I. The Fight on the Economy

Public Credit: Cutting the Gordian Knot with the Sword of Damocles

by William Wertz

The following is an edited transcript of a presentation given by Will Wertz to the LaRouche PAC Manhattan meeting, on Saturday, October 13, 2018.

I named this presentation "Cutting the Gordian Knot with the Sword of Damocles." For those who are not familiar with those two terms, let me just say that the Sword of Damocles has come to represent a looming danger. For instance, in 1961 President John F Kennedy referred to the nuclear Sword of Damocles hanging over humanity. Today, you might look at the situation from the standpoint of the threat of nuclear war if the British Empire were successful in carrying out a coup against the President of the United States and in continuing to pursue its geopolitical policy in opposition to Russia in particular. We also are faced with a Damocles' Sword in respect to the potential for a financial blowout of the entire trans-Atlantic system, should the necessary solutions not be implemented.

Now the problem here is the Gordian Knot. We are faced with a certain impasse. The Gordian Knot was a knot that people were challenged to untie, and Alexander the Great solved the problem. He took out a sword and cut the knot. In a very real sense, that's what we must do today. Another way of putting it is, as Lyndon LaRouche has often stated, necessity will be the mother of invention.

We are in a situation where we have a President of the United States who is unique. He is committed to reversing certain policies which Lyndon LaRouche has opposed for decades. The policy of free trade; the policy of a post-industrial society; the policy of globalization; out-sourcing of jobs from this country and other advanced sector countries. He has opposed the Paris Climate Treaty, recognizing that this is illegitimate and if implemented would result in the destruction of human life and human productive activity. During the campaign, Trump said that he was in favor of Glass-Steagall, the law that was implemented in the 1930s under Franklin Roosevelt that separated commercial banking

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President Trump speaking at a campaign rally in Southaven, Mississippi on Oct. 2, 2018.

oriented toward productive investment, from speculative Wall Street investments. He also, by the way, referred to the fact that there is a financial bubble. Then in March of 2017, he made a remarkable series of speeches in Michigan, Kentucky, and Washington, D.C., in which he advocated explicitly the American System—or what he called the American model.

A True Revolution in the Making

What I would like to do is to reference excerpts from those three speeches, both to give you a sense of the potential for implementing the American System under President Trump, should we be successful, as we must, in defeating the British coup attempt against him. But also, to indicate an area of omission which must be corrected in his understanding of the American system.

So, let me begin with his speech of March 15, 2017 in Willow Run, Michigan. At that time, he said:

Poster by J. Howard Miller

Rosie the Riveter.

> Our great Presidents, from Washington to Jefferson to Jackson to Lincoln, all understood that a great nation must protect its manufacturing, must protect itself from the outside.... We must embrace a new economic model. Let's call it 'The American Model.' Under this system, we will reduce burdens on our companies and on our businesses. But, in exchange, companies must hire and grow in America. They must hire and grow in our country. That is how we will succeed and grow together—American workers and American industry side-by-side. Nobody can beat us. Because whether we are rich or poor, young or old, black or brown or white, we all bleed the same red blood of patriots.... Great Americans of all backgrounds built the Arsenal of Democracy—including the legendary Rosie the Riveter, who worked here at Willow Run.... Now, these hundreds of acres that defended our democracy are going to help build the cars and cities of the future ... so I ask you today to join me in daring to believe that this facility, this city, and this nation will once again shine with industrial might.... I'm asking all of the companies here today to join us in this new Industrial Revolution.

Five days later, President Trump spoke at Freedom Hall in Louisville, Kentucky. An excerpt from his speech follows:

> Our first Republican President, Abraham Lincoln, was born right here in Kentucky.... And the great 19th Century American statesman, Henry Clay, represented Kentucky in the United States Congress. Henry Clay believed in what he called the American System, and proposed tariffs to protect American industry, and finance American infrastructure.... Clay was a fierce advocate for American manufacturing.... He said, very strongly: Free trade, which would throw wide open our ports to foreign production without duties, while theirs remains closed to us.... Clay said that trade must be fair, equal, and reciprocal.... For too long, our government has abandoned the American System.

Finally, the next day—March 21—President Trump addressed the National Republican Congressional Committee dinner in Washington, D.C.:

> I have called this model ... the American Model. And this is the system that our Founders wanted. Our greatest American leaders—including George Washington, Hamilton, Jackson, Lincoln—they all agreed that for America to be a strong nation it must also be a great manufacturing nation.... The Republican platform of 1896—more than a century ago—stated that: "Protection and reciprocity are twin measures of American policy and go hand in hand."... The platform went on to say: "We renew and emphasize our allegiance to the policy of protection, as the bulwark of American industrial independence and the foundation of American development and prosperity..."
>
> Our first Republican President, Abraham Lincoln, ran his first campaign for public office


National Park Service

President Dwight Eisenhower signing H.R. 8127, the Highway Bill, on May 6, 1954.

in 1832, when he was only 23 years old. He began by imagining the benefits a railroad could bring to his part of Illinois, without ever having seen a steam-powered train. He had no idea, and yet he knew what it could be. Thirty years later, as President, Lincoln signed the law that built the first Transcontinental Railroad, uniting our country from ocean to ocean. . . .

Another great Republican President, Dwight Eisenhower, had a vision of a national infrastructure plan. As an officer in the Army after World War I, he joined a military convoy that trekked across the nation to the Pacific Coast. It traveled along the Lincoln Highway—called then the Lincoln Highway. Its journey began by the South Lawn of the White House, at a monument known today as Zero Milestone. . . . The journey made a great impression on the then-young Eisenhower. More than three decades later, as President, he signed the bill that created our great Interstate Highway System—once again uniting us as a nation. Now is time for a new Republican administration, working with our Republican Congress, to pass the next great infrastructure bill.

So, I think that gives you a sense of the thinking of President Trump, who even in his recent speeches at rallies over the last few days, has been emphasizing the importance of increasing blue-collar employment in this country, reversing the de-industrialization which has occurred. It must be noted that since September 2017, 2.5 million jobs have been created in this country; 640,000 of those in goods producing, including manufacturing, construction, mining, and transport; 260,000 of those in manufacturing over the last year. So, some progress has been made. However, the purpose of this presentation today is to emphasize a big omission thus far in terms of what he has presented as the means for implementing and financing his goals.

This has real implications in terms of the upcoming discussion of a major infrastructure policy in this country. It also has major implications in terms of the necessary Four Power agreement among the United States, Russia, China, and India—among other potential countries such as Japan and South Korea—to build a New Bretton Woods System that will make possible the development of the entire planet; the exploration of space; the development of new forms of energy such as fusion power; and the expansion of capital goods production in this country, as well as other countries for that purpose—resulting in the creation of millions of productive jobs. In a certain sense, the two areas that we must concentrate on are infrastructure development in the United States; and on the other hand, the export of capital goods to develop the rest of the planet, even as we unite to develop mankind's mastery over space.

Constitutional Credit Issuance

Now, the area of omission that I want to address is the area of financing of these developments that are required for humanity. Part of LaRouche PAC's platform to secure the future of America is Lyndon LaRouche's Four Laws. That includes the implementation of Glass-Steagall, which is yet to be done. It includes an emphasis on productive investment to increase the productive powers of labor through an emphasis on capital-intensive forms of production. It includes space exploration and the development of fusion power. Those are the first, third, and fourth of LaRouche's Four Laws. The second law is, in a certain sense, the crucial element here.

I'll read that second law:

> A return to a system of top-down and thoroughly defined national banking. The tested successful model to be authorized is that which had been instituted under the direction of the policies of national banking which had been actually successfully installed under President Abraham

An 1861 $10 Demand Note (Greenback).

> Lincoln's superseding authority of a currency created by the Presidency of the United States; that is, the greenbacks. As conducted as a national banking and credit system placed under the supervision of the Office of the Treasury Secretary of the United States.

The problem is that if you look at the Presidents of the United States who President Trump referred to—Washington, Jefferson, Andrew Jackson, Abraham Lincoln—only two of those were for national banking and national banking credit to facilitate manufacturing development—that is, George Washington, whose Secretary of the Treasury was the author of the First National Bank of the United States, and who defended the constitutionality of that National Bank, and Abraham Lincoln, the first Republican President, who advocated "greenbacks" as legal tender. These were currency notes, Treasury notes, issued to fund the Civil War, which also facilitated the economic development of the United States following the Civil War. He also advocated a National Currency and Banking Act, which passed in 1863-64 following the greenback policy which was passed in February of 1862.

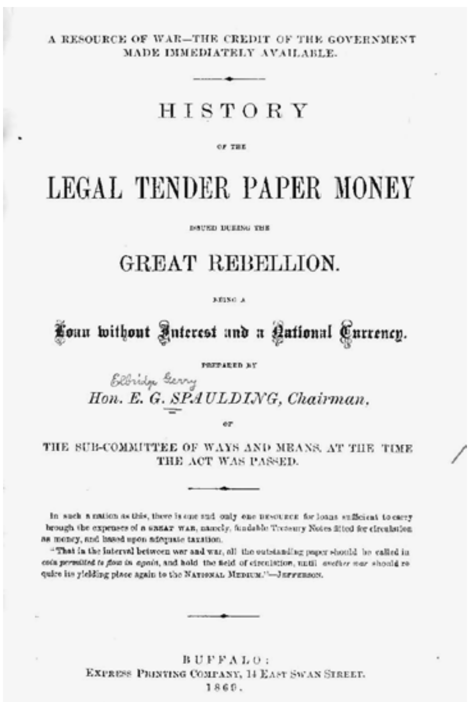
The two others, Jefferson and Jackson, were thoroughly opposed to these policies. Jefferson wrote an opinion, as did the Attorney General of the United States at the time, opposing Hamilton, saying that because the Constitution did not explicitly call for a National Bank, it was unconstitutional. Andrew Jackson, when he was reelected in 1832, vetoed the Second National Bank.

So, you have a certain contradiction here, and it needs to be resolved if we are to have the American System of political economy, as it was developed by Alexander Hamilton and continued by Abraham Lincoln, as well as later by such Presidents as McKinley (whom President Trump has also referred to), and Franklin Roosevelt, whose Arsenal for Democracy President Trump referenced in his speech in Detroit, and whose Glass-Steagall bill President Trump supported, at least during the campaign. We must recognize that LaRouche's second law is absolutely necessary. We need the equivalent today of Lincoln's greenback policy.

Crucial Role of the Greenback Policy

I'm going to present a short history of the fight for the greenback under Lincoln. You will see that the fight for the greenback was very much part of this fight for national banking. Going back to even before the United States of America was created, going back to the 1600s in the Massachusetts Bay Colony, it was a fundamental issue. I would even say that the American Revolution was not so much about taxation without representation (although it was definitely a factor). More fundamentally, it was about the British Empire's opposition to the initial colonies, and then the United States of America exercising its sovereign right to create bills of credit to facilitate the development of the productive powers of its population.

My associate at *Executive Intelligence Review*, Paul Gallagher, recommended a book which is very instructive. It's called *The History of the Legal Tender Paper Money Issued During the Great Rebellion, Being a Loan Without Interest and a National Currency*.


A RESOURCE OF WAR—THE CREDIT OF THE GOVERNMENT MADE IMMEDIATELY AVAILABLE.

HISTORY

OF THE

LEGAL TENDER PAPER MONEY

ISSUED DURING THE

GREAT REBELLION.

BEING A

Loan without Interest and a National Currency.

PREPARED BY

Elbridge Gerry

Hon. E. G. SPAULDING, Chairman,

OF

THE SUB-COMMITTEE OF WAYS AND MEANS, AT THE TIME THE ACT WAS PASSED.

In such a nation as this, there is one and only one RESOURCE for loans sufficient to carry through the expenses of a GREAT WAR, namely, fundable Treasury Notes fitted for circulation as money, and based upon adequate taxation.

"That in the interval between war and war, all the outstanding paper should be called in coin *permitted to flow in again*, and hold the field of circulation, until *another war* should require its yielding place again to the NATIONAL MEDIUM."—JEFFERSON.

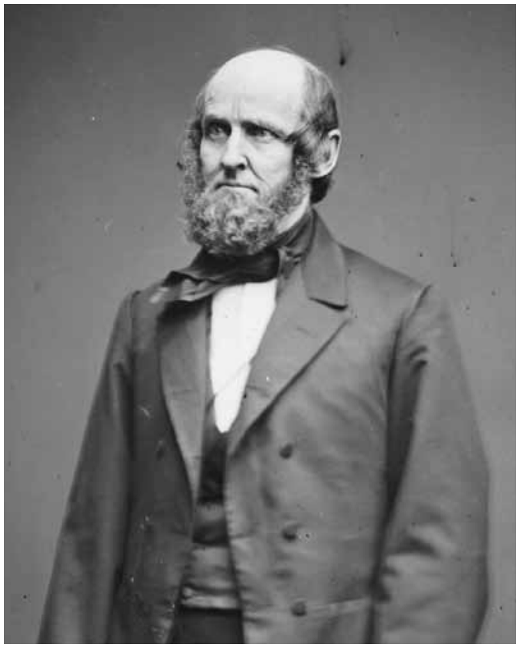
BUFFALO:
EXPRESS PRINTING COMPANY, 14 EAST SWAN STREET.
1869.

This book was prepared by the Hon. Elbridge Gerry Spaulding, who was chairman of the Subcommittee of Ways and Means at the time the greenback policy was passed in 1862. The book, published in 1869, contains the actual history of the debates around the greenback policy, and around the National Currency and Banking Act of 1863-64.

So, who was Elbridge Gerry Spaulding? He originally ran for Congress as a Whig candidate and served one term. He became the New York Treasurer in 1854-55, and then ran for Congress again, this time as a Republican, and served two terms in Congress. In 1860, he made a very famous speech denouncing slavery and calling upon the Republican Party to back Abraham Lincoln. I found this book to be quite extraordinary. The first thing you have to understand is that the government did not have money to pay the soldiers; we were faced with a rebellion, a secession backed by foreign countries—i.e., the British—and we did not have the funds to pay the Army or the Navy. The bankers on Wall Street wanted to profit from the war (some things apparently haven't changed all that much)—they were holding out to be able to be the brokers, the money changers for the government. On Saturday, January 11, 1862, a delegation of these bankers descended upon Washington, D.C. What Spaulding wrote is as follows:

> Delegates from some of the banks in New York, Boston and Philadelphia, appeared in Washington to oppose the bill.... Mr. James Gallatin, of New York, (National Bank) made the principal speech against legal tender.

Spaulding objected to any and every form of what was referred to as "shinning" by government through Wall Street or State Street. He finished his comments by firmly refusing to assent to any scheme which would permit speculation by brokers, bankers and others in government securities. The book then refers to many letters that he received backing him up in this. One letter he received said, "I trust both Houses will put it right along through, regardless of what the New York note-shavers and usurers may say." So, this was the real issue here. The question of whether or not the rebellion could be crushed depended on defeating the Wall Street, the State Street, and the Chestnut Street bankers (from New York, Boston, and Philadelphia). And in asserting the sovereign powers of the United States not to be subservient to these private banking interests, who in some cases were allied with Britain.



Mathew Brady

Hon. Elbridge Gerry Spaulding, c. 1860-65.

The fundamental Constitutional issue involved at this point was cited explicitly by Spaulding; that is, Article I, Clause 18 of the Constitution, which reads: "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."

This is the section of the Constitution which Alexander Hamilton specifically cited in his defense of the constitutionality of the National Bank. It's referred to as the Implied Powers. Under the Articles of Confederation, all you had were express powers; there was an enumeration of the powers that could be exerted. But in the U.S. Constitution, there are not only express powers, but there are implied powers. This particular section of the Constitution is referred to as the Elastic Clause, because it allows for the government to exercise its sovereignty and determine what measures are necessary and proper to carry out the powers which are invested in the government by We, the People, particularly as expressed in the *Preamble* to the Constitution—that is, the necessity of Promoting the General Welfare and Providing for the Common Defense in particular.

Spaulding is very explicit in his remarks that this is particularly the case with the National Currency and Banking Act. He says, "I have no doubt that the general principle of the National Banking bill proposed by the Secretary of the Treasury is Constitutional." He says explicitly, "See Hamilton's celebrated argument presented to President Washington in favor of the constitutionality of the United States Bank in 1791."

I will also say that in this book and in this discussion, it's a very rich discussion. It was well understood by the Congressmen—and particularly by Spaulding—what the position was of Jefferson and Andrew Jackson. What Spaulding says in one of his speeches is as follows:

> It is now most apparent that the policy advocated by Alexander Hamilton of a strong central government was the true policy. Jefferson opposed the creation of all banks, both state and national. Alexander Hamilton proposed a National Bank during the struggle for American independence in 1780, but his suggestions were not then adopted. During Washington's administration in 1791, the First Bank of the United States was incorporated, mainly under the influence of Mr. Hamilton, which continued in operation until 1811 when its charter expired. No national bank was in existence during the second war with Great Britain [that is, the War of 1812—wfw]. In 1816, the Second Bank of the United States was chartered and continued its existence until 1836, when its charter again expired. All will remember the decided opposition of General Jackson to its recharter, and the fierce struggle that ensued between the friends and opponents of the United States Bank. Friends of the Bank were finally beaten when Jackson was re-elected President in the Fall of 1832. The friends of the United States Bank again rallied in 1840-41 but were again defeated by the veto of John Tyler.

Sculpture by James Earl Fraser

Statue of Alexander Hamilton in front of the Treasury Building, Washington, DC.

So, you see, this was an ongoing struggle, and *Jefferson and Andrew Jackson were on the wrong side. I think we need to bring this to the attention of President Trump; he may not be aware of that*. This issue is very important, because the policies of Hamilton and Lincoln are the policies which are required today, as expressed in Lyndon LaRouche's second law.

America: Built Through Public Credit

I'll continue with further quotes from Spaulding:

> In carrying on the existing war, and putting down the rebellion, it is necessary to bring into exercise all the sovereign power of the Government to sustain itself.... This bill is a necessary means of carrying into execution the powers granted in the Constitution "to raise and support armies," and "to provide and maintain a navy"...
>
> Alexander Hamilton, in discussing these high powers of the Constitution says: "These powers ought to exist, *without limitation*; because it is impossible to foresee or define the extent and variety of national exigencies and the correspondent extent and variety of the means necessary to satisfy them...."
>
> It must be admitted as a necessary consequence, that there can be *no limitation* of that authority which is to provide for the defense and protection of the community in any matter essential to its efficacy; that is, in any matter essential to the formation, direction, or support of the *NATIONAL FORCES*. (This idea is from *The Federalist Papers*). "I am unwilling that this Government, with all its immense power and resources, should be left in the hands of any class of men, bankers or money-lenders....
>
> Why, then, should it go into Wall street, State street, Chestnut street, or any other street begging for money?...
>
> The powers of the Government were given for the welfare of the nation.... We need it to prevent foreign intervention.

Congressman Kellogg from Illinois spoke and said the following:

> The powers of the Old World, who have looked

with a jealous eye on the mighty progress of the Western Continent, are seeking occasion to cripple our onward and upward career.... Our Government antagonizes theirs. The principles are different.... We must take all the power we have, we must throw every energy, all the means of our Government in the direction of the war power, for the purpose of self-preservation and perpetuation.


Julian Vannerson

Rep. William Kellogg, Dec. 31, 1858.

Senator Wilson of Massachusetts commented: "It is a contest between brokers, and jobbers, and money-changers on the one side,"—(think of Franklin Roosevelt's inaugural speech where he talked about the money changers in Wall Street)—"and the people of the United States on the other. I venture to express the opinion that ninety-nine of every hundred of the loyal people of the United States are for this legal tender clause."

Then Senator Sumner of Massachusetts gave something of a history of the fight for bills of credit, beginning before the year 1700. Spaulding quotes from Sumner:

> It appears that the phrase "bills of credit," was familiarly used for bank notes as early as 1683, in England, and also as early as 1714 in New England. But the first issue in America was in 1690, by the Colony of Massachusetts, and the occasion, identical with the present, was to pay soldiers returning unexpectedly from an unsuccessful expedition against Canada.
>
> Mr. Sumner went into a brief history of the issue of bills of credit—paper money—in the States of Massachusetts, Rhode Island, Connecticut, Virginia and North Carolina, which led to the passage of an act by the Imperial Parliament,... in 1751, which expressly forbade the issue of any paper bills, or bills of credit, except for certain specific purposes, or upon certain specified emergencies; and declaring that such paper money should not be a legal tender for private debts. Continental paper money was issued during the Revolutionary War, not made a legal tender by Congress, although the States were recommended to make them such. He argued at great length the power of Congress to issue Treasury notes and make them a legal tender; and that it was purposely left by the framers of the Constitution to the sound discretion of Congress, in great emergencies, to decide whether it was necessary to exercise the power or not.


Mathew Brady

Sen. Charles Sumner (1811-1874).

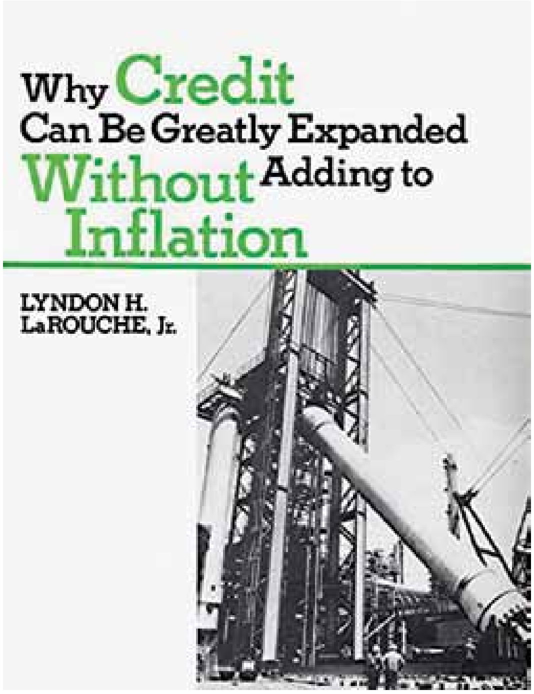
What he is referring to is that in 1686, there was an attempt to create a bank of credit in the Massachusetts Colony. There was a document published in 1687 which spelled out what the plan was:

> By [the Bank], the trade and wealth of this country [will be] established upon its own foundation and upon a medium or balance arising within itself, viz., the lands and products of this country; and not upon the importation of gold or silver or the scarcity or plenty of them, or of anything else from foreign nations, which may be withheld, prohibited or enhanced, at their pleasure.

This was suppressed—this entire operation in the colonies to issue their own bills of credit to create a bank of credit to essentially finance the development of the early colonies.

In 1781, before there was a new Constitution, Alexander Hamilton wrote, "The tendency of a National Bank is to increase public and private credit. Industry is increased, commodities are multiplied, agriculture and manufactures flourish, and herein consists the true wealth and prosperity of the state." In 1795, in one of his four Reports to the U.S. Congress on Public Credit, he wrote:

> Public Credit … is among the principal engines of useful enterprise and internal improvement.… It is by credit that he is enabled to procure the tools, the materials, and even the subsistence of which he stands in need, until his industry has supplied him with capital; and, even then, he derives, from an established and increased credit, the means of extending his undertakings.



The Failed Federal Reserve

I think it should be clear from this documentation that the fight for the greenbacks, is a fight which continues to this day. After the greenbacks were ended with the Specie Resumption Act in 1875, the U.S. government lost its ability to extend sovereign credit, as was done with the greenbacks. Instead what we got in 1913 was the Federal Reserve system, which does not extend credit for productive purposes.

Here are some useful statistics about the Federal Reserve, and what our infrastructure deficit is in this country. Sheila Bair, in testimony to the House Financial Services Committee in 2012, said that the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC), and the Treasury made just over $14 trillion available to the financial sector. The Fed itself made approximately $9 trillion available, which began in 2007, before the 2008 collapse. *None* of that went to productive investment. It went to bailing out banks which had brought the crisis on themselves, by their lobbying for the repeal of Glass-Steagall, and through their opposition to the kind of credit policy which Lyndon LaRouche has advocated and continues to advocate today.

Now, the American Society of Civil Engineers has estimated that the total infrastructure deficit in the United States is at least $5 trillion, but that $5 trillion is only for the repair of existing infrastructure. It does not include investments needed to build up the infrastructure of the country.

Look at these two figures: $14 trillion made available to the financial sector by agencies of our federal government, with none of it going to productive investment; and $5 trillion as a low estimate of what's required to just repair our existing infrastructure, not even to build new infrastructure. That makes very clear that the only way to fund the required infrastructure is by returning to these national banking credit policies of Hamilton and Abraham Lincoln, and rejecting the arguments of Thomas Jefferson and Andrew Jackson. This is what is required.

LaRouche on Credit

It is precisely this element, the second law that Lyndon LaRouche put forward, which is currently missing, and which must—*must*—be implemented, if we're to get out of the crisis that we're in right now.

Lyndon LaRouche has addressed this repeatedly over the decades. And he has specifically called for the U.S. Treasury to take over the Federal Reserve Bank and the Federal Reserve System, and to issue fiat credit, which would then be conducted through the banking system to productive investment in the United States, and also the same mechanism can be used to fund exports, which is of particular importance in terms of the question of credit extension as part of a New Bretton Woods system.

In 1980, LaRouche wrote a pamphlet entitled, "Why Credit Can Be Greatly Expanded Without Adding to Inflation." I'll read a quote from that, because I think it makes very clear how this can be done today, essentially following on the policies of the greenback under Lincoln.

In the section entitled "The Creation of Credit," LaRouche proposed to generate—

> …fiat credit in the form of currency notes issued through national banking.… The new notes are not to be issued against federal government op-

erating deficits, but on capital account. The new currency notes are to be put into circulation through national banking channels, such as participation in loans issued for hard-commodity production and productive capital loans through the local private bankers of ultimate borrowers.

Therefore, the amount of fiat credit put into circulation through such channels is regulated by the following principal considerations. It is limited by loan demand on account of tangible production's capacity, technological improvement, and operating capital requirements, and by the demand for such uses of credit among creditworthy borrowers. Each increment of new fiat credit issued through such channels supplements private banking capital also participating in the loan. Therefore, fiat credit is not put into circulation except against a matching increase in newly produced, tangible wealth providing security for this credit issuance. . . .

Governmental fiat credit should be issued, except under conditions of national emergencies such as wars, only in the form of currency notes loaned on capital account, either to economic ventures of governments (wealth-creating state investments), or through private banks as partici-

Draft Federal Reserve Nationalization Act

These are excerpts from Lyndon LaRouche's "Draft Federal Reserve Nationalization Act of 1992," presented as Appendix B in The LaRouche Program to Save The Nation*, published by LaRouche's Committee for a New Bretton Woods in May 1998 (153-page paperback).*

Productive Credit via Discount Window

The Act proposes that new long-term, low-interest credit in the amount of approximately $1 trillion per annum be issued by the U.S. Treasury via the new National Bank to the U.S. physical economy by an entirely new mechanism. The National Bank is to open wide its discount window for general lending of directed credit to the productive, infrastructure, and related sectors of the physical economy . . .

All new credit and currency of the U.S.A. is to be thus issued by the U.S. Treasury under Article 1 of the Constitution, as U.S. Treasury bills . . .

Of the total $1 trillion per annum issued, approximately $600 billion is to be spent by the U.S. Treasury itself in the form of basic economic infrastructure projects, run by federal, state, and local agencies and subsidiaries . . .

These government projects will generate additional credit demand in the area of another $400 billion per annum of purchases and investments by private-sector firms to be engaged in supplying these government projects, for a total of $1 trillion new productive activity.

The New 'National Bank of the United States'

Section 1. Section 1 of the Federal Reserve Act of 1913 is hereby amended to read: "Under Article 1 of the Constitution pertaining to the monopoly of the U.S. government in emitting legal tender, the Federal Reserve System is hereby nationalized and placed under the jurisdiction of the Department of the Treasury of the United States. Its name is hereby changed to the National Bank of the United States."

Section 2. Section 1 of the Federal Reserve Act is hereby amended to read: "The Federal Reserve shall immediately cease issuance of Federal Reserve notes as legal tender. As of the passage of this Act, the successor National Bank of the United States shall commence issuance of all new legal tender obligations of the United States in the form of U.S. Treasury bills . . ."

Section 4. Section 14 of the Federal Reserve Act of 1913 is hereby amended to read: ". . . Upon the endorsement of any U.S.-chartered bank, any branch of the National Bank may discount up to 50% of the face value of notes, drafts, and bills of exchange arising from the production of tangible wealth or capital improvements. . . .

"Any national bank branch may discount the full value of acceptances which are based on the exportation of goods, or 50% of the value of acceptances which are based on the importation of goods, provided that such goods conform to the restrictions set forth in the preceding paragraphs."

> pation credit for medium- to long-term loan capital for hard-commodity production investment and production operating capital or export credit.

And in 1992, Lyndon LaRouche proposed the Federal Reserve Nationalization Act. This particular act lays out precisely how the Treasury Department can take over the Federal Reserve, and then issue this fiat credit through the banking system of the United States—all the private banks would become charter banks of this system—and then the banks would put up part of the loans in order to be able to use the credit extended by the federal government.

The concept of capital account is crucial. In other words, *we're not talking about deficit spending*. We're talking about issuing the currency notes specifically for productive investment. And Lyndon LaRouche has, in many locations, specified the kinds of productive investments which would have access to such credit. If you're investing productively in infrastructure, in nuclear power plants, in water management, you're creating real wealth in the economy which will allow you to repay that credit. For instance, if you're going to be building mass transit, maglev trains in this country, that will mean you're going to have to have subcontractors, who are going to be producing steel. That means many people will be employed in highly skilled, high-paid jobs.

The objective, in other words, should not just be that we're going to return auto plants to this country. We can also use the machine-tool capacity of this country to produce tractors for export to Africa. We can use those machine tools to produce maglev trains. There are all sorts of things that we can do through this process. The idea Lyndon LaRouche puts forward (this was in 1992,—perhaps you'd want to have more credit than he proposed back then—but at that point, he talked about $1 trillion a year being extended in credit for these kinds of productive investments), is that this would create six million new jobs, in goods production, manufacturing, and infrastructure development.

This is not only what we will need for the United States, to build up our infrastructure here, but because these credits could also be made available for export, that is, for capital goods production in this country, for export to third world countries This would be the basis for the United States working together with Russia, China, India, and other countries in a New Bretton Woods arrangement, in which you have agreements in terms of credit extension, to joint sponsorship of projects throughout the entire world. That was the vision of Franklin Roosevelt, for the post-World War II period—and that means more jobs in the United States. As long as you're ensuring that these investments are in productive areas, as opposed to building casinos and other such nonproductive areas, then you're laying the basis for being able to repay the credit extended—either by the country which is importing the export goods from us, because they will then have a more productive economy which will allow them to repay the credit extended; but also, the same is true domestically, because the productivity of the workforce will increase, as well as increased tax revenue through productive investment.

No Alternative to Victory

This is the element which, at the moment, is missing in President Trump's conception of the "American model," or the American System. It is the Gordian Knot of today which must be untied. And the means for doing that is precisely what Lyndon LaRouche has put forward.

Where are we now? We're in the midterms. We have about 23 days left before the elections. These elections are extraordinarily important, particularly in terms of preventing the Democrats from initiating impeachment proceedings and moving forward with the British coup against the Presidency, which would paralyze this country completely. We're in a situation in which much of the population is whipsawed on the basis of the news cycle and momentary developments.

Our intervention in this election is intended to shape the Presidency, shape the policy of this country, and to bring about a new era on this planet, which the President has an intention to do, but for which he needs further guidance which we, through the work of Lyndon LaRouche, are offering him, the American citizens, and the leaders of other nations throughout the world. This is the only way out of the crisis which we're facing today. I'll close with a quote from LaRouche, from an article he wrote in 2005, "The Global Option for this Emergency: Beyond Westphalia Now":

> It can be done, but it could be done only under the pressures of a global crisis as immediately menacing as the situation now. Necessity will be the forceful mother of the needed invention. Nations will swim in the waters of a new economic system, not because of a zeal for swimming, but because they perceive that it is necessary to swim, if one is to survive.