

National Sovereignty and a New Bretton Woods

by Robert Ingraham

Oct. 11—World-wide, a growing discussion is now emerging as to the instability which is unfolding within the global system of world finance and banking. Many individuals are now speaking of the unsustainability of existing debt burdens, of the dramatic weakness of many national currencies, and of domestic credit bubbles, such as those of student loans and real estate valuation. Some observers are warning of a repeat of the crisis and crash of 2007-2008. A more astute minority point to the continuing cancer of global derivatives trading and speak of a crisis far worse than what occurred a decade ago.

Recognition of the escalating crisis is becoming acute, and many individuals in government, business and academia are now putting forward proposals for financial and banking reforms. There are efforts underway in several nations to implement some form of Glass-Steagall “bank separation”; there is much talk about resolving the problem of “too big to fail banks”; and other piecemeal proposals have been put forward.

Amidst all this nervous and alarmist hand-wringing, however, what is most interesting, what is revelatory, is what is not being discussed. The vacant chair at the dinner table gives the game away. What is absent from almost all the current proposals—both those well-intentioned and those one might term deliberately sophist—is any recognition of, or willingness to address, the underlying self-destructive axioms of the financial system itself.

Only the LaRouche Political Action Committee (LPAC) and this publication have stated categorically that nothing less than a return to the pre-1971 system of



EIRNS/Sylvia Rosas

LaRouche PAC organizing near the Cliffside Park Post Office in New Jersey, May 14, 2019.

“fixed exchange rates” is required. Only LPAC and *EIR* have insisted that the only way to prevent a global financial blow-out is to convene a New Bretton Woods Monetary Conference and to return to the economic and monetary philosophy of Franklin Roosevelt, circa 1942-1945.

Many “experts” dismiss LPAC’s proposal out of hand. Others despair that such an agreement were impossible at this time, given the tension in relations between the United States, China, Russia, India and the EU. Many observers simply sigh and assert, “You can’t put the toothpaste back in the tube.” They insist that all efforts at “reform” must be made within the axioms of the current system. They demand that the “independence” of the financial markets is sacrosanct, and that the power that has been accumulated in the last 40-odd years in the City of London, Wall Street and the unregulated “off-shore” banks—as well as in the appendages of this system, such as the IMF and WTO—is untouchable.

It is self-evident that when one considers the upper echelon of the City of London, its violent objections to a New Bretton Woods agreement flow from geopolitical, Malthusian and imperial motives. But what about

the many others who defend the current speculative financial system, those who do not harbor a willful anti-human agenda? Are their concerns merely of a “practical” nature—or is there a deeper phenomenon, something “beneath the floorboards” which must be considered? Are there axiomatic assumptions built into our post-1971 culture which are at play here? That is the question we shall examine in this report.

A Culture Governed by Fortuna

In speaking about his years as a business consultant, Lyndon LaRouche would often state that when he was called in to help fix an ailing company, what was most important were not the reports he was given on the company, but what was not reported. Similarly, in looking at how elected officials, business leaders, the news media and the general public view financial and monetary policy today, how they discuss it, and the solutions they put forward—one item is almost never mentioned:

In 1971, Richard Nixon terminated the gold-reserve monetary system, abandoned fixed exchange-rates between nations, and abolished the post-World War II Bretton Woods System. That is now 47 years ago. What this means is that anyone today who is, say, younger than 60 years old, grew to maturity and has lived the entirety of his or her adult life within a financial system which is literally based on gambling. The casino-like axioms of this system are now fixed in the mind of the citizenry as “how things are”—they have never known anything else. This has profoundly affected what they think about every facet of economics and finance. In a certain way, we might say that many of our fellow citizens have adopted an oligarchical view of economics.

This is even observable among some who support Glass-Steagall and other features of FDR’s approach. They see the crisis, they see the need for reform, yet their view is from the bottom-up, never rising to the level of challenging the axioms of the current system itself. Their approach to the current crisis is like a plumber trying to fix a leaky faucet while the tsunami wave approaches from the beach.

The crippling injury which has been inflicted upon our culture is tantamount to a mental harness, preventing individuals from perceiving and acting upon readily available solutions to this crisis. What actually exists

The screenshot shows the top of a webpage from the Federal Reserve History site. At the top left is the Federal Reserve History logo. To the right are navigation links for 'The Fed's Functions' and 'Related Resources'. Below that is a blue banner with the text 'Your Gateway to the History of the Federal Reserve System' and a 'TOPIC' label. A 'Share +' button is visible. The main heading of the article is 'Nixon Ends Convertibility of US Dollars to Gold and Announces Wage/Price Controls', dated August 1971. A short summary follows: 'With inflation on the rise and a gold run looming, President Richard Nixon's team enacted a plan that ended dollar convertibility to gold and implemented wage and price controls, which soon brought an end to the Bretton Woods System.' Below the text is a black and white photograph of President Richard Nixon sitting at a desk, reading a document, with an American flag in the background.

Richard Nixon Library
President Richard Nixon at his press conference announcing the end of convertibility of the dollar to gold, thus beginning the end of the FDR's Bretton Woods international monetary system.

today is a widespread shared delusion as to the nature of economy, money and wealth, a delusion which permeates our culture and is particularly pernicious among those policy-makers in Congress and the legacy news media who attempt to control the nation’s future.

The Merriam-Webster Dictionary defines “delusion” as “something that is falsely or delusively believed or propagated” and as “a persistent, false psychotic belief regarding the self or persons or objects outside the self that is maintained despite indisputable evidence to the contrary.” It should be noted that a delusion is a serious mental illness, literally a psychosis, and as such, any approach to treating it falls within the field of psychopathology. As with Doctor Tarr and Professor Fether, the inmates have been running the asylum for some time now, and only an uncompromising approach, one which insists on truth and historical accuracy, can right this state of affairs.

The current axioms and economic beliefs must be shattered, and the patient must be cured. Hopefully, a few lessons from history will aid in that recovery process.

The Renaissance Created Modern Economics

In his recent speech to the UN General Assembly, President Donald Trump’s primary theme emphasized

his highly laudable commitment to a revival of a world based on the inviolable principle of national sovereignty. Unfortunately, in the post-1971 world, most of today’s leading economists are at a loss to find any connection between the sovereignty of individual nation states and the principles upon which beneficial economic systems are based.

What has been lost in our culture is any lawful understanding as to how human society and human economy was advanced, and what interventions made such advances possible. In truth, throughout the long history of the human species, most societies have been governed by oligarchies, and the oligarchical systems of those elites have always been to the benefit of the few and the exploitation of the many. This was the sad state of human affairs in Europe and the Mediterranean region for thousands of years.

What changed this, what unleashed a new power for human advancement was the invention of the sovereign nation state in the 15th century, an invention which flowed from the Renaissance concept of the *Commonwealth*, as it was developed by Cardinal Nicholas of Cusa and his allies.

In 1461 Louis XI ascended the throne of France and proceeded to establish the first modern, sovereign nation-state. He created a national currency. He built ports, roads, schools, industry, and infrastructure. He authored a work, *Le Rosier des Guerres* (The Rosebush of Wars), wherein he defines that all economic policy must be grounded in a commitment to the “Common Good,” for present and future generations. And he established that all economic policy toward that goal, falls under the proper sovereign authority of the nation-state.

In 1485, Henry Tudor overthrew the degenerate Venice-allied Plantagenet dynasty in England, and as King Henry



King Louis XI of France (1423-1483)



Master of the Life of the Virgin

Nicholas of Cusa (1401-1464)



Portrait by Anon.

King Henry VII of England (1457-1509)

VII, he adopted the same methods of national economic development and sovereignty that Louis had pursued in France.

These actions began modern economics, and they defined the inseparable link between sovereignty and progressive economic development. A significant mental block we face today, is that many people are brainwashed into thinking that “national sovereignty” defines a world of “nation vs. nation,” whereas the Renaissance principle of *Commonwealth*—sovereignty as understood by Louis XI or Henry VII—is *sovereignty over oligarchy*, i.e., that a sovereign nation recognizes no external or internal oligarchical or financial power over its own sovereign power to print money, define credit policy, regulate banking, or to take whatever actions are required to advance the productive powers of the nation. This is precisely the concept contained within the command to “protect and defend the General Welfare,” as defined in the United States Constitution.

Roots of Today’s Dilemma

Unprecedented human progress flowed from the effects of the 15th Century Renaissance and the creation of the first sovereign nations. The European oligarchy recognized the threat that sovereignty and upward progress represented to their interests, and they acted against it. First, from Venice, but then from Amsterdam and London, they deployed to create a new form of monetary and financial empire. They could not prevent the emergence of nations, so they acted to subjugate nations to a supra-national system of oligarchical banking and finance, one which they dictated was outside the power of nations to control.

This notion of the supremacy of private financial power over the sovereign nation is the secret to what occurred in



Bernard de Mandeville (1670-1733)

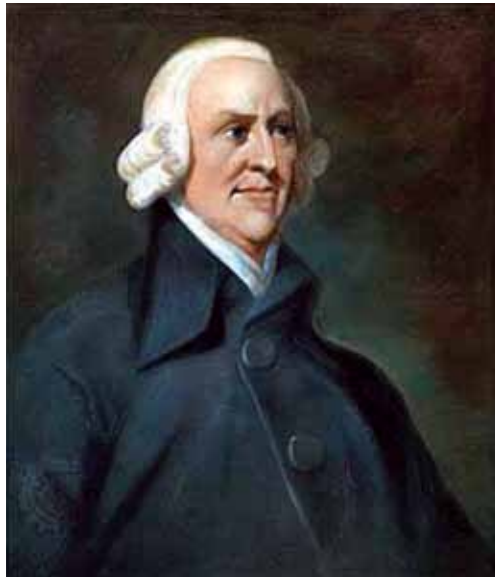


John Locke (1632-1704)

Amsterdam and London in the 17th and 18th centuries. This supremacy of the financial oligarchy has been the continuing species-nature of the British Empire to the present day. In practice, nations are allowed limited sovereignty over certain practical matters, but the purse strings and financial power sit in London, or one of its allied appendages.

Apologists and propagandists for imperial rule, such as Bernard de Mandeville, John Locke and Adam Smith, defended this oligarchical agenda by cloaking it in the guise of “freedom,” and to this day that fraudulent characterization is still repeated *ad nauseam*, particularly by those who are devotees of the British-sponsored Austrian School of economics.

Benjamin Franklin, George Washington and Alexander Hamilton were wiser. They understood that sovereignty was meaningless unless it encompassed absolute national sovereignty over financial, banking and monetary policy. Abraham Lincoln understood this also. When London-allied New York banks attempted to blackmail his incoming administration and to bankrupt the U.S. government into subservience, Lincoln shut down the Gold Room in New York and



Adam Smith (1723-1790)

authorized the issuance of sovereign U.S. currency (Greenbacks), as a Constitutional measure, to finance the war effort.

Oligarchical ‘Money’ and Finance

One of the excretions of the Amsterdam/London oligarchical laboratory in the 17th and 18th centuries was the invention of “central bank money,” i.e., that the “governments” of Britain and the Netherlands handed over to the oligarchical Bank of England and Bank of Amsterdam the monopoly right to issue currency.

The private banknotes of these institutions were then used to capitalize the London and Amsterdam stock exchanges.

The stock exchanges themselves were built around the buying and selling of the stocks of the “Big 5” companies: the British East India Company, the Dutch East India Company, the Dutch West India Company, the Bank of England itself, and the South Sea Company. Simultaneously, these companies produced huge profits through the looting and exploitation of subject peoples in Asia, Africa and the Americas, exploitation which included total British and Dutch domination of the global trade in both slaves and narcotics.

It is from these cannibalistic practices that Adam Smith developed his theory of monetary “wealth.” All of this was grounded in an extreme notion of “monetarism,” of independently existing “money”—actually money created by the oligarchs’ private banks—magically moving the levers of trade and investment. New industry, new breakthroughs in science and technology, advances in human productivity—none of these have a place



Portrait by Joseph Duplessis
Benjamin Franklin (1706-1790)



Portrait by Charles Willson Peale
George Washington (1732-1799)



George Peter Alexander Healy, 1858
John Quincy Adams

in Smith’s schema. They are to be disregarded, or if the oligarchical master demands, to be prevented. Only monetary wealth is allowed as a measurement.

This is the monstrosity which the American colonists rebelled against in 1775, and it still defines the evil we face today. None of these oligarchical practices, nor the theories of Smith and his ilk, have anything to do with defending the Common Good, building the nation-state, or advancing human progress.

The abolition of the Bretton Woods System in 1971—an event only made possible with the murder of John F. Kennedy eight years before—signaled a return to world-rule by the financial oligarchy. The post-1971 floating exchange rate system—which still exists today—represents a total surrender of the sovereign power of governments to control their own currencies. Today’s London-based oligarchy seeks to dictate financial policy and to advance its own interests, just as it tried to do (unsuccessfully) with Abraham Lincoln in 1861,

and just as the British East India Company tried to force tea on Boston in 1775.

Hamilton’s Vision

One of America’s greatest presidents, John Quincy Adams, defined America’s global mission as promoting a “Community of Principle” among sovereign nation-states. Is this not what Franklin Roosevelt intended with his Good Neighbor policy? Was this not the original intent of FDR’s Bretton Woods agreements? Is this not what has been destroyed in the post-1971 era of globalization and unregulated predatory finance? Is this not what a revived New Bretton Woods System—one based on cooperative and mutually beneficial relations among sovereign nations—will make possible once again?



Alexander Hamilton

wikipedia

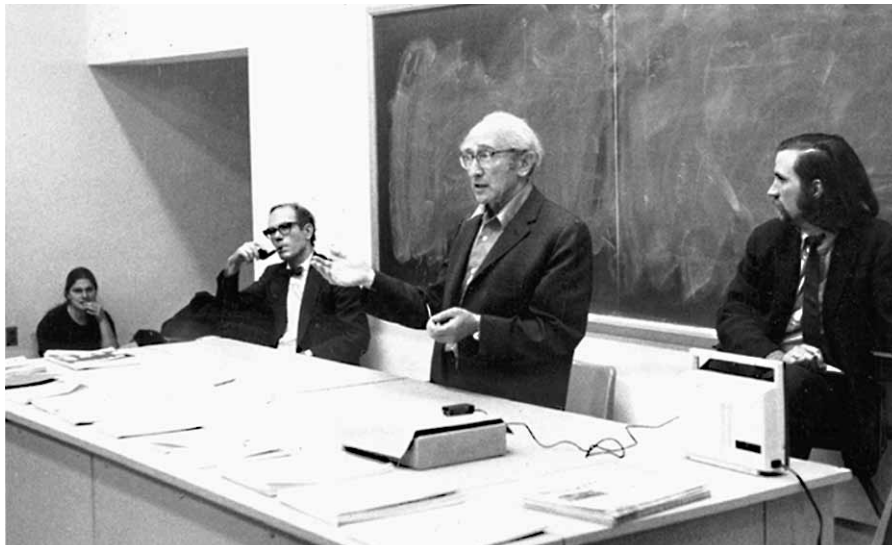
The very idea that we live in an unregulated “global marketplace,” wherein governments are subject to the whims and greed of private financial interests, is anathema to the principles of the U.S. Declaration of Independence and the U.S.

Constitution. It is also a delusion. Adam Smith's "invisible hand" is the omnipresent claw of the oligarchy reaching into your pocket. There is no "free market"—as in Las Vegas, the house sets the rules. Behind the World Trade Organization, the International Monetary Fund and such abominations as the Intergovernmental Panel on Climate Change, stands the power of a financial oligarchy determined to stop human progress and prohibit the exercise of national sovereignty.

We have seen the results of this rigged game again and again in Asia, Africa, and Latin America, as well as within the European Union. Nations are forced into usurious debt traps, raw materials are looted at give-away prices, and "raids" are conducted on national currencies, to brow-beat governments into submission. It is entirely a murderous, predatory system, one in which the vast majority of humanity is reduced to the perpetual status of underdogs, seeking merely to survive.

Alexander Hamilton has given us the way out from this hellish system. Hamilton's U.S. Constitution resurrected the Renaissance principle of the *Commonwealth*, as is explicit in that document's *Preamble*. The *impulse to develop*, which is implicit in the concept of a Commonwealth—and is inseparable from the true nature of human society—forms the basis for Hamilton's argument in his *Report on Manufactures*, wherein continued human progress, which results from human scientific and technological creation, is made the responsibility of government. The means to achieve this are fully discussed in his Reports on Public Credit and a National Bank. All of this rests on a foundation of absolute national sovereignty.

Mandatory in our Constitution is that no one—either domestic or foreign—has the authority to coin or print money, or to determine how such money will be put into circulation and usage, other than the nation's sovereign government. Despite what the British oligarchs want people to believe, money has no independent existence. All money is Constitutional money and is issued as a form of credit by the nation's government for the purpose of "protecting and promoting the General Welfare" for present and future genera-



EIRNS/Alan Yue

LaRouche defeated Prof. Abba Lerner (center) in the celebrated Dec. 2, 1971 Queens College debate.

tions. Any other notion or usage of money is unconstitutional.

LaRouche's Time

It is precisely the recognition of this awesome power of sovereign government which forms the basis for the proposals made by Lyndon LaRouche in his 2014 "[The Four New Laws to Save the U.S.A. Now!](#)," as well as in LaRouche's 1998 formal proposal for the creation of a New Bretton Woods Monetary System.

LaRouche's fight to defend the principle of upward human progress is now more than 50 years in duration. Over the course of these long decades, he has been slandered, ostracized and imprisoned for his courage. In the Autumn of 1971, in a debate with the proto-fascist Social-Democrat economist Abba Lerner, LaRouche correctly identified that the abandonment of the Bretton Woods system would lead directly into economic policies of looting and mass murder, modeled on Nazi Germany. In the years since that now fully vindicated forecast, LaRouche has again and again enunciated the pathway to economic recovery for America and the rest of the world. We have now reached a moment in time when LaRouche's proposals are not only correct, but their realization is imminently possible.

America's historic mission is incomplete. We have not yet succeeded in winning the war against the oligarchy. Today's joyful discovery is that in completing the job begun in 1775, we shall also accomplish the solution to the current financial and economic crisis that threatens the planet.