
I. The Economics To Save the Nation

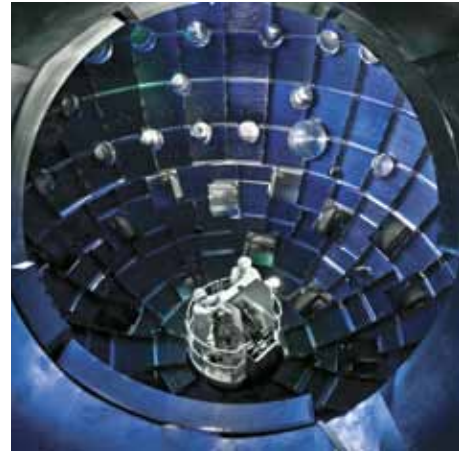
Where Is All the Money Going? Bankers' Arithmetic vs. Public Credit

by Michael G. Steger

July 30—To rebuild our nation, Americans must understand what a Credit System is. The conception of a national banking system and a credit policy, or credit system, depends upon understanding the principled difference between human beings and any mere animal species. The success of a credit program, one premised on Glass-Steagall bank separation, depends upon that principled distinction, and without it, it will fail. It is not possible for any of the lower animal species to utilize a credit system. They could never do this, because a credit system is unique to the divine spark of the human individual, as applied to the broader society. Mankind is unique in its physical access to future time, as is demonstrated in what are the foreseen requirements for a young infant to become a leading scientist, artist, or generally a happy and productive member of society, when he or she one day reaches adulthood.

A credit system works because there is a unique ability for the human species to make discoveries of how—not just the visible domain functions, as we see with so-called smart phones, or biotech—but how

the universe works, as seen in the gravitation discovered uniquely by Johannes Kepler. The human mind, in essence, creates entirely new features, or new dimensions—as Bernhard Riemann, the German scientist



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Infrastructure in the United States (clockwise from upper left): Susquehanna nuclear power station, crop irrigation technology, inertial fusion target chamber at Lawrence Livermore National Laboratory, and the George Washington Bridge from Manhattan to New Jersey.

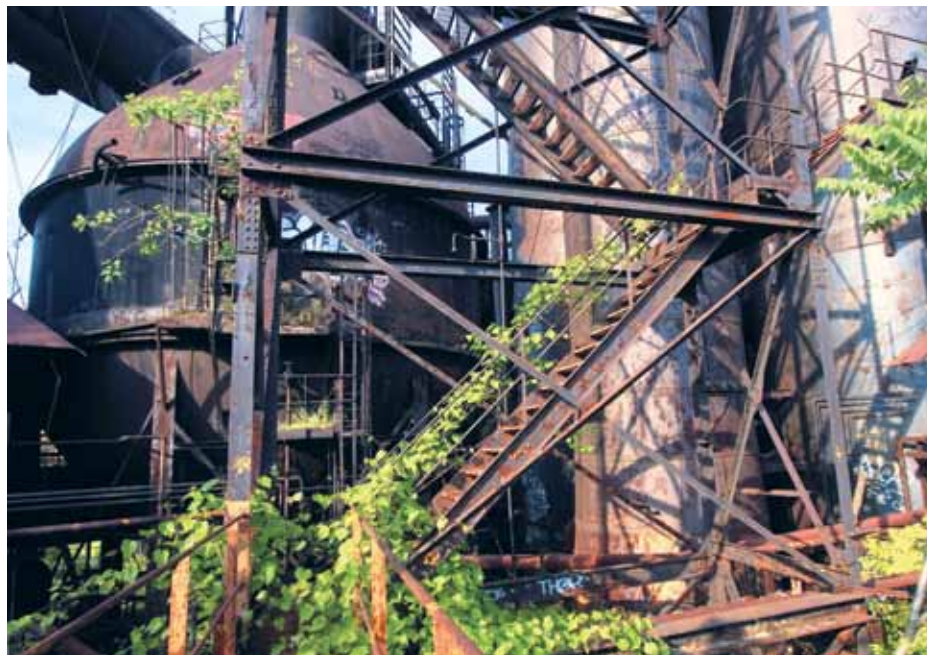
might say—of the universe we are actively participating in. That ability—as we see in energy technology, like nuclear power or fusion power, or in the role of economic platforms within a system of social reproduction—is the ability for mankind to participate in and transform the universe in ways no other force of nature is capable of accomplishing. To transform deserts into gardens, to transform swamps into industrial areas, to transform the Midwest into an agro-industrial heartland—these capabilities are unique to the human species.

When we invest in these areas, we get a rate of development that far exceeds anything any other species, or any other process we know of in the universe, is capable of creating. We, as a species, transform or even create—as with nuclear fission and fusion, or a future matter/anti-matter technology—an entirely new dimension of the universe that becomes possible only through human creative discovery, as part of the lawful application of a national credit system. This is the basis for the success of a credit system, and the only means by which a society can be deemed profitable—one in which future generations have higher rates both of productivity and consumption, through the advanced reproductive platform developed via the principle of credit.

The question Americans then have to ask is: Why, fifty years ago, did we start cutting the program of credit for our nation's development? Fifty years ago, before we even got to the Moon, we cut the space program, and by the late 1970s, we had shut down all new investment into national infrastructure, manufacturing, nuclear power, education, manned space exploration, new cities, and so on. Yet, taxes and tolls continued and increased. We had money for wars in Vietnam, Panama, Nicaragua, Iraq, Afghanistan, Libya, and Syria.

Where Has All the Money Gone?

Within the United States, where has all the money gone? All this tax collection, all these bailouts?—we've



The abandoned Carrie blast furnace in Pittsburgh, Pa.

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been bailing out banks since the 1987 stock market crash. Alan Greenspan was brought in to bail out the failed banks after the 1987 crash. Where is all the money going?

There was a report today that Connecticut is near bankruptcy and may have to default on its public pensions. Connecticut has the highest median income in the country; it's the richest state in the country, and its entire tax base is hedge funds. There is no longer industry in Hartford or New Haven; it is all financial services, real estate, and nearly all hedge funds. And the stock market is up 20% from a year ago! So the stock market is up, and hedge funds usually make 20% when the stock market is only making 5%. The hedge funds are all located in Greenwich, Connecticut, and now they are not paying any taxes because they are all going bankrupt!

Where is all the money going?

This is the failure of money. Blame the “invisible hand” for stealing all the money! This is why a monetary system fails, because it is just money; it has no basis in what is defined as the productive powers of society—as Treasury Secretary Alexander Hamilton identified such productive powers—as the foundation for the economic success of a true nation-state republic. The Federal Reserve is lending at low, 1 to 2% interest



Vanessa S. via Twitter

The money system's underinvestment in infrastructure results: overcrowding at a New York subway station.

rates right now to Wall Street. Where is all the money going? Jamie Dimon said about eighteen months ago, "We are going to buy our own stocks!" All of the big pharmaceutical companies are buying their own stocks; it looks like everyone is buying their own stocks, and nothing much else.

They are not investing in industrial manufacturing, R&D, or machine-tool design, and they are not investing in infrastructure—just look at New York City. The entire nation is treated like a slum! These moneyed powers of Wall Street have not invested in the critical areas of society's future for nearly fifty years! What's the Port Authority in New York? What does it do with all the money on the bridges—\$15 just to get into Manhattan, thousands of cars a day. Where's all the money going? Did they build new bridges, or tunnels, or subways?! None. This infrastructure is over one hundred years old in most cases. The subways are a death trap, a daily form of torture for the people of New York. People are being treated like cattle, and this is the underlying assumption of the money system—that there is no difference between human beings and the animals.

This is what a monetary system looks like. It is systemic theft. And what is it stealing? The future of our

society. There is no commitment to what it means to be human.

Monetary Theft

Consider what bankers' arithmetic really is, and why this question of credit is so important: First on the principled level of what it means to be human, but then, the difference—because when you lend through public credit, you intend to create a physical change, not a monetary profit. So instead of lending to Goldman Sachs or J.P. Morgan at one percent, the way the Federal Reserve is doing today—instead, a national bank lends for the transformation of the nation's infrastructure. We

need \$10 trillion over the next ten years in infrastructure investment. We need a trillion over a year—not a trillion over ten years—a trillion a year, to address the slum that our nation's industry, cities, and infrastructure have become.

Consider an example: We probably need hundreds of billions just to deal with the New York City metropolitan area alone, but to take an example, let's say the nation today borrowed \$10 billion to address some of the problems in New York—say, \$10 billion as a number to start with. Take \$10 billion borrowed at 1.5%, which is what a National Bank like the one that Alexander Hamilton set up would do today. In forty years, with the interest adding up, you would pay, at 1.5% interest rate, only \$18 billion back. So for every dollar you borrow, you pay \$1.80 back after forty years—and you could turn that one dollar into five or six or ten times its value by investing in a maglev rail transportation system throughout the New York City and East Coast area, and into fusion research for unlimited energy, the space program, the development of new technologies, robotics, and R&D for manufacturing with high-grade steel and new alloys—that's what our nation's credit is capable of accomplishing.

Instead, over the last thirty years, we have an econ-

omy of bubbles, otherwise known as a system of criminal fraud and theft. What the soothsayers on Wall Street call “boom and bust,” is really a system of stealing. The Wall Street system reallocates the nation’s credit for future generations, to a small set of Wall Street banks which serve the interest of the British Crown’s Empire, with little regard for the people of the United States. As it was with Aaron Burr and J.P. Morgan, so it is with George Soros and Jamie Dimon today!

With a credit system, in forty years, we have an entirely new society and economy. By means of national credit, we reproduce the means of our society’s extended future, based on the unique powers of the creative individual, and the assimilation of those discoveries into the productive powers of our society.

Now the way Wall Street runs it, they want to lend at 12%, though they get credit from the Federal Reserve at 1%! What does 12% mean? If you borrow \$10 billion today, you must pay JPMorgan Chase’s 12% interest rates, which is what they’ll lend to a nation in Africa or to an infrastructure project in Indiana—a 12% return, if they let you borrow it for forty years at all. But if they let you borrow it for forty years, which gives you a sense of the kind of rate of return *they* expect, you would have to pay back \$930 billion after forty years, i.e. nearly \$1 trillion, after borrowing \$10 billion. That magnitude of theft can never be paid back, so in-



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New York Stock Exchange, 11 Wall Street, Manhattan.

stead, it comes in the form of cuts to education, infrastructure, the space program, health care, and so forth. This is why nations in Africa, and around the world, are still indebted to the IMF today.

This is the fascist financial system at work over these fifty years. This is why Lyndon LaRouche intervened fifty years ago, to denounce the IMF and the British imperial system as a fascist racket, a system set to lower the level of population to less than two billion, and shut down the development of mankind.

Glass-Steagall and Public Credit

This is why Lincoln and FDR went back to Alexander Hamilton’s policies, so as to develop our country at a moment of existential crisis. It is not surprising, then,

that China, in 1993, adopted Glass-Steagall banking separation, just as FDR had done in 1933. Then in 1994, China set up three national banks for development and, in 1995, it expanded its entire banking system to a national credit system—and now, in the last twenty-five years, with a focus on high-tech manufacturing, nationwide industrial infrastructure platforms, fusion research, and a quickly advancing space-exploration program, China has created the greatest economic miracle mankind has ever seen—one based on the American System policies of National Credit.

This is what we can do in the United States. I think we have to do it.



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Statue of Alexander Hamilton before the U.S. Treasury Building in Washington, by sculptor James Earl Fraser (1878-1853).