EIR Feature

WHY WE MUST ALLY WITH THE BRICS

America's 50-Year Economic Nightmare Since Kennedy

by Paul Gallagher

The great projects of the BRICS countries today—girdling six continents with high-speed railroads, mining the Moon, and breaking through to thermonuclear fusion power by 2030—are precisely the kind of "missions" with which John F. Kennedy challenged and led Americans during his brief Presidency. Add the task of defending the Earth from asteroid and great meteorite strikes, and the combined mission would have been big enough for JFK.

Lyndon LaRouche has long insisted that there has been no real growth in the United States economy, but rather an outright decline, since Kennedy was assassinated a half-century ago. Today LaRouche's point is frequently documented retrospectively from one standpoint: that of real wages, household incomes, living standards of most Americans; they are lower than they were in the early 1970s. From the World War II generation, the direction has been successively downward for the majorities of the three generations of Americans since.

While others have reported this, LaRouche *publicly forecast it in the years after Kennedy's death*. This was the first of the extraordinarily prescient long-term economic forecasts LaRouche has made, and which have made him so respected—and feared—by Wall Street and the City of London. In published writings in the late 1960s, LaRouche had forecast that the 1960s' successive crises of the British pound sterling were being steered toward the forced breakup of the Bretton Woods fixed-exchange-rate system "at about the end of the 1960s decade." Under then-current policy trends, LaRouche had written, Bretton Woods would be broken up and its destruction would be followed by a turn to deep ("fascist") austerity against the United States economy.

His forecast was then confirmed with shocking impact on Aug. 15, 1971, when President Richard Nixon abandoned Franklin Roosevelt's Bretton Woods System. A new era began, in which the United States lost control of its currency to City of London financial forces, and slowly evolved into a relatively low-wage nation with a service economy.

A half-century later, Lyndon and Helga LaRouche have promoted and hailed the emergence of the new development banks and "Eurasian Land-Bridge" development corridors of the BRICS countries (Brazil, Russia, India, China, South Africa). Zepp-LaRouche is regularly interviewed in Chinese media as an early conceptualizer and expert on the "New Silk Road" policy.

At the joint press conference of Presidents Barack Obama and Xi Jinping on Nov. 12 following the Asia-Pacific Economic Cooperation (APEC) summit in Beijing, we witnessed the Chinese President inviting the United States to join the new Asian Infrastructure Investment Bank (AIIB) and "Silk Road Fund." Among other effects of this positive development dynamic, the United

John F. Kennedy Library

President Kennedy inspects the Friendship 7 space capsule, Feb. 23, 1962. Behind him are astronaut John Glenn and other NASA figures. Kennedy's grand design for space exploration began to be axed within just a few years of his death.

States now has the prospect, after more than 40 years, of regaining control of its currency and credit issuance and using it for high-technology infrastructure development.

Instead, the Administration of Barack Obama, who was just "politically impeached" by an angry and economically depressed American electorate, is fighting to *suppress* the Chinese-initiated AIIB. The bank has been joined by more than 21 other nations, despite Obama's armtwisting.

Obama's conduct is suicidal for the United States. There is no greater contrast than that between China's and America's contributions to world economic growth, employment, productivity, and labor power during the 21st Century. The United States urgently needs a general agreement with China to cooperate on these goals.

Downhill Since the 1970s

There is broad public understanding that the "Obama recovery" has left most Americans worse off economically than before the 2008 financial crash. And many remember that household income had already declined (by almost 5%) in real terms during George W. Bush's two terms as President, before that crash.

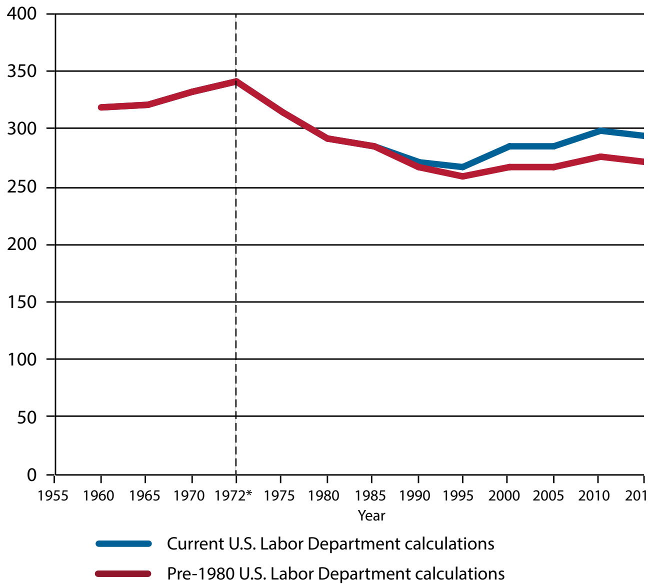
But few understand what LaRouche foresaw. The U.S. economy and living standards have deteriorated since the 1970s, and this was clearly set off after the killing of Kennedy, by the events leading into and surrounding Nixon's fatal action in August 1971, which LaRouche had so precisely forecast along with all its consequences.

Figure 1 shows the course of the median[1] weekly (gross) income of an employed American since 1960, based on constant 1982 dollars. Not only has that real income dropped by 8.6% over 50 years, according to this calculation; but the drop is 13.7% in the 40 years since 1972. And, it was concentrated in a disastrous 20% fall from 1972 onwards into the early 1990s. Worse, if there had not been a series of deceptive changes since 1980 in how the U.S. Labor Department calculates inflation and the Consumer Price Index, the 40-year 1972-2013 fall in real median weekly income of an employed American would actually be more than a fifth, just under 21%: a 25% drop from 1972-93, followed by up-and-down stagnation since.

This has not been the result only of the drop in the workweek from 39 to 33 hours over those decades (more than half of American workers are now employed part-time, as temps through contractors, or as freelancers). Hourly pay has also fallen. Pew Research Center, in an analysis of Labor Department and Census data back to 1964, published Oct. 18, 2014, on its website, demonstrates this. Converting to 2014 dollars, Pew found that the *average* of real hourly wages was $22.61 in 1972, when they reached their highest point. That average is now $20.64, and thus 10% lower than 40 years ago. But with income inequality rapidly growing,

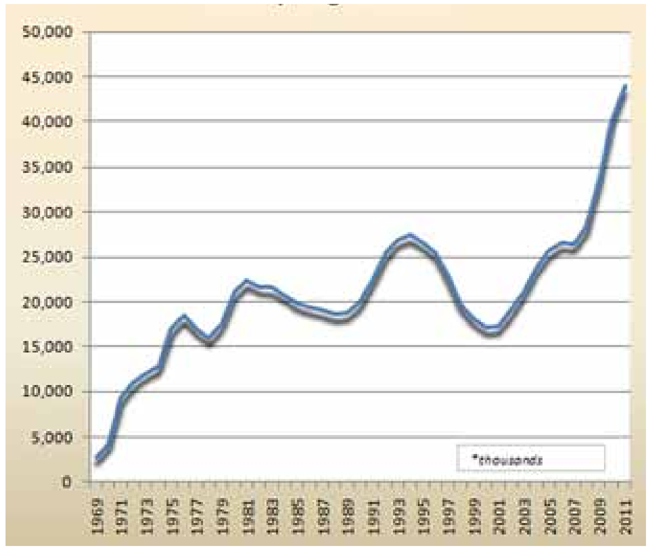
1. Median income: Half of the relevant population earned more than this amount, and half earned less. Not to be confused with "average" income.

FIGURE 1
Median Real Weekly Earnings
(Private Sector, 1982 dollars)



Sources: Economic Report of the President, 2013; Shadowstats.com

FIGURE 2
Average Participation - Food Assistance
($, Fiscal Year)



www.mybudget360.com

the *median* real hourly wage is $17.85/hour, or 18% lower today, than in 1972.

The median real *household* income in America appears to have grown by about 11% since 1970, using Labor Department data and 2012 dollars as the constant. This results from the number of people working per household having risen from 1.18 to 1.43, or about 25%. But again, if the Labor Department's pre-1980, relatively straightforward method of calculating inflation had continued to be used until today, real household income would be seen to have been flat for 40 years (from $46,921 to $46,936), despite the additional household members working.[2]

A tell-tale sign of the impoverishment over those decades is the long climb of the American public's need to use food stamps (**Figure 2**), which clearly has occurred not only during the Bush/Obama administrations, but also between the start of the 1970s and the early 1990s (the program dates to 1964).

Collapse of Productivity

The U.S. economy is no longer productive. Its productivity can only really be measured in comparison to its own past performance, by which measure it has fallen dramatically through an uninterrupted period of 50 years since of JFK's assassination.

Strangely, the central banks of Europe and the United States today, while flooding securities markets with vast oceans of printed and electronic liquidity since 2008, are proclaiming the urgent need for giving their real economies a "total factor productivity shock."

That would certainly be needed. But at the same time, U.S. and European government and "institutional" economists make the incredible claim that China, since the early 1990s, has "sacrificed productivity" by pursuing investments in new economic infrastructure at 8-9% of GDP every year.

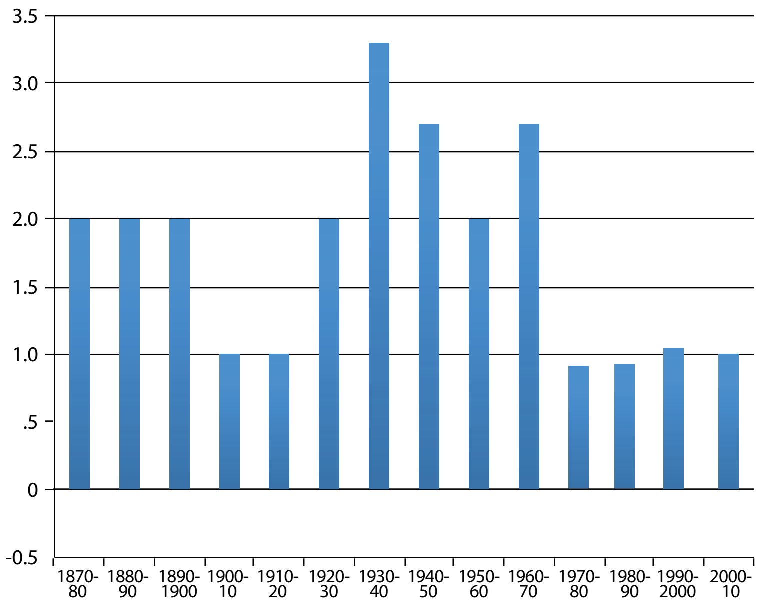
Where, then, do these economists believe productivity comes from? Their money-colored view is that productivity is connected to labor intensity—less capital expenditures mobilizing more labor at lower labor costs per unit of "production"; more and more, this means "production" of non-productive services! These services are labor-intensive. Compare three

2. For calculations of the effects of bringing the pre-1980 measure of inflation forward to the present time, credit is due to John Williams' www.shadowstats.com. The government admits the bias; the 1999 "Economic Report to the President" stated the changes to the method of calculating inflation from 1980-2000 would lower the rate of inflation applied against wages and living standards, by 0.68% per year. Others, including State Street Bank Research, estimate this inflation fraud at 1.0-1.5% over the whole period; and additional changes have been made by the Labor Department since 2000.

FIGURE 3

Total Factor Productivity in the U.S. Economy

(Annual Growth by Decade)



Source: NBER, Congressional Research Paper "Total Factor Productivity Growth in Historical Perspective", 2013

economies now roughly equal in size: China's fixed capital investment is growing at 16% annually; in the United States, by less than 4%; in Europe, by 1%.

The central bank economists associate productivity with "structural reform," or austerity programs: removing trade union protections and getting more workers to produce more work in the same time and/or for less compensation. This was stated bluntly by European Central Bank board member Benoit Coeoure at a Johns Hopkins University event during the Oct. 14-15 IMF/World Bank meetings in Washington.

Even by this degraded measure, productivity has not grown in the U.S. economy, for example, for the last 14 quarters.

But this measure itself is criminally incompetent, as shown by actual historical studies of the "total factor productivity" growth they aim to achieve. This parameter attempts to measure that rate of growth of an economy that is due to technological advance, rather than the simple application of more labor and/or more capital to economic sectors.

The highest annual rate of growth of productivity thus measured, in America's history, was clearly not associated with austerity programs. It was instead the 3.30% rate *of the 1930s*, under President Franklin Roosevelt's New Deal re-employment and massive "Four Corners" infrastructure programs. This was due to the very strong growth in electric power generation and distribution, transportation, communications, civil and structural engineering for bridges, tunnels, dams, highways, railroads, and transmission systems; and private research and development.[3]

Studies of U.S. economic history call 1940-70 the "golden age of productivity" because of sustained growth in total factor productivity which built on FDR's New Deal and Four Corners. Next best after the 1930s was the 2.70% annual rate of productivity growth for the 1940s, reached again during President Kennedy's 1960s. Today, U.S. total factor productivity growth is estimated at "1% annually," where it has been for most of the period since 1972 (**Figure 3**).

And the major cause for this? U.S. investment in new infrastructure as a percentage of GDP, which again reached and exceeded 3% during Kennedy's 1960s, now scrapes the bottom among industrial countries at 1.4% of GDP (**Figure 4**)—compared to China's 8.8% average over the past 22 years (1992-2014).

And perhaps the most important "infrastructure project"—NASA's space exploration, key to the productivity gains in aerospace which outpaced every other economic sector—was cut down perhaps in the most dramatic fashion in American economic history. **Figure 5** shows that U.S. investment in the exploration of the Moon and Solar System was cut by 90%, as a share of GDP, in just a few years after John F. Kennedy was killed. It has remained an order of magnitude less than what Kennedy launched, ever since.

The United States was the model for development, into the post-World War II years. In this period came the Atoms for Peace program, for advanced power and large-scale infrastructure projects internationally. American teams collaborated on building dams for hydro-power and irrigation, from Haiti to Afghanistan. Plans for nuclear power in Egypt, Iran, and throughout Southwest Asia were initiated by Detroit Edison, Westinghouse,

3. "Sources of TFP Growth in the Golden Age," National Bureau of Economics Research, 2005.

FIGURE 4
The 50-Year Disappearance of U.S. Infrastructure
(Annual Investment as % of GDP)

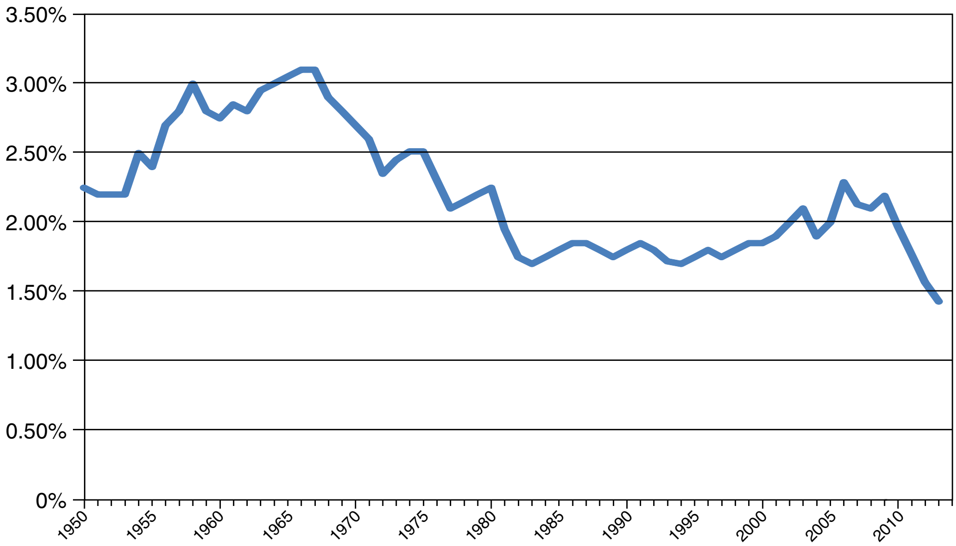
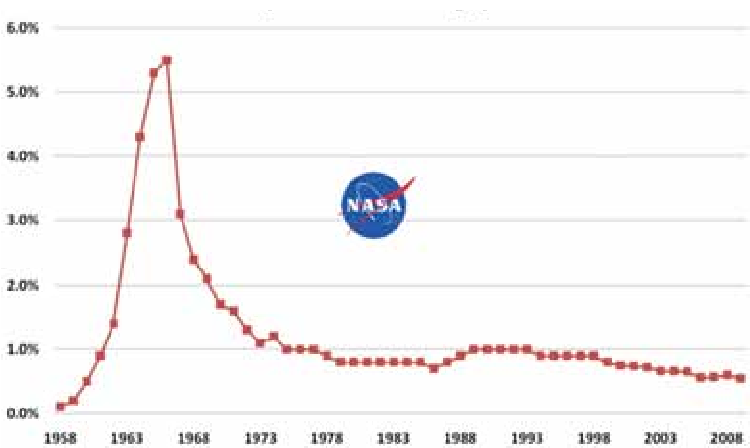


FIGURE 5
NASA Budget History
(% of Total Federal Budget)



NASA, www.reddit.com

and other private firms, working with the U.S. diplmatic corps. In North America, the Tennessee Valley Authority (TVA) model continued in the great California Water Project (1960-73), the upper Missouri River Basin project (Pick-Sloan Plan, 1944). In 1959, the St. Lawrence Seaway was completed, a transportation corridor to mutually serve Canada and the United States.

President Dwight Eisenhower's national interstate highway building program, with its dedicated capital source, was continued and expanded in the Kennedy years. The Apollo space program led the world to the Moon. The North American Water and Power Alliance (NAWAPA) was put forward as history's greatest water-management works, to benefit the entire continent (it was never built). Kennedy's call was that "no drop of water in the West [of North America] should go to the ocean unmanaged." Nuclear isotope production for medicine and biology, and nuclear power production took off, and nuclear desalination projects were launched. The U.S. public health system, centered on hospitals, was built up nationwide; TB, polio, and other diseases were conquered. Crop genetics advances in the Green Revolution foretold a future without famine.

The Nature of Employment

But also by the measure of employment, the U.S. economy has become unproductive since 1970. The shares of its workforce involved in broadly productive employment on the one hand, and in broadly non-productive employment on the other, have "flipped." The U.S. economy has more than twice as many retail trade employees today as in 1970; more than twice as many working in the financial, insurance, and real estate sectors; more than three times as many "leisure and hospitality" workers; and more than four times as many employees in "professional and business services." The share of the American workforce employed in these areas—the furthest removed from goods production and construction—rose by just 5% from 1940-70 (from 19% to 24%), but by another 13% since then (from 24% to 37%). The total number of Americans employed in these four sectors grew from 21 million in 1970 to 57 million today.

The St. Lawrence Seaway, completed in 1959, formed a transportation corridor to benefit both Canada and the United States.

But in the broadest definition of productive employment—goods production, construction, mining, transportation, power utilities, and engineering—there are fewer Americans working today (25.1 million) than in 1970 (26.8 million). And as a share of the workforce they have fallen in half, from 32.5% to 16.1%, while clearly non-productive employment has doubled from 18% to 37%.

If one considers manufacturing, mining, and construction workers alone—the common economic definition of "goods-producing" workers—the decline is absolute. Their numbers nearly doubled from 1940 to 1970, but have dropped since then from 22 million to 18.7 million.

Why was the plunge in incomes so sharp in the 1970s through the early 1990s, and the loss of economic productivity so dramatic since the Kennedy Presidency?

London's Dollar

One key parameter is that the dollar became decoupled from its sovereign function as credit for production, and was made the instrument for simply "making money."

The United States maintained essential control of its own issuance of currency and national credit, from the time President Franklin Roosevelt replaced the British gold standard with a gold-reserve system in 1933, through the strong capital and exchange controls of the postwar Bretton Woods System initiated by Roosevelt's Administration.

The idea of Roosevelt's Bretton Woods was that national capital and currency stayed at home for investment—the "non-exportable currency" explained in detail 70 years earlier by President Abraham Lincoln's economist Henry C. Carey. International credit was to enable underdeveloped nations to purchase goods, machinery, and technology from developed ones. Governments restricted cross-border flows of financial capital to payments for trade; banks in member countries were not usually allowed to take deposits in foreign currencies unless the depositor proved that the deposits served for payment of trade. Economic growth was high and broad-based under this system.

The government of China exercises such currency, capital, and credit policies today.

LaRouche explained already in his 1967 pamphlet *The Third Stage of Imperialism* that when Eisenhower's United States failed to follow through on the actual needs for extending development credit internationally, Wall Street and London started the unregulated export of capital, and the "export of production," from the United States instead.

The City of London banks, beginning with the one now called HSBC (formerly the Hongkong and Shanghai Banking Corp.), set up British offshore centers of the so-called "eurodollar" market from just prior to 1960, directly violating the rules of the Bretton Woods System. British banks opened offshore dollar accounts which paid significantly higher interest rates than did accounts in U.S. banks, and which made speculative loans and securities investments initially in Europe, particularly for corporate takeovers.

The London banks did this initially, starting in 1955, in collaboration with banks in the Soviet Union, which wanted to move dollar accounts belonging to Soviet citizens or Soviet agencies out of the United States. But soon after this ironic beginning, Wall Street banks jumped in. Before long, both City of London and Wall Street banks were directing the oil revenues of Middle Eastern countries and the Soviet Union into these "eurodollar-petrodollar" accounts as well. Already in 1958, $1 billion flowed from U.S. bank deposits into the eurodollar market. By the mid-1960s, the flow had reached $60 billion, equal to almost 10% of U.S. GDP.

This began London's "comeback" as what is today, again, the world's dominant and imperial financial center. It is the world leader in foreign exchange trading, cross-border bank lending, exchange listing of companies and, by far, in financial derivatives issuance.

The eurodollar accounts had the elevated interest rates and offshore speculative purposes of what has since been called a "carry trade." Especially as European countries all made their currencies freely convertible into dollars by 1960, the eurodollar market progressively drew the U.S. money supply offshore and robbed the Treasury of control of creation of its own currency. By 1980, approximately 80% of U.S. dollars were circulating, and effectively being created, outside the U.S. economy.

The petrodollar, or "London dollar," effectively replaced the U.S. dollar.

U.S. and other national "prime" interest rates were replaced in this process by the LIBOR—London Interbank Offered Rates—which became dominant, and are now known to have been systematically rigged by the British Banking Association, which set them daily.

U.S. banking regulations disappeared. A top Bank of England (BoE) official, James Keogh, said in 1963: "It doesn't matter to me whether Citibank is evading American regulations in London. I wouldn't particularly want to know." The BoE stated in a memo that year, as London offered unregulated and unnamed ("bearer") Eurobonds—perfect vehicles for tax evasion and financial crime—"However much we dislike hot money, we cannot be international bankers and refuse to accept money."[4]

And these offshore dollars, in the form of high-interest eurodollar loans syndicated by London and Wall Street banks, began to be used to replace American and European manufacturing and industrial production plants with substitutes in countries featuring lower, even much lower, wages.

Kennedy vs. London and Wall Street

As this process progressed during the later 1960s and 1970s, inflation was triggered in the United States, and domestic interest rates were pulled up at the same time. The dollar-gold reserve fixing, which was central to the Bretton Woods System, was threatened with the breakdown which LaRouche forecast.

The big Wall Street banks followed their accounts to the City of London, opening "offshore" arms there which evaded the Glass-Steagall Act's limits on securities speculation.

The last President who tried to stop this massive speculative export of U.S. currency was John Kennedy. Kennedy planned, with aides, to restore enforcement of the currency and capital controls of the Bretton Woods Agreement. Kennedy is quoted in Nomi Prins' *All the President's Bankers*: "It's an insane system to have all these dollars floating around [that] people can cash in for a very limited supply of gold."

Prins reports that on July 18, 1962, Kennedy "announced a program ... that included a 15% tax on purchases by Americans of foreign securities and a tax on loans made by American banks to foreign borrowers." He wanted to go further and reimpose currency and capital controls.

Wall Street strongly opposed him, led by then-New York Governor Nelson Rockefeller. *Life* magazine on July 6, 1962 featured Rockefeller's open letter to Kennedy, opposing his proposed exchange controls and claiming that the entire financial and business community opposed him. Kennedy lost the battle. After JFK's death, Walter Wriston of Citibank wrote (again quoted by Prins]: "In 1963, the United States began a futile bout with capital controls.... In this period, New York banks began to finance projects in America with dollars deposited in European [i.e., London—ed.] banks."[5]

President Nixon made the loss of U.S. management of the dollar into an uncontrollable flood. The turning point into this devolution was 1972, immediately after Nixon was bullied by the British and by his Office of Management and Budget Director/Treasury Secretary George P. Shultz into breaking Roosevelt's Bretton Woods System. The United States then let the dollar float speculatively against gold and other currencies. Nixon's and Shultz's actions triggered an explosion in the offshore markets for speculative U.S. dollar accounts: the eurodollar/petrodollar markets. They also triggered an explosion of unregulated foreign exchange ("forex") trading to now $5 trillion daily, 98-99% of that trading independent of any trade in goods and services. Major London banks have recently acknowledged to regulators that forex values, too, have been unlawfully rigged.

Since 2011, British financial institutions have been working to establish the City of London as an offshore

4. Nomi Prins, *All the President's Bankers* (Nation Books, 2014), pp. 226-228, 245-247.

5. Nicholas Shaxson, "The Much Too Special Relationship," *The American Interest*, March 19, 2014.

Below: President Nixon meets with Cabinet members, plotting to smash the Bretton Woods System, May 4, 1971. From left: Federal Reserve chairman Arthur Burns, Treasury Secretary John Connally, Nixon, chairman of the President's Council on Economic Advisors Paul McCracken, OMB director George Shultz. Right: Lyndon LaRouche had forecast the breakup of the Bretton Woods System; here, the newspaper of the LaRouche movement announces the President's official move of Aug. 15, 1971.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Preface

Crisis Numbs Liberals Socialists Follow Suit

National Archives/Olvier F. Atkins

financial center for investment and trading in China's currency, the renminbi. Beijing is well warned, and has given priority instead to Frankfurt, for purposes of China's trade with Europe.

Today's Reality

Since the 1960s forecast by LaRouche described above, the nearly 50-year slow-motion collapse of the U.S. productive economy and the standards of living of its once-productive citizens, has made that long-term forecast one of the most telling in economic history.

The 1970s U.S. economy was marked by steadily rising, and apparently uncontrollable inflation, and by a doubling of the number of officially unemployed Americans from 4 million to 8 million. The 1960s' sharp reduction of officially defined poverty was reversed, and the poverty rate rose from 12.5% in 1970 to 14% in 1980, its peak until the aftermath of the 2008 financial crash (it is now 15.9%). The decade was ended by Federal Reserve chairman Paul Volcker's brutal crushing of inflation by raising baseline interest rates to a usurious 21%, causing a deep and "double-dip" recession.

That recession, including its 1981-82 second "dip," was also precisely forecast by LaRouche and his *EIR* economics team in early 1980.

Employment recovered during the 1980s, but real household incomes and real hourly wages continued to drop. The stages of deep austerity that LaRouche had forecast would follow Nixon's breaking up the Bretton Woods system, were being carried out.

Another extraordinary marker of what the destruction of Roosevelt's Bretton Woods meant, is the explosion of the amount of debt necessary to produce a given amount of GDP—under the circumstances of London's eurodollar/petrodollar system, floating exchange rates, and then globalized securitization of debt. **Figure 6** shows the approximate ratios of debt of all kinds—government, business, and household—to GDP in the U.S. economy from 1950 to the present. No comment is necessary.

The drop in real incomes and living standards leveled off in the late 1980s, and was replaced by relative stagnation, until Bush, the 2008 crash, and Obama's "recovery" started another downhill slide. The leveling-off reflected the collapse of the Soviet Union, greatly strengthening the petrodollar. The United States was enabled to consume imports and run trade deficits in the hundreds of billions of dollars annually for decades.

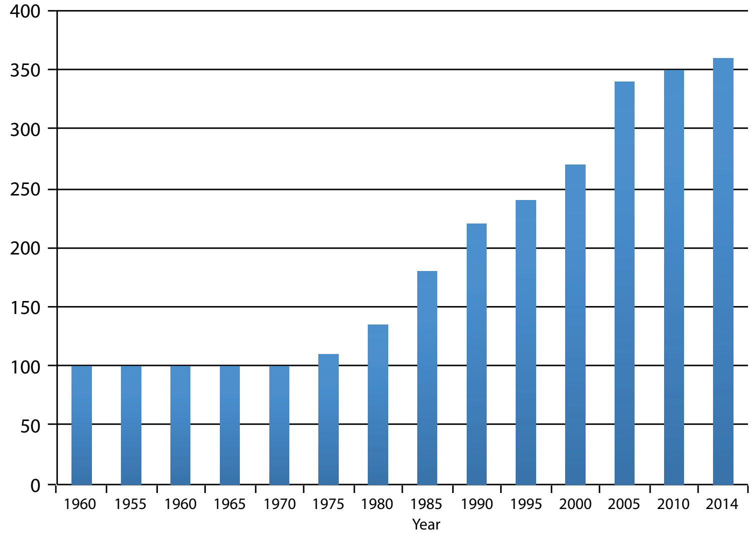
But the decline in productive employment did not stabilize; it has fallen by another 4 million, another 7% of the workforce, since 1990.

Nuclear power, NAWAPA, the space program, the drive to harness thermonuclear fusion power, have all been abandoned or have faded to economic insignificance in the decades under the Presidents who have followed Kennedy.

Fifty years later, the U.S. economy is in a permanent low-productivity, cheap-labor, part-time/temporary/self-employment morass, sometimes repugnantly called "the new normal." Low and declining real wages and household incomes now dominate the economic *and social reality* of the nation.

Entire, once-productive sections of the economic platform of the continent have been destroyed—for example, the steel centers of Monterrey, Mexico and Pittsburgh, Pa. The North American rail grid is dysfunctional—it cannot move out the High Plains Cana-

FIGURE 6
All Sectors' Debt to GDP



Source: New America Foundation, from Federal Reserve and BEA Data

dian and U.S. harvests. Detroit and other once great industrial and cultural cities are bankrupt ruins. The entire state of California has only 18 months of water left, unless miracle rains occur.

The North American continent lacks rail—let alone high-speed rail—connectivity, although it was the first continent with not one but five East-West transcontinental railroad corridors by 1890. The contiguous ("lower 48" states) United States is unconnected with the great western plain provinces of Canada, and unconnected with Alaska. The entirety of North America is unlinked, even by highway, to South America.

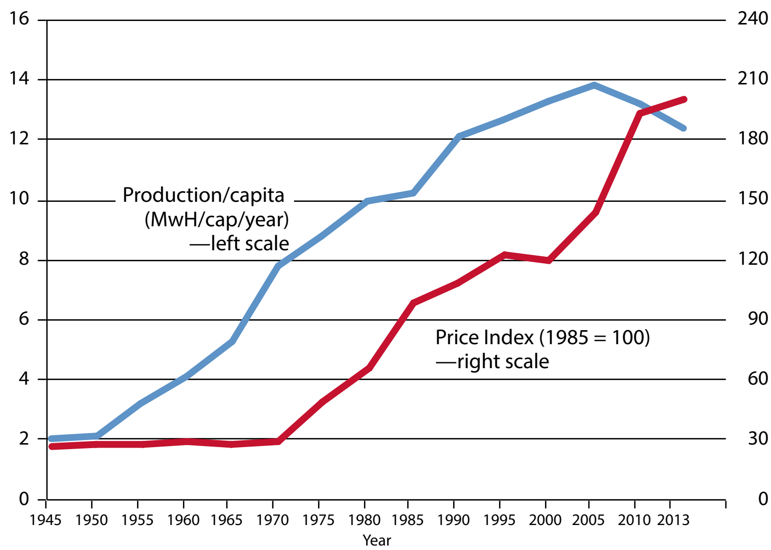
Here too, the aftermath of JFK's assassination was the turning point. Though the national interstate highway program initiated under President Eisenhower had literally identified America with the connectivity provided by good roads, that process reversed after 1965. Trunk highways have become choked and structurally degraded by truck traffic, as total road mileage in use per capita has declined by 50% since 1965. Rail mileage (Class 1 plus Amtrak passenger rail) per capita has fallen from 90 miles in 1965 to just 54 now. The North American rail system is so dysfunctional that in Spring 2014, fertilizer shipments were delayed past planting time in the northern High Plains of the United States and Canada. Then, after the harvest, the trains could not move out the crops.

The nation's mileage of *electrified* railroad track, which was 16% of its total rail network in 1965, is now just 1% of the network.

We see the same picture in electricity production and price, which are vital for economic growth and productivity (**Figure 7**). After doubling in the 1950s, and again in the 1960s, electricity production per capita in the United States grew by just one-quarter in the 1970s, by one-fifth in the 1980s, by just 8% over the 1990s, and has stagnated and fallen by 8% since the turn of the 21st Century. And the price index for electricity, having been stable for 25 years (1945-70), rose sharply from the 1970s on, even before the impact of electricity deregulation.

In the use and provision of water supplies, with the exception of public or municipal use, all the main uses of water—by industry, by agriculture for irrigation, for thermoelectric power generation—peaked between 1970 and 1980, and have dropped since by anywhere from 23% to 65%. As a result, the U.S. economy as a whole used 17% less water in 2010 than in 1980, even including public use by a population

FIGURE 7
Electricity per Capita



Sources: Energy Information Agency/Census for production; Bureau of Labor Statistics for price index

©Cuyahoga County Engineer's Office/Robert C. Klaiber, Jr.
Dysfunctional infrastructure in the United States: the Rockefeller Bridge in Cleveland, Ohio.

which has grown nearly 40% in that time. These uses have been reported at five-year intervals since 1950 by the United States Geological Survey.

Worst and most dangerous to its well-being, the United States has come to lack water management and faces an enormous and intensifying drought which threatens its food supply. The last major water management projects in the dry West of the country were those dedicated by JFK, and by President Lyndon Johnson later in the 1960s. And Kennedy was backing the Senate initiative, in which his brother Sen. Robert Kennedy also got involved, to create the North American Water and Power Alliance (NAWAPA), the scheme with 10 times the scope and productiveness of the Tennessee Valley Authority, and which was sometimes inadequately termed "water from Alaska." The plan, along with Kennedy's mission for widespread desalination with nuclear power, died during the Vietnam War, and no other comprehensive strategy for anti-drought infrastructure has ever taken its place. The history is dramatically told in LaRouchePAC's one-hour documentary, "JFK Speeches Toward a Nationwide TVA."

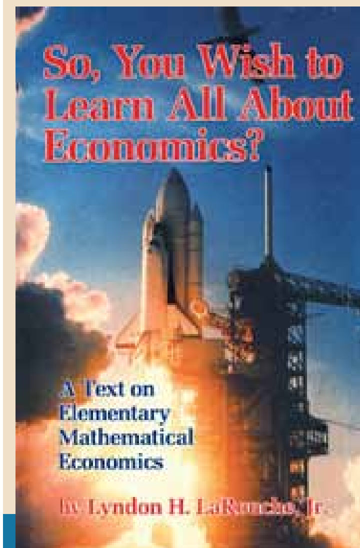
National Credit

Various proposals for "infrastructure banks" have been raised during the Bush and Obama administrations. They have, for the most part, been far, far too small to address the United States' huge and urgent needs for investment in new infrastructure platforms, technological frontier advances centered around fusion power development, and revived space exploration. They have been centered on attracting private infrastructure investments, merely using Federal credit to guarantee interest payments.

The real credit to be attracted for this purpose, however, overwhelmingly hails from the 21st Century's center of economic growth and productive employment creation: China. This is the process which is creating the "BRICS dynamic," which became visibly dominant at the Nov. 10-11 APEC summit.

In order to join this process and reverse its own real economic decline, the United States will have to create its own national development bank, with Federal credit, on Alexander Hamilton's national banking principles.

By issuing credit from such a national development bank in cooperation with the new BRICS development banks and funds being created primarily by China, the United States will be acting for the economic benefit of other nations—and becoming the greatest beneficiary itself.



Lyndon LaRouche's university textbook on national economic policy, which also serves as a manual for government officials and advisors to governments.

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