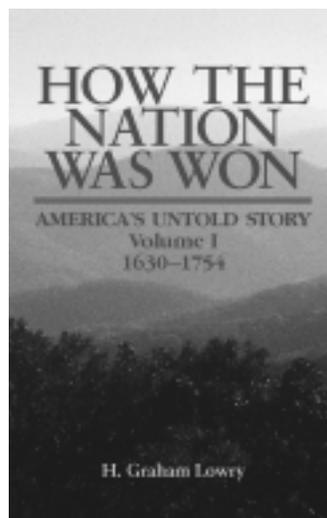
In what the reader may see as a shocking similarity to Hamilton’s prescience of the fate of a confederation of separate states existing without a national credit system, LaRouche said on Jan. 11:

“We are going to organize a defense of the current value of the U.S. dollar in a relative form of fixed-exchange-rate system for the world. *Because*, if you get a 20% to 30% collapse in a short period time in the U.S. dollar on the world market, I guarantee you, every part of the world system will

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“Because they’ll all be sitting there with their own monetary systems, *cutting their budgets, cutting their budgets, cutting their budgets*, cutting their employees, and going into a Dark Age. Someone has to create a new system based on the U.S. dollar at a regularly fixed-exchange-rate standard. Otherwise the whole world goes to Hell, if you don’t do that. . . .

“The U.S. dollar is our asset. It’s a U.S. government asset under our Constitution. Someone who tampers with the dollar, who counterfeits the dollar, should be a Treasury Department target for enforcement.”

Alexander Hamilton would agree. The strength of our currency is based on the historical fabric of our nation; those proposing anything other than saving the dollar, as LaRouche has proposed, go against the very founding the Constitution and the Powers of Congress.¹⁶

With the current account deficit skyrocketing, and a debt from speculation, we must ask, how to relieve our credit? Look to Article I, Section 8. How can the government provide for the common defense and general Welfare with a debt this enormous? How can the *Federal Government* allow such a debt to be created by speculators? Congress has the Power “to borrow money on the credit of the United States,” but, who says private corporations and individuals can create such a debt? It’s unconstitutional. The Congress has the Power to pay debts. Any activity that interferes with the constructed means to “pay debts” is subject to law.

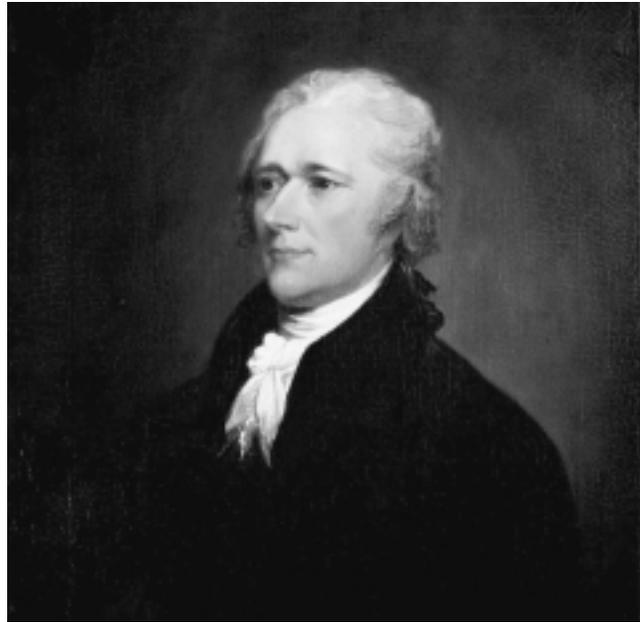
Extra Credit: Ensure the Public Safety

Again, from LaRouche’s Jan. 11 webcast: “Hedge funds, financial derivatives, housing bubble, the U.S. dollar has incurred debt beyond belief. There is no possible way of scheduling the amount of outstanding claims against the financial system in the world today. None. Therefore, much of this debt must be cancelled. Therefore, it should be the finding of the Congress, that this practice of allowing hedge fund and related financial derivative operations, should be considered criminal

16. In choral polyphony, such as the LYM’s work on Bach’s motet “Jesu, meine Freude,” it is not each voice species singing its notes in tune for which to aim. What is Bach’s Idea? What was his intention in writing all those notes together in that way? With great conductors such as John Sigerson, constant, slight adjustments are made to each voice species with the conductor’s ear to bring forth the idea; however, it is to the degree which the conductor has mastered the intention of the composer that his ear follows his idea, and further, the parts must pay heed to the conducting.

The “Free and Independent States” were intended for more than their name, but it took a Conductor to create a Union which could communicate the intended idea of a Sovereign Republic; a conductor such as Hamilton.

Lyndon LaRouche, like Hamilton before him, has been the single individual, since such works as his 1975 “International Development Bank” proposal, to 2004’s “Earth’s Next Fifty Years,” to his Sept. 16, 2006 Berlin Seminar, organizing and leading a conspiracy to create a true “community of principle” among “perfectly sovereign nations.” It is now a timely occasion for some nations to stop singing their own tune and watch the conductor.



The “sacred rights of mankind,” Hamilton wrote, “are written, as with a sunbeam, in the whole volume of human nature, by the hand of the divinity itself; and can never be erased or obscured by mortal power.”

by effect . . . you pass two laws which are the same thing, or two sets of laws. One, you ban it. Two, such activity becomes the subject of criminal law.”

Would the laws passed to ban such activity be a violation of the private sector’s right to make profit, their freedom? A useless question—rather, what are the *Supreme* laws of the land? Is banning such speculative activity in accord with the Powers of Article I, Section 8?

The creation of the housing bubble was done with mortgage-based securities, phony money through Fannie Mae, financial derivatives, and speculative instruments. It interferes with the Powers of borrowing money, by injuring the credit of the U.S., and interferes with the Power to lay and collect taxes, by destroying the medium in which taxes are collected. Above all else, this is a threat to the general Welfare.

Hamilton would also, like LaRouche, recommend dismissing the portion of our debt related to gambling—i.e., speculation. Hamilton recognized the danger that is posed when an unnecessary amount of artificial capital in circulation becomes a tool for the “Natural body,” weighing heavy on the public good. In his *Report on Manufactures*, he said:

“The debt too may be swelled to such a size, as that the greatest part of it may cease to be useful as a Capital, serving only to pamper the dissipation of idle and dissolute individuals: as that the sums required to pay the Interest upon it may become oppressive, and beyond the means, which a government can employ, consistently with its tranquility, to raise them; as that the resources of taxation, to face the debt, may have been strained too far to admit of extensions adequate to exigencies, which regard the public safety.”

Therefore, following Hamilton, it is sound judgment to put Congress in control over the nation's money, rather than accountants who think in terms of mere immediate necessities.

A More Perfect Union

What measures did Hamilton enact that allowed the exigencies of the states to be provided for? What Powers of Congress in action were to relieve the states of debt and put them in the context of a Federal government whose issuance of money is "plenary"? Think: Today, all the states are bankrupt. Why? What changes did Congress fail to make that have created the nationwide state of bankruptcy that has led state governments to beg on their knees to the feudal lord Rohatyn, for PPPs (public-private partnerships)? Why are states selling off their vital infrastructure to private corporations just to "Balance the Budget" for one more year? Without the Federal government using sufficient means to effect the objects of its "province," the states will continue to tear themselves apart, wallowing in their own perceived self-interest, cutting their budgets to please private financiers.

What "Powers of Congress" today are not in use to meet the needs of the states? Thus, what is *lacking* in those members of Congress who, unlike Hamilton, do not have to create a new constitution, but only use the existing authority? The Federal government is responsible for this catastrophe, and must fulfill its constitutional responsibility now.

Government credit must be issued to the states, immediately. A retooling of the auto sector for *nation-wide*, regulated projects must be launched immediately. The states will applaud such effort, contrary to those anti-FDR lunatics today. As Hamilton wrote in his *On the Subject of Manufactures*: "There can certainly be no object, more worthy of the cares of the local administrations; and it were to be wished, that there was no doubt of the power of the national Government to lend its direct aid, on a comprehensive plan. This is one of those improvements, which could be prosecuted with more efficacy by the whole, than by any part or parts of the Union."

Lastly, in applying the Powers of Congress toward the general Welfare of the Union, the application must be uniform, general, and not local. Hamilton advised how to keep the mind on the whole:

"In proportion as the mind is accustomed to trace the intimate connexion of interest, which subsists between all the parts of a Society united under the *same* government—the infinite variety of channels which serve to Circulate the prosperity of each to and through the rest—in that proportion will [the mind] be little apt to be disturbed by solitudes and Apprehensions which originate in local discriminations."

3.1 Rediscovering Authority

So stands, the Power of our Constitution. Now, with the Constitution understood, *cast it aside*, and ask: Would the representatives of our nation still have the Power to promote the general Welfare?

Think of Hamilton, in 1779, as aide de camp. Did the Powers of Congress exist? Only in the nature of man!

There are no self-evident rules with respect to the human spirit. The existence of mankind has always depended on subsuming arbitrary authority. As Hamilton wrote at the age of 18, "*The sacred rights of mankind are not to be rummaged for, among old parchments, or musty records. They are written, as with a sunbeam, in the whole volume of human nature, by the hand of the divinity itself; and can never be erased or obscured by mortal power.*"

The *authority* to save our republic today, lies in the same quality that drove Hamilton to create the Powers.

Above all else, it is the *intention* of individuals, who come to terms with their immortality, that their actions in the present, during their finite time, must create something that will last. Such intentions as Hamilton's express the length of time which their creations are to affect.

Our National government is, in its essence, the reflection of such intention as Hamilton's; and, as if reflecting on his own mind, Hamilton wrote of the former: "There ought to be no limitation of a power destined to effect a purpose which is itself incapable of limitation."

In celebrating his 250th birthday, it will be a happy year, were the U.S. Congress to take immediate, and all measures in following Hamilton's wish, to "render the Public Credit Immortal."

A Concerned Patriot,
Michael Kirsch
LaRouche Youth Movement

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