tions. It should therefore bring forward proposals to re-enact and re-enforce the Glass-Steagall Act regulations. These segregate the megabanks' investment divisions and speculative securities operations so that they cannot be bailed out with taxpayers' and depositors' money.

Investment in Growing Productivity

The new charter should create a *credit* bank—a lending institution for agencies carrying out major projects of new infrastructure, and a discounting bank for private banks which are lending to manufacturers and constructors. The newly chartered national bank will still be the United States Treasury's bank of deposit for Federal tax, customs, and other revenues.

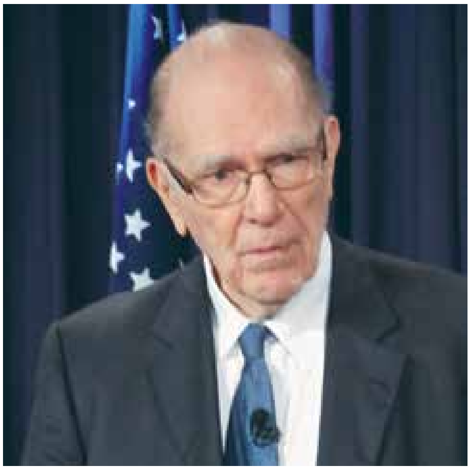
As with the prior national banks in the history of the American System of economy, the new national bank will be able, by multi-year loans for infrastructure and manufacturing, to issue credit equal to a four- to five-times multiple of any Federal revenue allocated to it for purposes of those loans.

In other words, the United States will be able to operate a *separate capital budget*, administered through

A National Bank 'To Create Wealth in the Form of Infrastructure'

The function of a new National Bank is provided here in excerpts from an article in EIR, *Jan. 22, 1993 (Vol. 20, No. 4) quoting the late economist and statesman Lyndon LaRouche, founder of* Executive Intelligence Review, *in describing the operation of a national banking system creating national credit for economic development.*

"According to our Federal Constitution, the creation of money and the circulation and regulation thereof, is a monopolistic responsibility of the Federal government. The … President goes to the Congress and asks for a bill which authorizes the Executive branch to print and circulate money. Acting upon that bill, the President instructs the Secretary of the Treasury. And the proper procedure is that the Secretary of the Treasury issues the money. This money is then properly placed in a National Bank. It's not spent usually for government expenditures directly. It's not paid out by the government.



EIRNS/Stuart Lewis

Lyndon LaRouche speaking during a 2013 webcast of his political action committee.

"When it gets to the bank, it is loaned. The Federal government loans money, that is, its own created money, which it must not spend directly, generally, except in times of emergency…. Part of the money is used to be loaned, mixed with private savings and loans, to private companies for worthwhile kinds of private investments, categories of private investments, to build up the economy."

Loans for Productive Purposes

As detailed in the Federal Reserve Nationalization Act [of 1992—ed.], private banks would be able to get cash directly from the new National Bank only by bringing in a loan contract from a prospective borrower for a productive economic purpose, such as construction of a steel plant. The National Bank would provide up to 50% of the loan to the bank, charging the bank 2-4% interest. The bank would have to provide the rest from its deposits, and loan the total to the steel company at a regulated, low interest rate in the 4-6% range.

Perhaps 60% or more of this government money, however, "is loaned at low interest rates to government agencies such as state governments, state projects, or Federal corporations, corporations authorized by the Federal government, water project companies, or the Tennessee Valley Authority, for example," LaRouche said. "These government companies use that money to create wealth in the form of infrastructure." The Federal and state agencies which receive these loans "are like master contractors, which now borrow money from the National Bank at a 2%, 10-20 year term."