

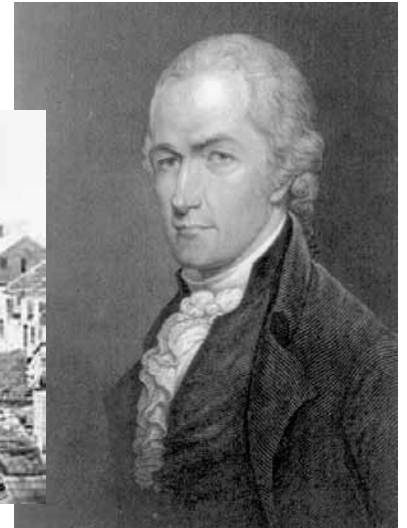
Hamilton's Solution to the New York City Infrastructure Crisis

by John Scialdone

July 31—The collapsing physical infrastructure of New York City is in a crisis today that can only be solved from the top, by fellow New Yorker, President Donald Trump. The current Wall Street-controlled (also from the top) monetarist approach, is like trying to stop a mudslide on the side of a mountain with picks and shovels, except that the men with the picks and shovels are actually at the top of the mountain, loading more dirt over the side. The collapse is not only outstripping the pace of all current efforts, but those efforts are self-admittedly designed to repair a system for the 1970s, at best, not the 21st Century.

President Trump must reintroduce the Hamiltonian principle of credit, not as a monetary mechanism, but to implement the Hamiltonian idea of *building the future, today*. Just as Hamilton attempted to design the early City of Paterson, New Jersey as a designated industrial science-city, setting the pace for the future of the United States, utilizing the Great Falls on the Passaic River as a power source—so, without a plan for what the future of New York City's water, power and transit should be fifty or more years from now, the current efforts are like trying to save a sinking ship by drilling holes in the bottom, accelerating the crisis, because the precious little time available to fix the substantially overloaded system is being squandered.

Alexander Hamilton's ideas set the pace for the future of the United States: the Paterson, New Jersey works, an industrial center powered by the Passaic River.



Since Alexander Hamilton breathed new life into our nation with the creation of the U.S. Constitution and the recruitment of George Washington to launch our new Republic as its first President, it has always been the case that the prin-



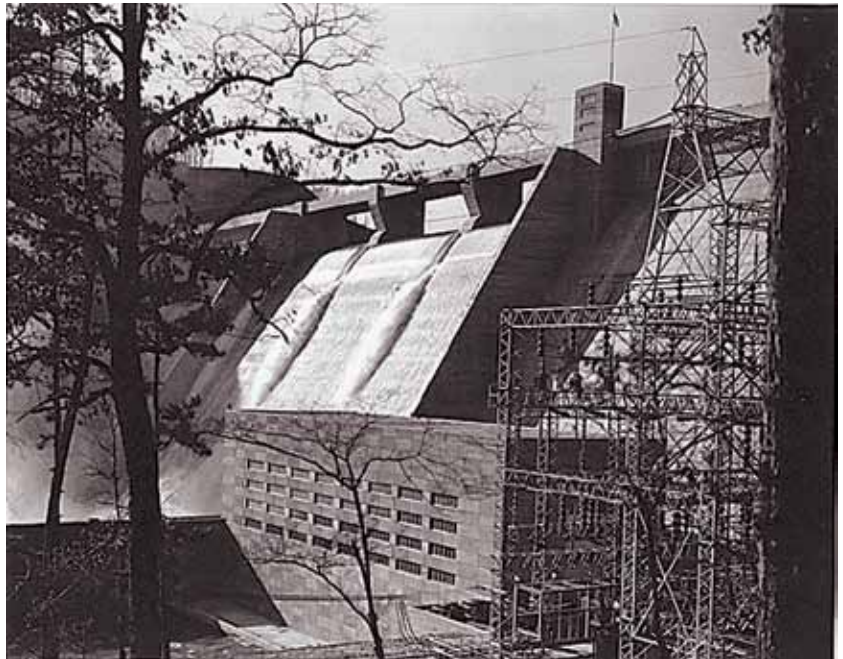
The driving of the ceremonial golden spike in Promontory, Utah, on May 10, 1869, that completed the nation's first transcontinental railway.

ciple of *Revolutionary Progress* for the Common Good has been the fundamental guiding principle of our nation. Indeed, Hamilton was bringing the nation back to what had already been our guiding principle since the first settlements on these western Atlantic shores.

Under the Winthrops, in the first decades of the Massachusetts Bay Colony, the first integrated iron works in history, constructed on the Saugus River, was already outproducing the best iron works of Europe. As Governor of New York State, Dewitt Clinton's Erie Canal project transformed New York City and the nation as a whole, by connecting the Eastern Seaboard to the Midwest. (As Mayor earlier, Clinton should have renamed the city Hamilton, after Hamilton was killed by British agent Aaron Burr.)

John Quincy Adams' foresight defined the United States as a continental nation—presaged by George Washington's naming his army the Continental Army—launching the rapid general expansion of road, canal and early railroad construction. Abraham Lincoln's transcontinental railroad unified the nation from east to west, even while the Civil War raged on, all the while introducing countless "Inventions and Discoveries" into the life of the nation. President Grant spread these blessings of liberty throughout the world. William McKinley—the last of the Lincoln Republicans—attempted to extend these blessings throughout the Americas. Indeed, McKinley was assassinated at the Pan-American Exposition in Buffalo, N.Y., where he was putting forward a plan for linking North, Central and South America by rail.

Franklin D. Roosevelt's Tennessee Valley Authority, Rural Electrification Program, and overall the greatest infrastructure program in history (prior to today's Belt and Road Initiative), were carried out on the back of the Wall Street/City of London induced bankruptcy of the United States. He accomplished this in the context of three Hamiltonian economic revolutions: the New Deal, the World War II mobilization, and the 1944 Bretton Woods fixed exchange-rate monetary system for his projected anti-colonial "reconstruction and development" of the post-war world.



FDR Library

Norris Dam in Tennessee, one of the Tennessee Valley Authority projects.

Eisenhower launched his Atoms for Peace program for the peaceful use of nuclear power for the development of the world; his Inter-State Highway System further integrated the nation, and his setting up of the early space program set the stage for later accomplishments. John F. Kennedy's Apollo Program took the United States and the world into space. As the plaque on the Apollo 11 lander stated, "We came in peace, for all mankind." His second administration would likely have launched the greatest water management project in history, the North American Water and Power Alliance, NAWAPA. Since his assassination by the British oligarchy and its minions within the U.S. security and intelligence establishment, our nation has gone adrift once again.

During the last fifty years, the single intervention that represented a return to Hamiltonian principles occurred when Lyndon LaRouche was brought into the picture by Ronald Reagan, with LaRouche's revolutionary approach to solving the second missile crisis, the Euro-missile crisis. This led directly to the announcing of President Reagan's Strategic Defense Initiative (SDI) program, wherein he asked the Soviet Union to join us, in asking "these great scientists who brought us weapons of mass destruction, to turn their talents now to the cause of Peace."

Thinking Too Small

So, where do we stand with respect to the current infrastructure crisis in New York? The foregoing review should already indicate what needs to be done. But two meetings that took place in the past week on the transit crisis, back to back, in Manhattan, indicate that we are instead headed for disaster. The first meeting was called by Rep. Adriano Espaillat (NY-13) in Harlem, not to present any proposals or solutions, but as an invitation to all parties involved to “come together and talk.” The second meeting was the regular monthly board meeting of the Metropolitan Transportation Authority (MTA), which had just released its plan for dealing with the transit crisis the day before.

Both of these meetings demonstrated an utter bankruptcy of ideas on the part of government leaders, as well as both a lack of vision and complete subservience to the monetarist outlook of Wall Street. Finger-pointing, useless rhetoric, and half-baked proposals were on full display.

At Congressman Espaillat’s “Community Discussion on NYC Transit” on July 22, there were speakers present from the city, state and federal governments as well as several community advocacy groups, but no one from the MTA accepted the invitation to speak. Although there were Transit Workers Union (TWU) members in the audience, no one from the TWU was on the speakers list. All questions were written down and read aloud—no one was allowed to speak from the floor. Indeed, the sound system was turned up to deafening rock-concert levels throughout the hearing, making any other voice impossible to hear in any case.

Throughout the meeting, Congressman Espaillat repeatedly returned to a central theme, that there is “no use asking for more monies until there was a plan of action, and no one knows better what needs to be done than the straphangers themselves.” At one point he referenced that Scott Stringer, the Comptroller, had done a survey of 1,200 NYC riders that would help provide answers. Later in the meeting, he appealed to the audience, asking them whether they would prefer a total shutdown of the lines serving the Bronx and northern Manhattan, the deepest lines in the city, for repair, as is being done with the “L” line to Brooklyn, or would they prefer “the weekend repair kind of thing?” In other words, the transit ridership was allowed to voice their opinions concerning which method of suffering they would prefer.

Similarly, most of the discussion of “Who will pay

for this?” was reduced to a variety of proposals for higher taxes and tolls, that is, more looting of the population. Espaillat proposed an \$8 congestion pricing for vehicles below 60th Street, proclaiming, “If people can afford to pay \$40 for parking to bring their cars downtown, then they can put up \$8.” City Councilman Ydonis Rodriguez, chair of the NYC Transportation Committee, called for reinstating the Commuter Tax, which was repealed by Gov. Pataki in 1999, saying, “We have to put tolls into midtown.” City Comptroller Scott Stringer stated, “We need a new Bond Act to finance the MTA.” Assemblywoman Carmen De La Rosa, from the Governor’s Transportation Committee, called for a 2% annual personal income mobility tax. The urgent need for a Lincoln/FDR-style national credit mobilization to completely rebuild the system for the 21st Century was not raised by any of the speakers.

The one subject area of the meeting in which truth made an appearance was in the depictions, given by several of the speakers, of the monumental break-down of the transit system. This included the following:

Manhattan Borough President Gale Brewer cited a *Daily News* article by the head of the TWU, saying, if the signals don’t work, nothing works. The portion of the maintenance budget which goes to signal repair has dropped from 20% to 14%.

Nick Sifuentes of the Riders’ Alliance, indicated that the current schedule for replacing the ancient system of signals and switches goes out to the year 2045! He also indicated that there are still subway cars running that were built in 1964, and that, of 472 stations, only 117 are wheelchair-accessible.

Scott Stringer reported that in the last twelve months, there were 981 track fires and over 20 derailments. Only 23% of stations have elevators, but they are very unreliable. In upper Manhattan, the subways go down several stories, and for many are inaccessible without elevators—which frequently break down, sometimes trapping riders inside without air conditioning or lights. In the entire NYC subway system, there are only two (two!) track cleaners! One of them is broken, and the other barely works.

On the question of “Where does the Money Go?” several speakers raised the question of auditing the MTA, including Assemblywoman De La Rosa, who stated, “The money is there, but we don’t know what’s happening with it. We need a line-by-line audit of the MTA.” Again, all of the thinking was contained within pre-defined barriers. What should have been demanded



EIRNS/Diane Sare

Crowded 145th Street New York subway station, after a fire on the track blocked train traffic.

is a full audit of all of the Wall Street financial institutions that have looted the city dry.

Despite the rhetoric of “listening to the straphangers,” all discussion at the event was tightly controlled. Only written questions were allowed, many of the questions were read but left unanswered by the speakers, and if a question was answered, follow-up questions were prohibited. In other words, there was no dialogue.

Members of the LaRouche Political Action Committee submitted two questions. The first stated the necessity to reinstate Glass-Steagall at the federal level, to purge the financial system of useless and fraudulent debt as Franklin Roosevelt had done, to be able to generate large volumes of new credit for the levels of investment required to bring the economy to a higher platform of efficiency. The second asked how the income stream from tolls and fees would ever generate the required investment if dividend payments were guaranteed, while dedicated budgets for fixed capital maintenance and improvements were not. Both questions were read, but neither was answered.

The Problems versus the Solution

A second meeting was held, on July 26, this sponsored by the MTA’s Safety Committee and chaired by MTA Chairman Joe Lhota. This meeting largely consisted of horror stories about current conditions in the system.

The fruitlessness of this sort of “venting” was best

characterized in a lengthy “discussion” of why there are a greater number of injuries in Penn Station than Grand Central. Apparently, it all comes down to a matter of design: Grand Central is open and spacious, while Penn Station is known for its narrow corridors and confined platforms! (Does it take the workings of a “Safety Committee” to figure out this obvious and visible reality?) At Penn Station, one never knows which track the train you are looking for will use, until a few minutes before it arrives at the platform. Then it’s a mad dash, because the arriving train usually leaves within three minutes, and riders must get to the proper platform—while people in the arriving train are using the same train doors, stairs and escalators to exit. The reason for the short lead time, is that the trains themselves must wait for a platform to open up before proceeding. All this is further complicated by recurring track problems and other factors such as crew changes.

Another issue raised was the hundreds of track fires which regularly interrupt train service. A “solution” was proposed to place portable vacuum cleaners at subway platforms! The absurdity of the discussion reached an apex when one participant denounced subway riders who eat on the trains and platforms, as “pigs, pigs! They don’t belong there!”

During the subsequent question-and-answer session, Diane Sare, a member of the LaRouche PAC Policy Committee, began by stating that, “We face a disaster that will cost not only millions of dollars, but the loss of human lives. The problem is Wall Street, which has turned the MTA into a debt farm, charging usurious interest rates, which necessitate more and more borrowing. Public infrastructure does not need to generate a profit at the point of use. It raises the level of productivity of the entire workforce, and therefore should be paid for through public funds and taxes. I am certain that Wall Street is not paying its fair share. Everyone in this room should demand that Glass-Steagall be re-enacted immediately, and that the President of the United States return immediately to Alexander Hamilton’s program of



wikipedia

A CRH2E high-speed train arriving at Beijing West Railway Station.

a National Bank and Public Credit at 1% to 2% interest. Also, the Chinese Investment Corporation has just relocated from Toronto to Manhattan. It has already said that it wants to invest \$50 billion in American infrastructure. China has built twenty-two thousand kilometers of high-speed rail in less than ten years—the same amount of time in which we built the Second Avenue subway. With its help and American union workers, we could completely modernize the entire metropolitan transportation grid in a shorter time than imagined by anyone in this room today. We have to stop allowing Wall Street usury to dictate infrastructure policy.”

This author also addressed the Board, saying, “I’m with Lyndon LaRouche, a great economist who opposed the creation of the Municipal Assistance Corporation in the 1970s as a debt collection operation, instead of a solution to a problem at that time. And in the decades since Big MAC was created, and the MTA with it, the priority written into this thing has not been to maintain the system, but to service and collect the debt. Since the revenue coming in is never enough, what gets deferred is the maintenance,

the improvements, and the modernization; we’re sitting there with a \$30 billion maintenance deficit that we’re now proposing to fix, which has to be fixed. I understand there have to be short-term measures because of safety, etc.—but it is not future-oriented. There’s nothing here that identifies how we’re going to get past this. We have foreign investment possibilities, including from China, and from Japan.

President Trump has met with these governments; they want to invest, but how can they put money into a system where the funds are used for maintaining a debt structure? There’s no dedicated capital budget.

It’s a debt-farming operation. If it were changed, and we had a dedicated budget, there would be foreign investment, and there would be other investment. Maybe the system should be audited. Maybe there should be a moratorium on payment to bondholders until we see where the money’s going and how it could be spent. My point is that we have to have a future-oriented system—not to repair a broken system, but to think about what we need twenty-five years from now, and fifty years from now. We should start building that now, in the context of solving the problem.”

Later, Jessica White, a recently retired NYC public-



Xinhua

A track-laying vehicle lays the last section of steel rail on the western ring of the high-speed rail loop line, in south China’s Hainan Province, June 30, 2015.

school science teacher spoke: “I’m here to say, with all due respect to every MTA worker and my fellow union workers, there is no reason to pit police against riders, or riders against MTA workers, or workers against the city, or the city against the state. The city of New York has been eaten alive by Wall Street and City of London looting operations. This is true also for cities outside of New York. Take a look at Detroit. City officials have also been taking kickbacks from Wall Street, and you know what I’m talking about, you in the audience. These kickbacks from Wall Street extend all the way into Congress and into our Senate, even in Washington, D.C. This money that

Gov. Cuomo is referring to will end up on the backs of the people of this city, sooner rather than later.

“We need to crush Wall Street by reinstating the Glass-Steagall act. This Glass-Steagall Act is the first of Lyndon LaRouche’s ‘Four Laws.’ This Act was deliberately taken down in 1999. It was actually tantamount to treason, because of the collapse of the legitimate banking system, which is commercial banking, in favor of the speculating wolves on Wall Street. An imminent collapse of the entire trans-Atlantic banking system is hanging over our heads, with a derivatives bubble of \$1.5 quadrillion, which cannot conceivably be sustained, even if Social Security, Medicare, and Medicaid are all wiped out at the same time. What we need to do, and you on this board—I challenge you—is to tell your Congress people to reinstate Glass-Steagall, to allow the credit of the U.S. to go to the states. That will put infrastructure projects online just as it brought us out of the Depression. Those infrastructure projects will save our lives. Glass-Steagall will pay for that. This is a bipartisan bill, HR 790, which is already in Congress. It’s been there for a while. We need to reinstate Glass-Steagall, and everybody in this room needs to tell their Congressman to do so, to fund this infrastructure project and other lifesaving projects for NYC. Thank you.”

Build Big with Hamilton

As Diane Sare said, China has built 22,000 km of high-speed rail in the same ten years that NYC has



hangzhouweekly.com

Hangzhou Metro Line 1. By 2019 the subway network will be further enlarged with six metro lines, totaling about 190 km.

taken to build the Second Avenue subway. Actually, the Second Avenue line was started in 1972, but stopped in 1975 by Felix Rohatyn and Richard Ravitch’s Big MAC, on behalf of Wall Street. And still today, the Second Avenue line is not even near completion; only phase one has been completed, with three stops between 96th Street and the 63rd Street, connecting there with the BMT Broadway line. Phases two and three of the original plan will take it from 125th Street down to Hanover Square in lower Manhattan—just past Wall Street. Fewer than twenty years ago, China had subway systems in only three cities, Beijing, Shanghai and Guangzhou. Today, China has subway systems in twenty-five cities, all with populations of three million or more. Now they are moving on to cities with populations as little as 1.5 million.

As Diane Sare also said, infrastructure is not paid for by collecting tolls at the point of service. That only makes the system less efficient. It is paid for in the increased tax revenue accrued through the benefit of the infrastructure for the improvement of the nation as a whole. China replaced their universal banking system in 1975, with a Glass-Steagall banking system, identifying FDR’s original Glass-Steagall bank separation law as a model at the time.

Alexander Hamilton’s writings are well known in China. His principles have guided the modernization of many nations, including Germany, Russia, Japan and others. Let’s do it right, the way Hamilton would do it. What are we waiting for?