

# LaRouche Replies to Query on National Bank

*An email exchange on March 5:*

**Q:** Doesn't the Federal Reserve System already represent a "bad bank"?

And wouldn't all that would be necessary be a "National Infrastructure Bank"?

**LaRouche:** All that is required is the adaptation to Alexander Hamilton's stroke of genius in establishing the national bank on which the crafting of our Federal Constitution depended in fact.

The special problem created by the freaks who supported Hank Paulson's insanity, is that the "bail-out" and "stimulus" programs have destroyed the U.S. economy to a state of virtual hopelessness, unless we rid our economy of that swindle by the following steps:

1.) Put all of what had been previously Federal and State chartered banks under Glass-Steagall, into Federal receivership.

2.) Reestablish Glass-Steagall (in effect) by putting all accounts which do not meet the now-restored, former Glass-Steagall test into a freeze, thus reducing the affected banks back into being National or State chartered banks (by Glass-Steagall standards).

3.) As a consequence of the swindles by Senator Dodd, Representative Barney Frank, Paulson, et al., even the rescued elements of what had already been, previously, chartered banks will be in a condition of negative equity with respect to even legitimate,

Glass-Steagall-class characteristics. This deficit, which is being covered now by Federal bail-out funds, is to be defined as that negative equity of the banks to be reformed.

4.) That margin of negative equity, so defined by the indicated steps of procedures outlined above, is now a debt, of those banks to the Federal Government, on the account of the rescued part of the formerly chartered banks. That debt of those banks to the Federal Government will fall, then, into the category of assets of the Federal Government, as assets of a reconstituted ("Hamiltonian") National Bank, which absorbs the presently bankrupt and similarly reformed, Federal Reserve System.

5.) This is a reflection of the solution, by Alexander Hamilton, which made possible the establishment of that U.S. Federal Constitution which created us as a true Federal constitutional republic. There is little that could better typify the relevant intent of the original Federal Constitution, than that.

6.) For reasons implicit in the preceding five steps, that re-creation of a U.S. National Bank is the only possible route of safe exit from what would be, otherwise, that presently spiraling, hyper-inflationary bankruptcy of the United States which was launched by the concerted efforts of such as qualified, on this account, as dangerous lunatics typified by the cases of former Federal Reserve chairman Alan Greenspan, the George W. Bush Administration, George Shultz accomplice Felix Rohatyn, stooge and Senator Chris Dodd, the crafty looney-bin and U.S. Representative from Massachusetts Barney Frank, and the pack of Hank Paulson, Ben Bernanke, and their sundry accomplices.

Such is the gist of my response to your question.

—Lyndon.