

# For Economists, Legislators, and Labor: Emergency Legislation, Now!

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The purpose of the following communication is to prompt the immediate crafting of urgently needed emergency Federal legislation: Legislation to prevent the threatened immediate collapse of the U.S. national automobile industry from becoming the beginning of a virtually irreversible chain-reaction of destruction of approximately the entirety of the present physical economy of the U.S.A.

This communication has two sets of elements.

The first part, which is presented immediately below, is the proposal which summarizes the nature of the proposed emergency legislation.

The second part, the attached documentation, is a sample of the relevant facts assembled in raw form from discussions and related researches compiled, to date, since a meeting of automobile industry figures and others convened in Washington, D.C. during the evening of April 27, 2006.

Much work needs to be done, urgently, to refine the kinds of data identified in the appended, second portion of this transmission. The purpose of presenting that latter collation here, is to sketch the general proportions and characteristics of the challenge to be met if our nation is to meet the challenge of this national emergency. Despite the need for refinement respecting details, the legislative intention required for this crisis is already clear as a matter of principle.

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## The Policy

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### 1. The Threat To Be Defeated

For a little less than two generations, about forty-two years, the presently leading circles of government

and private enterprise in our national economy have been persuaded to adopt the delusion that a so-called "post-industrial" orientation for our nation's economy is both an available, and even an inevitable long-term option. Under influence of what has been this increasingly popular delusion, the independent agriculture, manufacturing, health-care systems, and our republic's basic economic infrastructure generally, have been collapsing, per capita and per square kilometer, throughout virtually all of our national territory.

The best illustration of these effects is the case of what had been the Midwest heartland on which our victory in World War II had largely depended. We are now faced with the presently accelerating, cumulative collapse of the once eminently powerful agro-industrial potential, per capita and per square kilometer, of an area including the western portions of the states of New York and Pennsylvania, and the entire states of Ohio, Michigan, and Indiana. This region is otherwise identified as including the heart of the U.S. national automotive industry.

Over these recent decades, as the leadership of our economy shifted into the hands of the white-collar generation of the so-called "68ers," the emerging leadership of our economy, including the leaders in the institutions of government, became accustomed to the spectrum of special ideologies associated with "post-industrial society," "outsourcing," and "globalization." As a result of this cultural-paradigm-shift over the intervening decades, most of the people who have come to occupy relevant positions of leadership in industry and government, lack any instinctive appreciation of the effect of a collapse of the U.S. automotive manufacturing industry as now combined with the currently accelerating, hyperinflationary rocketing of the prices of primary materials globally.

This pattern is illustrated by the contrast between the strong political reaction to the obvious impact of



Ford Motor Co.

*This Windsor, Ontario Ford engine assembly complex, with its modern production facilities, still employed 2,200 workers in 2006. It was shut down in the Fall of 2007, despite recent heavy capital investment, of hundreds of millions of dollars, into its machine-tool and flexible production capabilities.*

soaring petroleum prices, and the contrasting, more or less negligent reaction to the even more rapidly accelerating hyperinflation in other categories of primary materials. Thus, whereas our more kindly souls among those in leading positions of power and influence, are concerned with the need for measures to ameliorate the effects of sudden mass unemployment and pension cancellations in the five-state region to which I have pointed here, and relevant other locations, they have shown virtually no grasp of the threats to the very continued existence of our nation in the combined effects of an early disintegration of the U.S.-owned national automotive industry and the currently hyperbolic rate of global hyperinflation in prices of primary materials.

In other words, the ideology which came to the surface as the “post-industrial” outlook among the university-bred “68ers,” produced a politically influential generation of today, which has become conditioned to think of economy in terms of money as such, rather than in terms of the production and distribution of the essential products on which human life depends for its phys-

ical perpetuation. In these layers, there is virtually no comprehension of the actual role of technological progress as such in the process of design and production of the physical means of human existence.

Usually, influential circles in these indicated strata of leading influence, have rarely exhibited a comprehension of those features of our economy which defend us against an increasing threat of being thrown back now, suddenly, into something which would be considered by most people, as being dumped virtually into a relatively stone-age existence. It is not understood that, in light of the degree of concentration of the entire machine-tool-design capability in the aircraft and automobile industries, the immediately threatened collapse of Ford, General Motors, et al., would mean a threatened collapse in the direction of what would suggest “stone-

age” conditions for nearly us all.

The object of appropriate forms of Federal legislation now, should be to prevent such a colossal national tragedy, while we still have a true national automotive industry to defend.

## **2. The Urgent First Step**

As the appended facts illustrate, the U.S. is now faced with the apparent inevitability of the more or less immediate junking of a majority of the productive capacity of the present roster of U.S. national capacity for the production of automobiles and related elements.

Apart from the physical facilities of the relevant, threatened plants, these plants represent not only a current, but also a much larger labor-force, representing those either now, or recently associated with production in these plants. These plants represent not only employment of the labor associated with production there; entire communities, including many business organizations, hospitals, schools, and so forth, depend upon those plants’ continued operation for their life. Taking the list of what are known to be the immediately threat-

ened plants already identified in the attachment to this report, we must recognize that a large part of the entirety of the indicated, five-state, core area depends as a whole on the contributing part these plants have represented.

In considering the options for employment of the sections of the labor-force associated with those listed plants, we should divide the principal body of operatives associated with the plants, into two major categories: Those associated with production of the product issued from such premises, and those associated with the design of the product and machine-tools on which the required quality of production by the larger portion of the labor-force depends. It is the combination of these two interdependent components of the productive labor-force which will be required for the urgent missions indicated in this report. It is that two-faceted feature of those combined, assorted places of employment, which ought to occupy the center of the attention to these matters by the U.S. Congress and others.

As Walter Reuther and others emphasized at the verge of the war against Adolf Hitler, these plants can produce many other things of national importance besides automobiles. Railroad systems, power plants, essential elements for rebuilding the port and inland-waterway systems, are only typical of the work for which these industries are as well suited as production of automobiles as such.

From our national experience of the past, including the important example of the Kennedy Moon-Landing mission's net benefit to our national economy, we know that the kinds of projects needed for repair of our currently decadent, and other collapsing national basic economic infrastructure, in water, power, mass-transit, and other essentials, are best suited to the work to be done by government at the Federal, state, and local level. The inevitable employment of private contractors in furthering the success of these government projects in public infrastructure, is the natural stimulant, under our constitutional system of government, for the promotion of rapid recovery in the private sector.

As we should have learned from the way in which the Reconstruction Finance Corporation operated under President Franklin Roosevelt, when labor employed in such public works is employed efficiently, the increase in the net income of the nation per capita and per square kilometer is greater, per annum, than the rate of annual amortization of the investment.

For example: The continued increase of the average

productive power of labor in the U.S. from the beginning of recovery measures launched under Harry Hopkins' mission, until the 1964 beginning of the official U.S. war in Indo-China, was a period of the highest rate of net physical growth during the Twentieth Century as a whole, and the greatest rate of improvement of the U.S. standard of living.

The net gain to the nation as a whole, from publicly sponsored programs such as the Tennessee Valley project and the space program, is not measured in profit as private entrepreneurship is usually measured, but, rather in the net physical gain to national or regional productivity as a whole from the installation of relevant public works.

However, especially since the 1977 advent of deregulation, the net physical income of the lower eighty percentile of our population has been consistently declining over about three decades; the current, net effect of that cumulative decline, is now imminently catastrophic. When the unpaid costs of production represented by neglected basic economic infrastructure are taken into account, for most of our population, the years since 1977 have been a frightening saga of decline toward the brink of what is presently a threatened global economic breakdown-crisis for sometime in the relatively near future. The cumulative physical effects show that the official arguments which deny such physical reality of recent U.S. economic history, are simply a reflection of wildly fraudulent, willful, and often hysterical forms of so-called "marginal-utilitarian" miscalculations of the rate of inflation, over about a quarter-century to date.

What is needed, therefore, is the creation of a Federal Public Corporation, by Act of Congress. This action should adopt the elements of the automotive industry which are being discarded by the automobile corporations, and which fit the characteristics which I have identified broadly in this present report.

### **3. The Superiority of the U.S. System**

The ability of the U.S. Federal government to launch a general economic recovery of this type, for the sectors and also the whole of the U.S. economy, is implicitly defined, as a matter of principle of government, in Treasury Secretary Alexander Hamilton's Reports to the U.S. Congress.

That, our nation's constitutional system, reflects our founders' attention to the lessons of the practice of the pre-1689 Massachusetts Bay Colony and the proposals

respecting paper money by Benjamin Franklin.

Our constitutional form of government and economy, unlike the typical economies of Europe, defines a credit-system, rather than a European style of monetary system. This is expressed by the monopoly over the utterance of and regulation of the circulation of money created by the Federal government. This contrasts with the typical European government, whose economic policies are subject to control by monetary systems which are dominated by private, often also predatory financier interests which have been expressed as central banking systems. Under our Constitution, our banking system is subject to regulation by the Federal government through those instrumentalities of national banking which rely on the lawful monetary credit created by the Federal government, rather than the inferior mechanisms associated with the prevalent practice of European states.

The issue and circulation of our republic's lawful money serves us not only to promote the circulation of commodities, but as credit invested in the creation and maintenance of long-term capital improvements in both the public and private sectors.

For example, the most important categories of investment have a physical life-span of between one and two generations, a span of longer than approximately twenty-five to fifty years. The Tennessee Valley development is a useful illustration of the point. Or, as post-war Germany's emulation of our President Roosevelt's investment of public credit in promoting both public infrastructure and private entrepreneurship illustrates, the growth of the economy as a whole is accelerated not only by the initial outlay of public credit, but, additionally, by the circulation of progressive chunks of repayments which serve as additional increase of the total financial capital in circulation for investment in the economy as a whole.

Take the case of the impact of the operations of the Kreditanstalt für Wiederaufbau in post-war Germany, a program which Deutsche Bank's Hermann Abs promoted as a way of capturing the method of President Franklin Roosevelt's use of the RFC for such effects. Under the protection of the post-war, fixed-exchange-rate system established by the initiative of President Franklin Roosevelt's U.S.A., during the period into about the mid-1960s, the monetary depreciation of medium- to long-term investments was protected by a U.S.-dollar-denominated fixed-exchange-rate world system. It was only when that system was disrupted,

chiefly by the combined actions of the first Harold Wilson government of the United Kingdom and the prolonged effects of U.S. government policies under the ruinous conditions of the prolonged U.S. war in Indo-China, that the Bretton Woods system was wrecked by the growing influences of policies contrary to the discipline of Franklin Roosevelt's fixed-exchange-rate system.

The following summary point of explanation is required at this point.

This important distinction was implicit in President John F. Kennedy's investment tax-credit program. A fixed-exchange-rate system is implicitly a "fair trade" system, rather than a "free trade" system.

The "free trade" system of the post-1763 British East India Company and later British Empire, the "free trade" system praised by London-educated Karl Marx, is a product of a modern, Anglo-Dutch Liberal outgrowth of a medieval system, the Venice-directed Lombard banking system, which had crashed during Europe's Fourteenth-Century New Dark Age. Indeed, the presently onrushing crash of the revised system of financial-derivatives bubbles unleashed by former U.S. Federal Reserve Chairman Alan Greenspan during the 1987-2006 interval, is essentially a reflection of the same follies seen in the collapse of the medieval Lombard League and the John Law bubbles of the early Eighteenth Century.

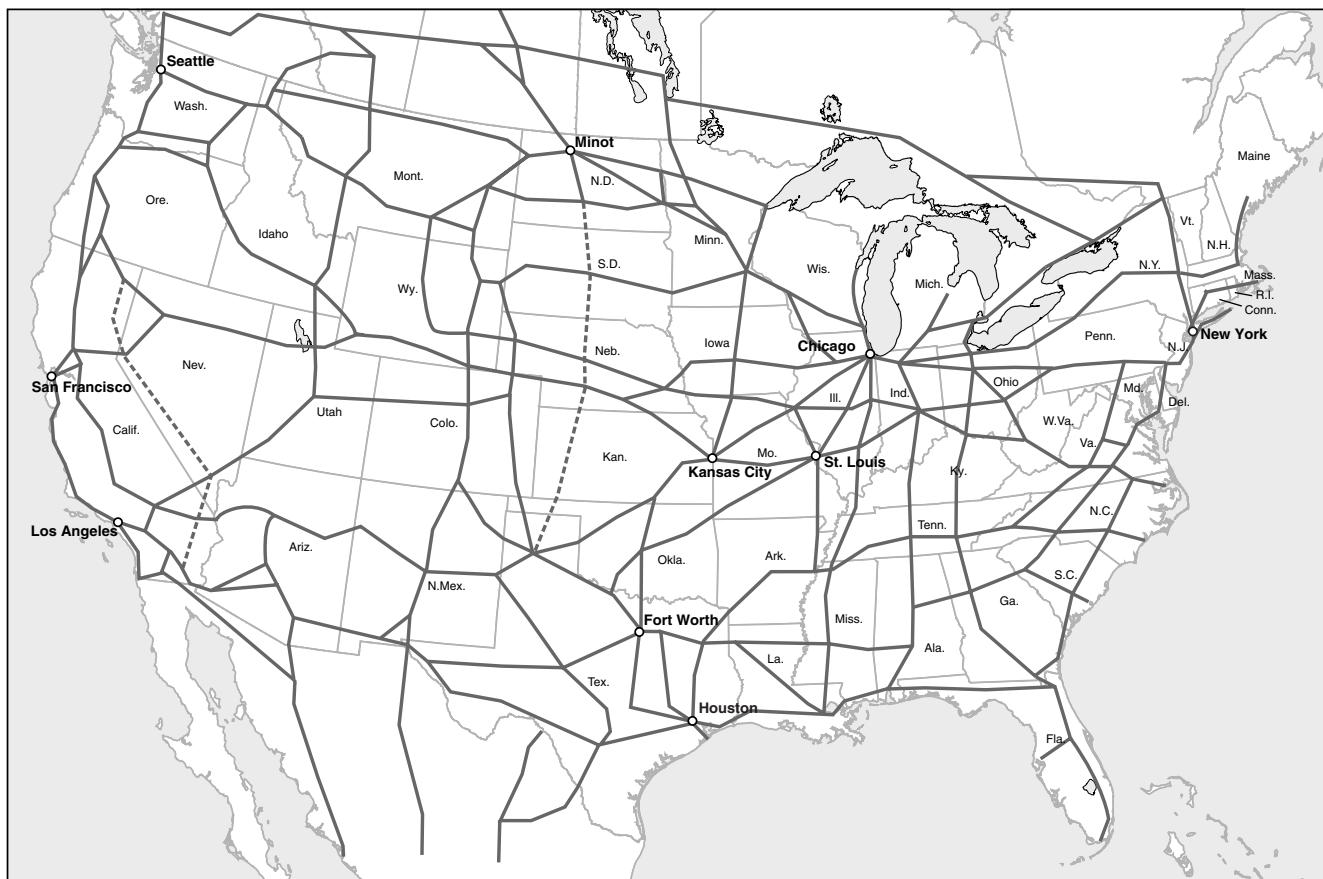
In contrast to such European models of liberal financial systems under the boot of independent central banking systems, the American System's constitutional design was premised on the vigorous defense of the integrity of public credit.

In general, although the Federal government must mobilize credit for any purpose where this is urgently required in the public interest, the objective of a competent U.S. Federal administration is to capture the relatively greatest portion of issue of monetized and other public credit in the form of long-term physical investments in productive improvement of basic economic infrastructure, private industry, the improvement of the productive powers of labor, and in the development of those individual creative mental potentials on which all forms of human progress ultimately depend.

Wise U.S. policy measures progress today in intervals of approximately twenty-five years, a quarter-century, the span of development of new individuals from birth through intellectually developed maturity for the work and life of a contemporary truly modern, produc-



FIGURE 1  
**Proposed 42,000-Mile-Long Network of National Electrified Rail**



Source: Hal Cooper

*This intercity route network of electrified rail would transport freight and passengers, largely on upgraded existing rail lines. A new high-speed maglev network will be constructed along the existing interstate highway system.*

tive society. In accord with that concern, rather than strewing utterances of credit as money along the streets, we tie up the utterance of new credit, as much as possible, in long-term investments, with emphasis on investments which have a foreseeable, useful physical life of one or more generations.

To secure the inherent fungibility of such utterances of credit, we require the governing instruments of a fixed-exchange-rate, “fair trade” policy.

Thus, as long as there is a net improvement in the expression of the productive powers of labor year by year, the ability of society to invest in combined public and private capital improvements is limited chiefly by the limits of opportunity for successful such added investments.

Flooding money virtually into the streets of wild-eyed real-estate and other forms of gambling, as mis-

guided Kemp-Roth was such a piece of folly, and as “M3” was flooded under Chairman Greenspan, and still today, is what must be curbed in the interest of fiscal responsibility. The chief effect of the utterance of Federal issue of public credit must be tied up in, predominantly, long-term and inherently productive investments in basic economic infrastructure and technological progress in increasing the physical quality and productivity of accumulated investment in private entrepreneurship. This rule of prudence is the indispensable key to the measures by the U.S. government required to address and conquer the problem typified by the presently onrushing collapse of the U.S.’s machine-tool-design sector.

Government can efficiently utter vast floods of credit as capital for improvements, on the condition that this capital is directed to, and tied up within suitable

long-term investments in public improvements and efficient private entrepreneurship. Investments in financial instruments for purely financial speculative purposes or conspicuous consumption of the relatively financially privileged, should be very highly taxed, relatively, whereas investments for physical increases in the quantity and productivity of the economy, are to be treated preferentially. The rule is not “soak the rich,” but give preference to prudence.

It must be taken fully into account, that the present world monetary and financial system has entered the end-phase of a global economic breakdown crisis, a phenomenon absolutely more serious than any mere general economic depression of the type experienced during the relevant part of the 1930s.

The economies of western and central Europe, like that of the U.S.A. presently, are currently operating at levels far below sustainable breakeven. These economies are, in turn, the essential market on which the economies of all Asia depend, a dependency of such degree that a collapse of the U.S. dollar would set off a chain-reaction which would bring down every part of the world system, such as India and China, which attempted to continue to operate within the bounds of the present IMF system. The present hyperinflationary spiral of financier speculation in primary materials such as metals and petroleum, has no other cause than the fact that leading financial circles are rushing into such holdings in their recognition of the imminent collapse of the entire world’s present financial-monetary system.

At present, regard for safe policy requires that we must estimate the threatened collapse to be no more than months distant, unless a drastic reform were to prevent that collapse. What is being proposed in this report is such an urgently needed immediate reform. Any government which would not make such a change, must either be reformed, or events will reform it in the most unpleasant manner conceivable.

#### 4. The Concrete Action Required

The listed and other comparable elements of the automotive industry scheduled for discard must be taken over immediately by the U.S. Federal government. Their essential productive personnel and present facilities must be promptly assigned to suitable categories of work consonant with the special capabilities of a modern, machine-tool-design-driven engineering and manufacturing function.

TABLE 1  
**Large-Volume Components for a New Advanced Nuclear Plant (1200-1500 MW range)**

Equipment	Number (Range)	Comments
Pumps, large	71-100	
Pumps, small	80-484	
Tanks	49-150	from 600-150,000 pounds
Heat exchangers	47-104	All sizes, types, material 2,100-250,000 pounds
Compressors, vacuum pumps	12-26	
Fans	61-123	600-45,000 pounds
Damper/louvers	730-1,170	
Cranes and hoists	25-50	
Diesel generators	2	10 MWe
Prefabricated equipment modules	64-133	Preassembled packages including mechanical equipment, piping, valves, instruments, wiring, etc.
Instruments of all kinds	1,852-3,440	
Valves of all kinds	9,633-17,891	

Source: *U.S. Job Creation Due to Nuclear Power Resurgence in the United States*, Volume 2, page A-125, November 2004, Idaho National Engineering and Environmental Laboratory.

The following list is exemplary:

1. **Ocean ports and inland waterways of transportation.** This indicates an associated role of these adopted industrial capacities, and the U.S. Corps of Engineers.

The enlargement of the U.S. Corps of military engineers, together with its complements in the National Guard organizations of the states, should be a leading, greatly expanded element of the proposed reforms. This should anticipate the needed role of organizations paralleling the intention of the CCC program of the 1930s, for the cooption of youth who may be taken out of tracks of social desperation into educational and related programs of development leading them toward a fruitful future as citizens with prospects of healthy families of their own.

The depletion and other wrecking of the engineering and other national-security functions of our military services redouble the importance of the natural civilian functions of a military Corps of Engineers in today’s world, at home, and at large.

The prime example is the complex of river systems feeding, chiefly, into the Mississippi, between the Rocky and Allegheny mountains, from the Canadian border to the Gulf of Mexico.

2. **Reversing the depletion of national aquifers, by aid of nuclear-power application to desalination and related water purification programs**, but integrated with the sundry programs complementing development of ocean ports and waterways.
3. **Aggressive development of power from sources of high energy-flux density, such as nuclear fission**, and a quarter-century mission to bring functioning thermonuclear fusion applications on line.

This element of the program takes into account the fact that the growth of human requirements has tended to deplete the relatively richest concentrations of essential raw materials found within the sediments of the Earth's Biosphere. The foreseeable problem for the two generations immediately ahead, is not a set of absolute limits, excepting the case of depletion of fossil freshwater resources. Rather, the threat is, that without an early and rapid increase in the energy-flux-density of relevant processes, the increase of cost of production, as measured in per-capita terms, would soon produce a critical world situation. To cope with the rising cost of employment of such resources, the world must now undertake some dramatic shifts in economic perspectives.

The first step of reform, must feature the use of high-temperature, gas-cooled nuclear-fission reactors, for not only desalination and related tasks, but the production of synthetic, hydrogen-based fuels, to replace the present degree of reliance on the transport and combustion of petroleum and natural gas, and to shift the use of those latter resources toward their better role as chemical feedstocks for production of needed products. This is also to be viewed as a mission of cleaning up the messes which cling stubbornly to current practices.

This means the immediate development of generally usable prototypes in production and use of such synthetic fuels.

The longer-range mission must be the management of mineral resources generally, to reverse the present trend of rapidly increasing the per-capita cost of production of refined primary commodities.

#### 4. **Reorganization and Development of Mass Transportation.**

From the late Seventeenth Century onward, the process of colonization of North America was focussed on the development of roads, developed waterways, and, later, railroads. This was associated with a clearer conception, established during John Quincy Adams' tenure as Secretary of State, of an integrated territory of a continental nation, from Atlantic to Pacific, limited only by a northern border with Canada and a southern border with Mexico. The integration of the U.S. by transcontinental railway systems, as under John Quincy Adams' one-time protégé, President Abraham Lincoln, established the U.S. as a continental power too powerful to be conquered by foreign military attack.

During the course of the post-1968 shift to a "post-industrial utopia," this integrity of the U.S.A. within its own territory has been ruined, and almost destroyed.

This degeneration of the U.S. has been marked by coinciding relative abandonment of large, formerly developed agro-industrial regions of the nation, and a congestion of flimsy structures, often of Hollywood-set-style construction in areas of suburban sprawl, and skyrocketing urban prices of housing and other tenancy.

This functional degeneration of the internal physical organization should remind us of the ills of Mexico City, Cairo, Alexandria, and generally comparable, bloated and mass-poverty-stricken regions of the world's developing sector.

There is a desirable setting of limits on the size of functioning urban areas, and similar sorts of functionally defined limits on efficient suburban sprawl around cities.

Much of this decadence and its concomitant disorder, has been a by-product of the campaign of radical deregulation launched, during 1977-1981, under the auspices of the Trilateral Commission. The addition of deregulation to the growing 1968-1976 post-industrial orientation, was continued after 1981 as a generation-long degeneration of land occupancy and use throughout the U.S. territory considered as a whole.

This process of decadence, extended now over more than a quarter-century—i.e., more than a generation of the lives of our citizens—has too many people losing much of their lives in inherently wasteful lapsed-time for daily commuting, and similar waste of lives in travel associated with daily routines. Residence, regular com-

munity functions, and work should be accomplished within incurred lapses of times not in excess of that during the days when the typical resident could walk to a number of available options for employment, to shop, to school, and so on. The development of the whole area of the U.S.A. should, once again, emphasize decentralized, economical scales of daily life's routine, distributed rationally over the territory of our nation.

This means a complementary return to proper emphasis on mass transport of people and goods. This means a relative deemphasis on long-haul highway transport of freight, and greatly increased emphasis on a functionally integrated, rational configuration of water, rail, and air transport. This means, inclusively, the use of maglev trunk-routes for high-density transport of people, and also of freight. It means high-speed rail for intermediate connections among urban and suburban areas. It means rationalized organization of air transport, relative to these improvements in rail. It means, inclusively, cutting back on the vast waste of human life caused by what should be considered unjustified time lost in commuting by highway and other means.

Under this same general heading of economic mission-orientations, we must take into account the presently inevitable, now onrushing general collapse of the nation's great real-estate bubbles. As suburban areas around Washington, D.C. exemplify an important aspect of this anomaly, most of the development so-called is of poor, sometimes unspeakably poor quality, and situated in areas in which necessary infrastructure is not supplied, or is vastly inadequate relative to any reasonable standard of urban and suburban planning. The inevitable collapse of the leading real-estate bubbles of this and related areas, defines imperatives for distributing economic functions of the nation widely, thus reversing the trends of the recent quarter-century.

Moving people into rationally designed communities of a relatively decentralized character, around the nation, means a shift of places of employment and so forth, to the effect of a health-promoting decompression of congested localities, and the need for a highly efficient national transport system, which shifts the daily costs and lost time of commuting downward, in favor of highly efficient modes of mass transport among population centers.

This needed change means shifts in the distribution of power plants, shifts in the development and management of fresh-water supplies, and promotion of the de-

velopment of green in presently decadent and arid regions of the national territory. This is also required to prepare us to meet the growth of population we must reasonably expect for the coming two generations.

##### **5. In principle, the relevant portions of the present automotive sector have an already established overlap with our space and general aeronautics programs.**

So far, the accomplishments of our space program have implied less and less emphasis in fact on exploring other planets, than on exploring the common systemic nature of the Solar System which we share with the other regions of our Solar System as a whole. As the demand for scientific progress grows relative to life on even this, our immediate planet, the distinction between life and physical chemistry on Earth and the physical chemistry of the Solar System generally will tend to vanish. There are processes in the Solar System and even beyond which represent the power to control crucial aspects of the conditions for our existence on Earth itself; we must go out to explore and meet those processes. The natural commonality of space-oriented aeronautics and the work and products of the machine-tool sector back here on Earth will naturally meld as the name for physical science becomes, quite naturally, applied astrophysical science.

The immediate practical implication of that same point, is that the current requirement for mastering the Biosphere in depth, is a requirement which includes the need to raise the qualitative level of production in Asian society and Africa, for example. This means that those more developed regions presently in places such as Europe and the Americas, must emphasize mobilization of their own efforts in the direction of science-intensive approaches to the needs of the planet and its populations as a whole.

On this account, it is to be stressed that the same machine-tool-design principle which marks the driver of a successful automotive and aeronautic industry, is the principled feature of experimental designs of test of principle in fundamental scientific work. The challenge of industry during coming decades, will be to upgrade the natural potential of all machine-tool-design work to the level of the refined use of those skills in fundamental scientific discovery. This is work to be carried forth in ways which echo the mobilization of the automobile industry for victory against Hitler's warfare.