

LaRouche: It's Time To Develop a Third U.S. National Bank

by Nancy Spannaus

Aug. 8—If the United States is going to come back from the brink of destruction, which looms as early as early October this year, policymakers are going to have to comprehend the historical roots of the unique American System of economics, as established, especially, by our first Treasury Secretary, Alexander Hamilton. The good news is that the depth of the current breakdown crisis, has brought a grouping of economists to the point where they are coming to grips with Hamilton's ideas, as mediated through the advances on that approach that have been developed by today's unsurpassed economic forecaster, Lyndon LaRouche.

LaRouche and his movement have been promoting the work of Hamilton since the mid-1970s, when it was clear that the controllers of the world financial system were moving it in the direction of doom. As the crisis has deepened, LaRouche has again and again updated the form of the solution at hand, while hammering at the axioms that had to be changed. At this point, going into the developing October crisis, LaRouche is working on a new, essential re-presentation of the economic revolution that must be made, with a trilogy of articles begun by "Economic Science, in Short" (*EIR*, June 19, 2009).

Certain concepts are already absolutely clear. First, the fact that the world financial system, including the U.S. Federal Reserve, is bankrupt beyond all salvation. Second, the fact that the Federal Reserve was, from its inception, a violation of our constitutional credit system. And third, the fact that that Federal Reserve is going to have to be replaced with a Hamiltonian Bank of the United States.

Credit for a National Mission

LaRouche addressed this point, in response to a question about the Fed's unconstitutionality during his Aug. 1 webcast:

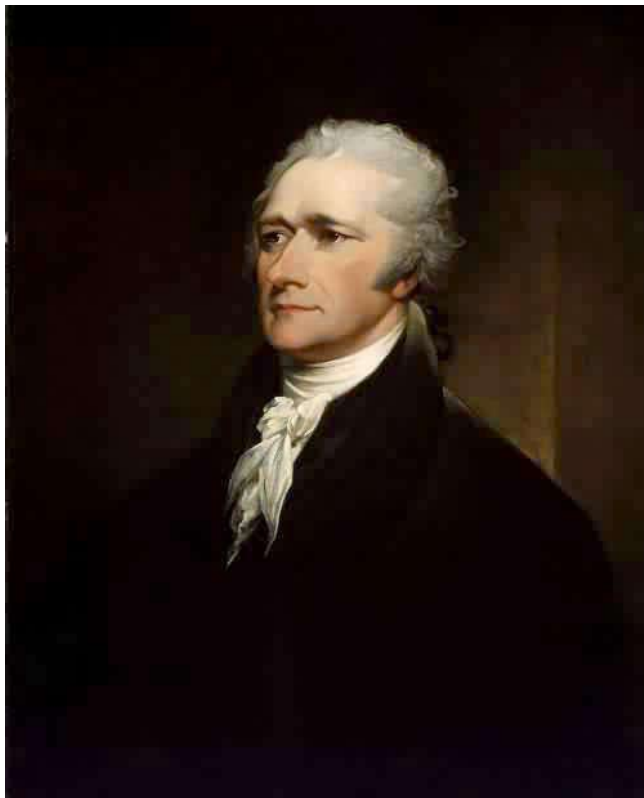
"What we do is, we simply get rid of it by bankruptcy. Just take it off the books. It's bankrupt; it took itself off the books, by going bankrupt. Easiest way of skinning that cat.

"Now, then what we're going to have to do is, we're going to have to develop the Third National Bank of the United States. And what we will do with that, is essentially assigned to the Treasury, but it's not an extension of the Treasury otherwise. It has a relationship to the Treasury, by being authorized, but a Third National Bank, exactly as Hamilton prescribed for the first National Bank. And we will take a little carefully guarded barbed-wire, etc., thing, down in the basement of the Third National Bank, and inside will be the remains the Federal Reserve System. Held in captivity for purposes of audit only.

"And that's the way to get rid of it. Because we have to manage, you see, we have to manage the relationship which the Federal Reserve System has established with the chartered banks of the states, and the national banks. We have to rescue those.

"Now, we're going to do that: How? By a Glass-Steagall kind of clean-up act, of all these banks. We're going to have to create credit to keep these banks—many of which are bankrupt, but are essential to communities—functioning. We're going to have to use these banks, saving them, as a way of generating the distribution of credit, to maintain an economic recovery.

"Now, we have then this private-public relationship, and how do we deal with that? Also with international



Alexander Hamilton's prescription for a National Bank flowed from his understanding that the United States needed to control its own currency, and use it to promote development, through fostering manufactures and inventions.

accounts? We deal with that through a National Bank. So we use the National Bank as a facility to promote things.

"What we also need are projects conceived in the form of the Tennessee Valley Authority. Now, that's an ideal thing, because it had a primary purpose, but it also had a lot of other things that went with it, to fulfill its primary purpose. So, what we need is a national transportation development plan, under some name, which essentially takes care of this railroad-maglev system, and takes care, as the Tennessee Valley Authority did, of all the things that are auxiliary to that system....

"We need a national transportation system, which is oriented to an

agro-industrial mission. We need to get a situation nationally, so that we don't have super-industries....

"We destroyed the entire development of the western United States. We concentrated everything in a few areas. We congested them with automobile traffic, instead of efficient mass transportation systems. We should have decentralized. We shouldn't have built such big, giant, oversized corporations; we should have built smaller units, distributed in various parts of the country, in the rational way we used to approach this.

"So, we need a national development program, which is based on this function of transportation, which means also building the water system, the NAWAPA [North American Water and Power Alliance] water system, and other things, because we have a real problem with water supplies in the western states. We're going to have a food supply problem. We're destroying agriculture. We're destroying the industrial-agricultural relationship, with globalization,

and other kinds of insanity.

“So, what we need for this period, is national mission orientations, of the type that Roosevelt used, and Henry Wallace used. We know those kind of approaches, to take the infrastructure development of the nation, thinking of it as a living economy, and thinking about it as a place where people live, and work, and have homes, and have schools, and have medical facilities. And think of that, and say, we need a national transportation reorganization plan, for the United States.

“We have a vast territory, relatively speaking, and we should just go back and develop it. And the way to start, is with your transportation grid, knowing where you’re going, and the transportation grid is coupled with your water problem, the water-management problem, both for traffic and for water management. And building up the aquifers in areas where they’re being destroyed. And taking advantage of that. Forestation, instead of greening. A tree is worth much more than grass! Up to 10% of the solar radiation used by a tree is incorporated in the tree. The grass? One or two percent. So you want to have more trees. You want to have a reforestation program for areas. You want a development territory. All of this comes under the question of transportation. And we need probably a national transportation project, like a national space program, or an international space program. And these kinds of programs will drive us, as long as we have a *future* orientation, in the direction we want to go in.”

Hamilton’s Battle

LaRouche’s, Hamilton’s, and FDR’s approaches to national economic health are, of course, radically different from what most Americans think they understand about “economics,” not to mention history. British ideologues have so controlled the fields of history and economics, that these have been rendered their very antithesis.

To address this fact, the LaRouche Youth Movement has taken up the task of presenting the real history of the development of the American System, using the audiovisual medium which today’s younger adults depend upon. You will find on www.larouchepac.com a treasure-trove of video features devoted to this subject.

The content of these videos is also invaluable in text, however, and for that reason, we reproduce three of the crucial ones here.