

## Editorial

### *The Hamiltonian Solution*

When he devised the financial system of the United States, revolutionary and first Treasury Secretary Alexander Hamilton stuck firmly to the principles of physical economy which had been outlined by his intellectual predecessor, Gottfried Wilhelm Leibniz, and by America's leading Founding Father, Benjamin Franklin. What was crucial, Hamilton wrote over and over again, was the fostering of the productive powers of labor, in order to improve the conditions of life, and defend the general welfare of the nation.

To this end, the United States Federal government would have to exercise total sovereignty over its currency and credit, and utilize its powers to ensure the necessary infrastructure, protection, and credit for the health of the country. From this standpoint, Hamilton helped devise the powers of the Congress and the Executive in the Constitution, put forward the plan for a National Bank, and proposed the development prospectus known as the Report on the Subject of Manufactures.

Hamilton would consider both the current monetary bubbles holding up the U.S. dollar today, and the schemes being devised to privatize and loot Social Security, to be virtually treasonous violations of his system, and American interest.

For one thing, Hamilton abhorred financial speculation, and utilized his power to prevent it from occurring, even in government paper. He was totally aware of how predatory financial interests used such bubbles to destroy nations—as in the case of the 1720 Mississippi bubble which bankrupted France. His was a system of *regulation* of the financial interests, under the principle of providing for the general welfare.

At bottom, deregulation—as the proponents of today's anti-FDR schemes put it forward—is *anti-American!* It violates the very principles upon which our nation is based.

Among those principles, of course, is the maintenance of the good faith and credit of the U.S. government, which includes its currency. The stability and value of the dollar, and the legitimate U.S. government sovereign debt, through Treasury bills and bonds, are

absolutely crucial to the security of the citizens of the United States, on into the future.

Now, Federal Reserve debt, which is not Treasury debt, is a different matter, as is other private debt. As Lyndon LaRouche said recently, they all go on the chopping block for financial reorganization in bankruptcy. Some of it will be paid over the long term; much of it will simply be dumped.

As for the core of the financial system, if the U.S. and the world financial system is to survive, it will be reorganized along the lines that Alexander Hamilton initially laid out. The U.S. government will ensure that it is able to pay its legitimate debts through the creation of government-backed credits for large-scale infrastructure, in both the public and private sectors. Such an infusion of capital will cause the general increase of employment in well-paying jobs, which economist LaRouche estimates will amount to at least 10 million additional jobs in the short term. On that basis, the U.S. monetary system can be stabilized, and put on the road to prosperity.

You can almost hear the Nobel-prize-winning economic "experts" shrieking now. They insist that it is the removal of government control that is necessary for economic growth: deregulation, competition, privatization. In reality, their demands simply come down to the fact that they want the license to steal wealth which has already been created, without any interference.

LaRouche, uniquely, has put forward the Hamiltonian solution instead, the very same approach that was taken up by President Franklin Delano Roosevelt when he took power in the depths of the Great Depression. The Hamiltonian approach will actually restore sovereignty to the American population, and build a secure foundation for future growth, and for collaboration with those nations whom we now are trampling all over, in order to sustain a corrupt system.

In 2005, our nation will celebrate the 250th birthday of Alexander Hamilton, a young immigrant from the Caribbean to whom we owe a great debt, for his role in building our nation. We desperately need to revive his principles today.