THE LAROUCHE-HAMILTON SCIENCE OF PHYSICAL ECONOMY

by Matthew Ogden

"The annual produce of the land and labor of a country can only be increased in two ways: by some improvement in the productive powers of the useful labor which exists within it, or by some increase in the quantity of such labor..."

— Alexander Hamilton, *Report on Manufactures* (1791)

With his publication of a document titled "The Four Laws to Save The U.S.A. Now," Lyndon LaRouche has authored a concise summary of the principles to be applied to reverse the approximately half-century trend towards deindustrialization and decay which has led to the United States to the point that, for the first time in decades, death rates are now on the rise, and the country finds itself on the precipice of a Wall Street blowout of unprecedented proportions. In that document, Lyndon LaRouche prescribes four essential actions which must be taken: 1) the immediate restoration of Franklin Roosevelt's Glass-Steagall, 2) the return to the policies of National Banking, 3) the issuance of vast flows of credit towards generating a dramatic increase in the skills and productivity of the U.S. labor force, and 4) the adoption of a crash-program to achieve an entirely new economic platform, defined by controlled thermonuclear fusion technology and space exploration, which, LaRouche states, is an affirmation of the creative nature of man as distinguished from other forms of life.

LaRouche identifies these "four specific, cardinal measures" as being "fully consistent with the specific intent of the original U.S. Federal Constitution, as had been specified by U.S. Treasury Secretary Alexander Hamilton."

Hamilton was a revolutionary founding father of the United States and, more significantly, the founder of a revolutionary new science of economics which freed mankind from its former slavery to a feudalistic system of the belief in raw labor power, much as Prometheus freed mankind from its slavery to Zeus by giving man access to "fire." Rather than an oligarchical society attempting to support itself through the exploitation of the raw animal labor of its people—an evil which continued to dominate the slave system of the Southern Confederacy—Hamilton demonstrated that through the application of technology the productive powers of a society's labor force may be multiplied, while at the same time increasing the quality of life for the entire society.

In his watershed series of reports to Congress, culminating in his *Report on Manufactures* (1791), Hamilton spelled out this new science of economy, which was later proven with the unparalleled rates of growth and economic progress achieved under Hamilton's personal guidance as Secretary of the Treasury. Every time Hamilton's principles have been adhered to, our nation has experienced great leaps in economic growth, progress, and prosperity; every time Hamilton's principles have been neglected (or rejected), our nation has been thrust into economic collapse, deterioration, and decay.

"The Next Great Work to be Accomplished"

Contrary to Thomas Jefferson and his followers, who wished the United States to remain a feudalistic, slave-based plantation society dependent on cash crops for export, Hamilton committed to a radical new system based on the urgent and rapid industrialization of the newly independent republic, which he declared to be "the next great work to be accomplished" following the securing of political independence with the victory of the Revolution. He begins the *Report on Manufactures* by refuting the varied arguments of Jefferson and his supporters. The reality, as Hamilton demonstrates, is that in fact an economy which is dependent on agriculture alone can support a far lower population density than an economy engaged in manufacturing and agricultural cultivation both. A nation possessed of both manufacturing and agriculture has a far greater potential population density, Hamilton states, because "each furnishes a certain por-

tion of the produce of his labor to the other, and each destroys [consumes] a correspondent portion of the produce of the other. In the meantime, the maintenance of two Citizens, instead of one, is going on; the state has two members instead of one; and they together consume twice the value of what is produced from the land."

Hamilton continues: "The annual produce of the land and labor of a country can only be increased in two ways: by some improvement in the productive powers of the useful labor which actually exists within it, or by some increase in the quantity of such labor." Without merely increasing the quantity of labor engaged in a given task, increased production by the existing labor force can only achieved by means of "improvement in its productive powers, whether to be derived from an accession of skill, or from the application of ingenious machinery." Hamilton states as the central thesis of his *Report on Manufactures* "that the establishment and diffusion of manufactures have the effect of rendering the total mass of useful and productive labor in a community greater than it would otherwise be… It may be inferred that manufacturing establishments not only occasion a positive augmentation of the produce and revenue of the society, but that they contribute essentially to rendering them greater than they could possibly be without such establishments."

"To Stimulate the Activity of the Human Mind"

Hamilton enumerates seven reasons for the role manufacturing plays increasing the productive powers of labor, among which he includes "the extension of the use of machinery" which he describes as "an artificial force brought in aid of the natural force of man; and, to all the purposes of labor, is an increase of hands." He emphasizes, however, that labor power is not merely an arithmetic quantity to be considered mathematically, but in fact, the driver of economic progress is the creative power of the individuals engaged in that economy, and that the purpose of the productive activity is nothing less than "to stimulate the activity of the human mind." The advantage of an industrial and technologically driven economy is in encouraging the individual talents of each citizen. Hamilton states:

"The furnishing greater scope for the diversity of talents and dispositions which discriminate men from each other, is a much more powerful mean of augmenting the fund of national industry than may at first sight appear. It is a just observation, that minds of the strongest and most active powers for their proper objects fall below mediocrity and labor without effect, if confined to uncongenial pursuits… When all the different kinds of industry obtain in a community, each individual can find his proper element, and can call into activity the whole vigor of his nature… To cherish and stimulate the activity of the human mind, by multiplying the objects of enterprise, is not among the least considerable of the expedients by which the wealth of a country may be promoted. Even things in themselves not positively advantageous, sometimes become so by their tendency to provoke exertion. Every new scene, which is opened to the busy nature of man to rouse and exert itself, is the addition of a new energy to the general stock of effort."

"Minerals Acquire a Utility and Value Which Were Before Unexplored"

But perhaps the most significant factor which Hamilton identifies, which resonates directly with the central point in LaRouche's "Four New Laws" document, is Hamilton's seventh point, "As to the creating, in some new instances, a new, and securing in all, a more certain and steady demand, for the surplus produce of the soil." Hamilton himself states that "this is among the most important of the circumstances which have been indicated. It is a principal means, by which the establishment of manufactures contributes to an augmentation of the produce or revenue of a country…"

Hamilton's emphasis is not only that development of manufacturing provides an domestic outlet to the natural resources of any given nation, but that it in fact creates new resources where no such resource was previously recognized: "It merits particular observation, that the multiplication of manufactories not only furnishes a market for those articles which have been accustomed to be produced in abundance in a country; but it likewise creates a demand for such as were either unknown or produced in inconsiderable quantities. *The bowels as well as the surface of the earth are ransacked for articles which were before neglected. Animals, plants, and minerals acquire a utility and value, which were before unexplored.*"

This point goes directly to what LaRouche identifies in his document as "the domain of a living human practice of chemistry," which is characterized by "society's increase of the effective energy-flux-density" of applied technologies and use of resources. The historically evident upward advances and sudden leaps in mankind's productive powers due to the development of more efficient uses of resources or even the discovery of new, previously unknown resources and power sources, trace out the upward evolution of the human species. As LaRouche states, for this reason, this understanding of "physical chemistry" can be used as the "yardstick of history." LaRouche writes:

"Mankind's progress, as measured rather simply as a species, is expressed typically in the rising power of the principle of human life, over the abilities of animal life generally, and relatively absolute superiority over the powers of non-living processes to achieve within mankind's willful intervention to that intended effect. *Progress exists so only under a continuing, progressive increase of the productive and related powers of the human species.*"

LaRouche cites the Russian biogeochemist Vladimir Vernadsky, who defined the new state of nature created by

this distinct creative power of mankind as the "noösphere." In a 1943 paper on the subject, titled "Some Words About the Noosphere," Vernadsky identifies precisely the phenomenon which Hamilton cited as the emergence of entirely new resources, previously undeveloped and unexplored, as the characteristic which defines man's progress.

"As for the coming of the noösphere, we see around us at every step the empirical results of that process. That mineralogical rarity, native iron, is now being produced by the billions of tons. Native aluminum, which never before existed on our planet, is now produced in any quantity. The same is true with regard to the countless number of artificial chemical combinations newly created on our planet. The number of such artificial minerals is constantly increasing."

And as depicted in the following graphic, the ability of man to harness new resources and develop new minerals and other materials, depends on ever-higher forms of "fire" with increasing levels of energy density. LaRouche calls this "the essential human principle which distinguishes the human personality from the systemic characteristics of the lower forms of life: the net rate of increase of the energy-flux density of effective practice." These technological leaps create entirely new platforms for human development, with the productive powers of labor and thus the potential population density of the human species increasing accordingly.

This principle, as presented by LaRouche, by which the creative discoveries of the human mind allow man to achieve great leaps in his productive powers through increases in energy flux density, accompanied by correlated leaps in man's potential population density, defines the core principle of economics. As is evident from his *Report on Manufactures*, Alexander Hamilton understood precisely this principle, and was able to apply it to develop the young United States from a backward raw-materials producing colony into the world's leading agro-industrial power within a very short span of time. It will be only through the application of Hamilton's principles again, in the form of LaRouche's four economic laws, that the United States can reverse the collapse process it is now suffering and be restored to the path of progress once again, a path which leads towards unparalleled leaps in productivity and discovery. Can you imagine what Hamilton would think of human beings developing and mining the surface of the moon for resources such as helium-3 to be used as the fuel for thermonuclear fusion? This would unleash a leap in the productive powers of man unequalled in all previous human history. As LaRouche states in conclusion of his "Four New Laws" paper: "A Fusion economy, is the presently urgent next step, and standard, for man's gains of power within the Solar system, and, later, beyond."