

Principle of Economy: Increase Productivity

July 6—During his July 5 [webcast](#), Lyndon LaRouche cut through the usual gobbledygook about money and credit by going to the principle defined by First Treasury Secretary Alexander Hamilton, on which the American System of Economics and the U.S. Constitutional system itself are based. A comprehension of this principle makes clear the need for the immediate adoption of the emergency economic program LaRouchePAC has proposed: the implementation of Franklin Roosevelt's original Glass-Steagall; the establishment of a national credit system; and the launching of major infrastructure projects such as the North American Water and Power Alliance (NAWAPA).

Here is LaRouche's answer to a question about the necessity of a credit system:

Well, first of all, everything is actually, if you look at it in the right way, much simpler than most people make it appear to be. That's a fairly important point here.

First of all, on credit: Don't mystify credit.

Now, let's take the case of the American farmer, operating under the policies of our founding discoverer [Alexander Hamilton]. So what happens is, you start with a process, say, you start with agriculture, growing food, essentially. Because the first thing mankind has to do is grow food—unless they want to eat their neighbor or something like that.

So therefore, growing food, what happens? You're a farmer, say in the 18th Century. What do you do? Well, you grow food. What you do, is you develop the means to grow food on the basis of what you can get from the farmland. And what you can get from utensils and so forth, which you can use which help you in farming. Okay, so you start there.

Now, when you grow food, you have a period when the season starts: You plant the stuff, and you cultivate the stuff and so forth, and you harvest food. Now, you're in a society, and now you have a society which is going to progress. Why is it going to progress? Because it's going to develop things which are useful for food grow-

ers. So you will get machinery and other things which enable you as a farmer to do things which increase your productivity.

Now, if I want to increase my productivity some more, I've got to go to my neighbor and work out a deal in technology, where I'm producing things that are useful for the farm community, the food-growing community, forestry, the whole works. So therefore, you start by planting a crop according to the season. You come to a point where the harvest time has come, say, October, typical thing; now what do you do? You bring the food to market. So you sell the food that you bring to market. Simple.

A Division of Labor

Now, what happens? Ah! Well, the guy who is making utensils and doing similar things like that in production, outside of agriculture, is going to pay, for what you produce as food. Not only for himself, the farmer, but for the one who processes the product of the farmer's labor and so forth, or the supplies.

So therefore, the inherent thing of a non-oligarchical society, is that everybody contributes to everybody's profession, a necessary part of the whole business, and expands the number of professions available! This means that the result is, that you now produce the food—that's a value; but you also are going to use that value to make machinery and so forth, which increases the productivity of society.

So it's not a policy of: Are you going to do this? Are you going to do that? It's a policy of how do you take the total effort of mankind, to maintain and increase the productivity of *life*, of human life and other forms of life. This means that the total amount that you're getting paid for, in terms of product, includes this interaction.

So it's not a mystery, where you have to have somebody coming around with a stick and beating people up, and saying "This is what the price will be." It comes out as a natural price, and in a discussion which was made by the founder of our system [Hamilton], that's the system.

What is it we *don't need*? What are we paying for, that we don't need in society? Something we could eliminate and it would make things cost less for most people? Wall Street, for example: Eliminate Wall Street. And any banking system that has not eliminated Wall Street should be eliminated by natural methods: It's not worth paying for.

So therefore, the idea is to eliminate Wall Street, and that's what we have to do now. If we want to save the United States, the first thing we have to do is eliminate Wall Street! Just plain eliminate it! It doesn't produce anything to feed people—quite the contrary. It's nothing but a bloodsucker on mankind. We don't *need* that kind of banking! We never *did* need it! And we're not going to pay for it!

Because we're going to have a policy, which is based on: There are components of productivity, which we know as human beings, as a society; we know these things interact and are interdependent. We want those interdependent things to improve, to grow, to improve. And that's our system, that's the system of Alexander Hamilton.

Hamilton vs. the British System

When the Constitution was being implemented, and they tried to turn the Constitution into a system, that was exactly what was done. And the papers are all there still, the recipes are all there. There's no mystery about this. Alexander Hamilton understood the whole thing. And he laid it out, and that's what works!

But the problem was, the Europeans were largely tied in, heavily, into oligarchical systems, and these oligarchical systems which are predatory in nature, instinctively predatory in nature, created a situation where we in the United States, in the Americas earlier, were faced with a European system which was *rotten*, and wildly wasteful, overpriced, everything. We could do things cheaper.

Our production, during the Civil War, for example, our growth in agriculture and other things, during the course of the Civil War, produced one of the greatest and fastest increases in productivity, developed in the United States, that the world had ever seen. And we've done that a couple of times, also. Under Franklin Roosevelt, for example, the way Roosevelt dealt with the problem, worked in a similar way. It wasn't spelled out the way I've spelled it out, exactly; but most of the people who were doing that, like Henry Wallace and so forth, understood exactly what this is.

Mankind's source of income is producing the kinds of things that make him more productive. That's a very simple concept, which the Europeans tend not to have. The Europeans have been influenced by progress in that

direction, often, in different parts of the world. But we in the United States were unique in this respect. And what happened with the Massachusetts Bay Colony, in the time before the Dutch crushed it, was a similar kind of thing.

This has spilled over into Europe, where you have whole parts of Europe which have been influenced by the American sources, but also by the similar kinds of things which were developed in other ways inside Europe.

So, this is *our system*. This is the *American System*, with European and other kinds of cultures which do, or try to do, more or less the same thing.

An Elementary Principle

The problem has been that the British interest—all kinds of people in the United States have tried to crush that. The problem is that our people have lost the idea, because they're brainwashed; they believe in being brainwashed, and therefore, they don't realize how elementary the principle is, at least on this level. The same thing applies on a higher level, without going into those higher levels of sophistication. That's the situation.

If we understand what Alexander Hamilton did to make it possible for the United States economy to actually work, and we simply get into that insight—it has nothing to do with how you deal with money. You're trying to find a natural idea of the use of money, exactly as Alexander Hamilton spelled out in his published papers. It's all there.

And it's natural in the sense that the relations of production, or the inter-relations of production and progress, dictate that. It's the only way to do things.

But the problem is, we're dealing with a Europe which is dominated, since the Roman Empire in particular, by the British Empire, or the Anglo-Dutch Empire—there's no really British Empire, there's an Anglo-Dutch Empire. The damned Dutch moved in, in the 17th Century, to start to create this process under them. And that was what destroyed France, in wars; destroyed other parts of Europe.

So this imperial system, which is based on the Roman Empire and similar kinds of earlier formations, became the dominant force in Europe. That's what the issue is.

So there's nothing wrong with the economy, except most people don't know that it's really there.