

# Think Like an American— Restore Hamilton's Bank!

by Anton Chaitkin

*Look back, from our present national disintegration, into the defiantly optimistic thinking of the Americans of the 1776 Revolution. They foresaw their grandchildren prospering, with power over nature beyond all prior experience.*

*Understand them by reading the prophecy of Benjamin Franklin, in the accompanying box.*

The founding Americans' passion for improvement could bring a profound result for prosperity, but only if the Revolutionary country could control its own economy against the global power of the British Imperial enemy.

## Franklin on Man's Future Powers

As an experimental scientist, 130 years before the first electric generating plant, Benjamin Franklin wrote to Cadwallader Colden, Oct. 31, 1751 (<http://franklinpapers.org>):

"There are no bounds . . . to the force man may raise and use in the electrical way; for [charge] may be added to [charge] and all united and discharged together as one. . . . The effects of common lightning may be exceeded in this way. . . ."

And during the Revolution, in a letter to Joseph Priestley, Feb. 8, 1780 (<http://franklinpapers.org>):

"[With the] rapid progress true science now makes . . . it is impossible to imagine the height to which may be carried . . . the power of man over matter; we may perhaps learn to deprive large masses of their gravity, and give them absolute levity for the sake of easy transport."

Acting for their grandchildren's survival, the Founders set up the Bank of the United States to guide the economy and foster the necessary fundamental change.

This founding nationalist framework of our first Treasury Secretary Alexander Hamilton, disputed by Thomas Jefferson and his allies, was nevertheless retained by them; when it expired, they revived it.

Britain's American political agents made Andrew Jackson President, and with populist noise, he took down the National Bank, ceding control to the Money Power centered in London.

Later, Franklin Roosevelt, and again later, Abraham Lincoln, revived the founders' vision and rallied the nation to renewed strength.

But the irrational British-origin imperial money system returned to power. That system is now collapsing, and our existence is threatened. If we wish to live, we must think like Americans again, and reject the populist lies about Andrew Jackson and the National Bank which have now become deeply embedded in the popular mentality. To climb out of the depressed, anti-industrial stupor of the last half-century, and again reach for the stars, we will have to finance the ascent by re-establishing Alexander Hamilton's Bank of the United States.

## Our Predecessors' Roadmap Out of Extinction

The American Revolutionary breakaway from the British system was dangerous. The Empire kills its challengers, if it can. A decade after winning independence, the new nation announced the strategy to overcome its potentially fatal weakness.

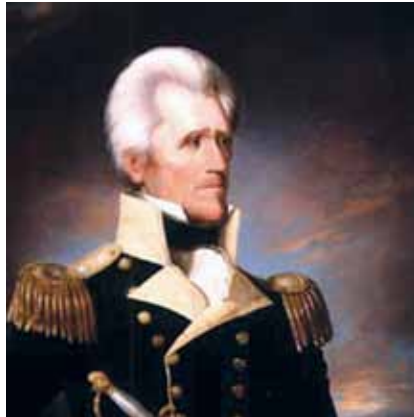
America was bankrupt and economically exhausted from eight years of war, with no manufacturing industry. Britain financed the exports of crops from the American slave plantations; Britain supplied America's tools and clothes. The British still occupied military

posts on U.S. frontier lands. The Empire might still gain the leverage to dismember and swallow the upstart nation, and the Founders knew it.

President George Washington's Treasury Secretary Alexander Hamilton shaped a sovereign credit policy and government action plan to equip the population with vast new productive powers.<sup>1</sup>

Hamilton reported to Congress in 1791, that a national bank would expand credit and steer it to productive investment. Without this guidance, imperial financiers would suck all credit into chaotic gambling. Hamilton reported further on the manufacturing program of national sovereignty; that new industries would spring up, protected by tariffs from imperial trade war, and furnished with new canals, roads, and other modern infrastructure (internal improvements).

Washington and the Congress approved Hamilton's proposed Bank of the United States, over opposition from advocates of the semi-colonial status quo. But Thomas Jefferson, James Madison, and their young friend James Monroe warred against Hamilton, postponing for a time the adoption of serious protective tariffs and the construction of transport facilities. These men would later reconsider their hostility to Hamilton's measures.



*This portrait of Andrew Jackson appears on the Rothschild family website with the caption, "A painting of President Andrew Jackson of the United States, by R.E.W. Earle, 1836. This painting was a gift to Nathan Rothschild. N.M. Rothschild & Sons acted as European banker to the United States government until 1843."*

## The Poverty of Public Opinion

The political fight over the Bank of the United States broke out as a contest between two conflicting ideas of man's destiny: Hamilton's, and that of the plantation owners.

Back in the mid-1780s, Thomas Jefferson, then the U.S. Ambassador to France, had corresponded with his fellow Virginia plantation-owner James Madison on how to rectify the poor condition of the mass of men. They thought of dividing up existing wealth, instead of raising productive power to benefit all, with new wealth, new property.

Jefferson wrote to Madison (Oct. 28, 1785) that he

had met with a wretched Frenchwoman, a day-laborer making only a few pennies a day. She could not pay her rent or feed her children because she often had no employment. Jefferson thought that "unequal division of property" caused this kind of mass poverty in Europe. Property was concentrated "in a very few hands.... These [landowners] employ the flower of the country as servants not labouring [productively]. They employ also [handicraft] manufacturers, tradesmen, and ... labouring husbandmen [peasants]. But ... the most numerous of all [are] the poor who cannot find work." They are idle, though "willing to work, in

a country where there is a very considerable proportion of uncultivated lands ... kept idle mostly for the sake of [aristocrats entertaining themselves by] hunting game."

Jefferson called for legal changes to give land to the poor; to break up this feudal order in which the "laws of property have been so far extended as to violate natural right."

Madison replied (June 19, 1786), that "the misery of the lower classes" would abate with a subdivision of property. But Madison thought that large-scale poverty is man's inescapable fate, caused by—overpopulation!

He wrote, "A certain degree of misery seems inseparable from a high degree of populousness. If the lands in Europe which are now dedicated to the amusement of the idle

rich, were parceled out among the idle poor," this might somewhat help the miserable.

But Madison thought it could not overcome the uselessness of surplus people. He was schooled in the British oligarchs' philosophy of John Locke: that governmental authority exists to protect existing property rather than to improve man's condition. He envisioned only the small population and few productive occupations needed to supply the needs of the mostly rural economy he knew. Break up the estates, and "would there not remain a great proportion unrelieved?"

Madison wrote that a limited number of productive workers could feed and clothe themselves as well as the non-producers—the idle rich, domestic servants, soldiers, merchants, sailors, and those who produce luxu-

1. Nancy Spannaus, "Alexander Hamilton's Economics Created Our Constitution," [EIR](#), Dec. 10, 2010.

ries or trivialities. What is to be done with the people not needed to thus supply the existing society? Distributing property might free up wealth; preventing wars could stop wasted expense; but surplus workers would still multiply. The familiar, static, rural society would surely continue.

And although Jefferson and Madison were American patriots, plantation thinking tugged them into conflict with Hamilton's action policy of 1791. Slaveowners complained that Hamilton's program would "change our way of life," and Jefferson and Madison were deeply conflicted. They owned slave plantations, but resented feudal oppression; they wanted freedom of thought and speech.

The two Virginians had earlier supported the Hamilton-originated Bank of North America, which coordinated governmental and military finances in the Revolutionary War. They had supported taxing imports for government revenue. They favored transportation improvements, on a small scale. But now, with the new U.S. government going into motion, they opposed the use of these policies and instruments to break the country out of backwardness and neo-colonial dependence.

In the Summer of 1791, the black slaves on the French Caribbean island of Sainte Domingue (Haiti) rose in revolt. White refugee survivors from the chaos flooded into the American South. Shock and fear solidified slaveowners' hostility to giving the nation the power to "change our way of life." Jefferson and Madison respected Southern popular (and electoral) opinion.

By contrast, Hamilton, a lifelong opponent of slavery, worked with Haiti's black revolutionaries to sustain their regime. They eventually defeated invasions by both the British and Napoleon's army, establishing the second independent republic in the Western Hemisphere.

### Political Parties: It's Not that Simple

Jefferson and Madison led a faction fight against Hamilton's nationalism, slandering him as "pro-British." Hamilton proposed to continue trading with Britain, but on American terms. He explicitly attacked British free-trade propaganda from Adam Smith; we would outflank the flood of cheap British imports with protective duties.

Jefferson and Madison demanded, instead, trade provocations that would have put the English in high gear for renewed war to crush America. As the French Revolution became a bloody nightmare, Jefferson and

Madison called for joining the French side in the European war. Meanwhile, they opposed creating an American army or navy!

Washington and Hamilton, his colonel during the War for Independence, who had led the charge against British lines at Yorktown, were not "chickenhawks" for foreign adventures. They sought war-avoidance, and military and industrial strength, so the U.S. could survive infancy and defend itself. In the midst of severe factional warfare, both Jefferson and Hamilton were driven to resign from Washington's Cabinet.

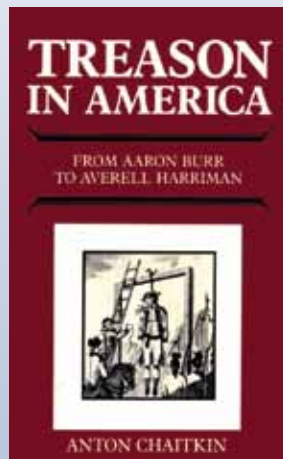
America's internal brawl allowed the British hand to meddle, using Anglophile New England merchants, importers of British goods with fortunes from shipping slaves and opium. These New England Tories claimed to support Washington and Hamilton against the "atheistic" Jefferson, and called for an American alliance with the British Empire. The Boston traitors increasingly controlled and gave an Anglophile tilt to the "Federalist" party, arrayed against the Jefferson-led "Democratic-Republicans," in the first American party system.

The confused second President, John Adams of Massachusetts, signed laws (the Alien and Sedition

## Treason in America

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Acts) to jail critics of the Federalist regime. Patriots and nationalists such as Franklin's protégé Mathew Carey joined the Jeffersonian party. Hamilton himself published an attack against Adams that split the Federalist party and led to Jefferson's 1800 election as President.

President Jefferson did not take down the Bank of the United States. Yet neither did he use national credit or other powers to develop industry, and he derided the attempt to build the Erie Canal as 100 years ahead of its time. But when the embattled Napoleon Bonaparte could not defend his Caribbean and North American holdings, the patriot Jefferson jumped at the chance to cheaply acquire the Louisiana territory, doubling the size of the U.S.A.

### Enter Aaron Burr, from Below

Out of government, Hamilton countered British intrigues aimed against the Union. He exposed the Boston Federalist combination with Vice President Aaron Burr for northern secession; Burr killed Hamilton in a duel, and then proposed to British Ambassador Anthony Merry that he would break off the new western part of the U.S.A. and ally it with the British Empire.

Burr needed boats to move his private army downriver to Louisiana, and got the boats from Andrew Jackson, a shallow, hot-tempered frontier debt collector and petty oligarch who had long been indifferent to the permanence of the nation that emerged from the American Revolution. The Spanish Crown had awarded Jackson a Mississippi slave plantation as a reward for his role in attempts to put the American West under Spanish control.

President Jefferson procured Burr's arrest. Jefferson summoned Jackson to be a material witness, an unindicted co-conspirator, in Burr's 1807 Federal treason trial in Richmond, Virginia; there, Jackson addressed a crowd in the Capitol Square outside the trial, denouncing Jefferson as a tyrant.

Burr was acquitted because the evidence of his collusion with the enemy only came out later, with disclosure of the British ambassador's report back to London on Burr's offer. Still sought on homicide charges in Ohio and New York, Burr fled to England, and put him-



*Alexander Hamilton combatted British intrigues against the Union, such as the Boston Federalist alliance with the treasonous Aaron Burr (right), which was actively promoting Northern secession. Burr killed Hamilton in a duel (shown here, in a print from the time).*



self under the wing of British intelligence leader Jeremy Bentham.

Burr returned quietly to New York in 1812, just before the outbreak of the second U.S.-British war. He was a shadowy Wall Street lawyer, mentor to New York schemer Martin Van Buren, and advisor to British-guided South American revolutionaries.

After Jackson was acclaimed a military hero in the Battle of New Orleans, the British toy Burr would begin the project of elevating the manipulable Jackson to the Presidency. We will review below the Jackson ploy, which had great urgency in British eyes, as the American North and South were uniting for nationalist economics and industrial breakout.

### The Hamiltonian 'Era of Good Feelings'

Late in 1814, with the outcome of the war with Britain still doubtful, Mathew Carey's book *The Olive Branch* first appeared in 100,000 copies. Subtitled *Faults on Both Sides, Federal and Democratic. A Serious Appeal on the Necessity of Mutual Forgiveness and Harmony to Save Our Common Country from Ruin*, the book was read by virtually every political citizen. Carey blasted the Jeffersonians' free-trade policy blunder, and irrefutably exposed the Federalists' treasonous combination with the British enemy.

The charter of Hamilton's Bank of the United States had expired in 1811, leaving no national currency and causing wartime financial disorder. Carey called for immediate chartering of a second Bank.

President Madison and former President Jefferson, cautiously re-emerging as the nationalists they had

been at the time of the Revolution, strongly praised Carey and welcomed his book.

In 1816, twenty-five years after asking Washington to veto Hamilton's original bill, Madison supported and signed the act to reestablish the Bank of the United States. James Monroe, who had himself aided Jefferson and Madison to defame Hamilton, was then elected President as a nationalist, in 1816. Monroe put his former secretary and intelligence officer Nicholas Biddle of Philadelphia, on the board of the revived Bank. In 1823, Monroe made Biddle the Bank's president.

Biddle used the Bank to organize the first phase of U.S. industrialization, financing factories and mines, restraining speculators, and shielding the economy from attacks by Wall Street bankers. In less than a decade, Biddle and his planning partners—Mathew Carey, protective tariff Congressional sponsor Henry Clay (the Bank's lawyer), President John Quincy Adams, and strategists at the West Point Military Academy—created America's coal and iron-forging industries, built the new, U.S. Army-engineered railroads, and sponsored a network of canals that populated the Midwest as an agro-industrial powerhouse.

The new coal industry typifies America's rush to industrialization under the patronage of the Bank of the United States. Biddle and Carey jointly directed lobbying for Pennsylvania state construction of a multitude of canals to convey mined coal to industrial cities. Anthracite coal production for the market rose from zero in 1819, to 8,000 tons per year in 1823, to 1 million tons 14 years later. The opening of the mine-to-market Reading Railroad, whose fiscal manager was Biddle himself, helped drive anthracite production up to 3.5 million tons in another decade. Use of bituminous (soft) coal grew in industrial and transport channels established by anthracite, and eventually replaced it in markets generally.

The British Empire was not amused with these developments, and the activity of their agents, such as Aaron Burr, shows it.

## The Jackson Scam

Back in 1815, following Monroe's firm leadership of the war cabinet during the second conflict with Britain, almost all Americans supported Monroe to succeed Madison in the Presidency. But to the British Empire's strategic calculations, it was intolerable and potentially fatal that the South backed President Monroe's nationalism, and specifically, that South Carolina's John C. Calhoun promoted Biddle's U.S. Bank, protective tar-

iffs, and Federal railroad construction.

Burr wrote (Nov. 20, 1815) to his son-in-law, former South Carolina Governor Joseph Alston, that Monroe's expected nomination by Jefferson's party must be prevented; that Jefferson had taught a cabal of Virginians schemes to keep political control of the United States; and that "the moment is extremely auspicious for breaking down this degrading system." The remedy?

"...There is a man in the United States of firmness and decision. It is your duty to hold him up to public view: that man is *Andrew Jackson*. Nothing is wanting but a respectable nomination, made before the proclamation of the Virginia caucus, and Jackson's success is inevitable."

The universally despised Burr cautioned that his own hand should not be seen as behind this project: "I could wish to see *you* prominent in the execution of it. It must be known to be *your* work" (emphasis in original).

Monroe was in fact elected President for two terms; but the Burr machine was in place for the patient incubation of the Jackson egg. Burr's lieutenant Samuel Swartout, who had arranged for Burr to live with British intelligence strategist Bentham, had returned to the U.S. in 1812, and became Jackson's political aide.

In 1823, Burr's New York understudy Martin Van Buren went to Virginia and arranged a new "Democratic Party." He allied anti-nationalist Virginia plantation owners with New York financiers, with the explicit goal of making plantation slavery, not industrialization, the dominant American economic force.

When John Q. Adams succeeded to the Presidency in 1825, in a tightly contested race, Burr's man Swartout convinced Jackson to crash into the national headlines, charging that Adams had made a corrupt bargain with Henry Clay to win election.

The Van Buren Democrats now presented Burr's old co-conspirator Jackson as the people's man for President—a political hoax from two opposite directions: The North saw and voted for a "Protectionist" Jackson, while the Southern voters saw and chose the "States' Rights" Jackson; and the mob rhetoric elected him President in 1828.

Van Buren, as Secretary of State, Ambassador to Britain, and Vice President, drove Jackson into paranoia against "his enemies" at the Bank of the United States, claiming that the bank, which was the bulwark of a stable currency and source of credit for industrialization, was serving as the financier of the opposition to him. After waging his 1832 re-election campaign on the



basis of these false claims, the enraged Jackson removed the Federal deposits from the Bank and vetoed its re-charter by Congress. He bargained with Southern secessionists to take down the protective tariffs and stifle the emergence of a U.S. steel industry. He blocked further Federal support for canal-building.

In fact, Jackson's supporters in Great Britain knew that the elimination of the Bank would deliver a body blow to the U.S. economy. The Bank would have to call in its loans, over the remaining years of its charter, tightening credit, as Sen. Daniel Webster pointed out in the Senate debate over overriding Jackson's veto. On the other side, Senators such as Thomas Hart Benton of Missouri claimed the elimination of the Bank would help the small farmer—but the alternative pushed by Benton, who was called "Old Bullion," was nothing less than the credit-crippling British gold standard.

Biddle tried to protect the charterless Bank by reining in credit. The Bank of England jumped on its chance, precipitously withdrawing credit from the United States, and paralyzing the Midwest in particular. The resulting catastrophic crash of the American economy began just after Van Buren succeeded to the Presidency in 1837. Unemployment and hunger ruled the cities.

The United States now reverted to semi-colonial status. King Cotton made up two-thirds of all U.S. exports by 1840. It enriched Wall Street brokers; was exchanged in England for cheap-labor manufactured goods; and gave London control of U.S. credit and markets. Slave labor, which is inimical to scientific modes of agriculture, destroyed Southern soil, pushed plantation interests to try to grab the American West, Mexico, the Caribbean, and Central America. Civil War was thus ensured.

## London's Enduring American Populism

It is American political culture's most peculiar and astonishing lie, that Andrew Jackson "kicked the bankers out of power." Soon after it was known in Europe that Van Buren had been elected President in 1836, the Rothschild bankers' trainee and cousin August Belmont set out for America. Belmont landed in New York on May 14, 1837, a few days after the panic and bank runs began. He set up a Wall Street agency to supervise the American interests of the British and Austrian Rothschilds, buying up interests and properties drastically devalued by the Jackson-Van Buren depression.<sup>2</sup> Belmont took control of Van Buren's Democratic Party, making it the center of treason and Southern secession.

To rescue the failing nation in 1861, President Abraham Lincoln organized a vast Federal credit issuance for production and for military victory over the slaveowners; an unprecedented continent-spanning rail network copied in many admiring countries; tariffs that created the world's greatest steel industry; scientific education and free land for farmers; and free public colleges. Hamilton's program, revived under Lincoln, gave America a population so productive and inventive that the U.S.A. shot into the leading place among the world's powers.

Yet the Bank of the United States remained closed. London and Wall Street, at length, gained supremacy over American finance, industry, and the Federal government itself.

Our present survival depends on a new leap forward out of collapse and paralysis. If we close the imperial Federal Reserve and reinstate the Founders' Bank of the United States, we will repair the damage done by Jefferson's error and Jackson's treason.

2. Andrew Jackson appointed the Rothschilds as official European financial agents of the U.S. government.

## The Civil War And the American System

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