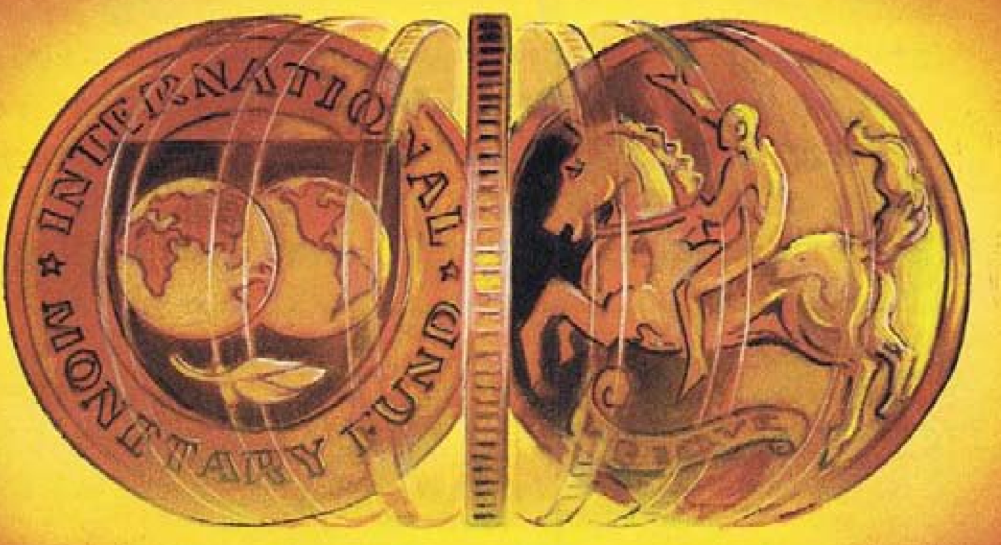

THE BANKER CONSPIRACY

Gary Allen *is author of* None Dare Call It Conspiracy; The Rockefeller File; Kissinger; Jimmy Carter/Jimmy Carter; Tax Target: Washington; *and*, Ted Kennedy: In Over His Head. *Sam Wells assisted Mr. Allen with this articles.*

■ NAÏVE DREAMERS and conspiratorial schemers have long pushed and pulled for the creation of a world fiat money system. The dreamers don't know any better, but some of the schemers do. A centrally managed fiat currency is a crucial One World objective. As Mariner Eccles, then governor of the Federal Reserve Board, declared in 1944: "An international currency is synonymous with international government."

Why would some people want this? Because a monopoly on inflation and contraction of the world's money supply would be the most profitable and powerful control anyone might possess.

Inflation, an increase in the supply of money substitutes, is just another

Illustration by Dan Eckelkamp

Having taken us off the gold standard and debased our currency, the banking *Insiders* now want a world money system. Richard Cooper outlines the scheme in the C.F.R.'s *Foreign Affairs* for Fall 1984 as: ". . . the creation of a common currency . . . and a joint Bank of Issue to determine" monetary policy.

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name for the counterfeiting of claims on real wealth. Counterfeiting is profitable for the counterfeiter because he gets something for nothing.

Karl Marx, in his *Communist Manifesto*, called for "Centralization of credit in the hands of the State, by means of a national bank with state capital and an exclusive monopoly." He was recommending a monopoly in counterfeiting — a central bank — as one of the means for socializing the world. Lenin observed that instituting central banking amounted to accomplishing ninety percent of what is necessary to establish socialism. And Lenin knew what he was talking about. He noted that the capitalist countries of the world were founded on gold as a monetary standard. He attacked gold as a tool of capitalism, and praised managed fiat currency.

As I have noted, the ultimate monopoly would be a World Central Bank with the ability to issue its own fiat currency as a world money. And a single fiat currency for the entire world is the goal toward which socialistic monetary reformers are aiming. They are of course anxious to have whatever stopgap measures they can obtain to move the world closer to their goal. As these schemes break down, calls for a common international or regional currency become more insistent.

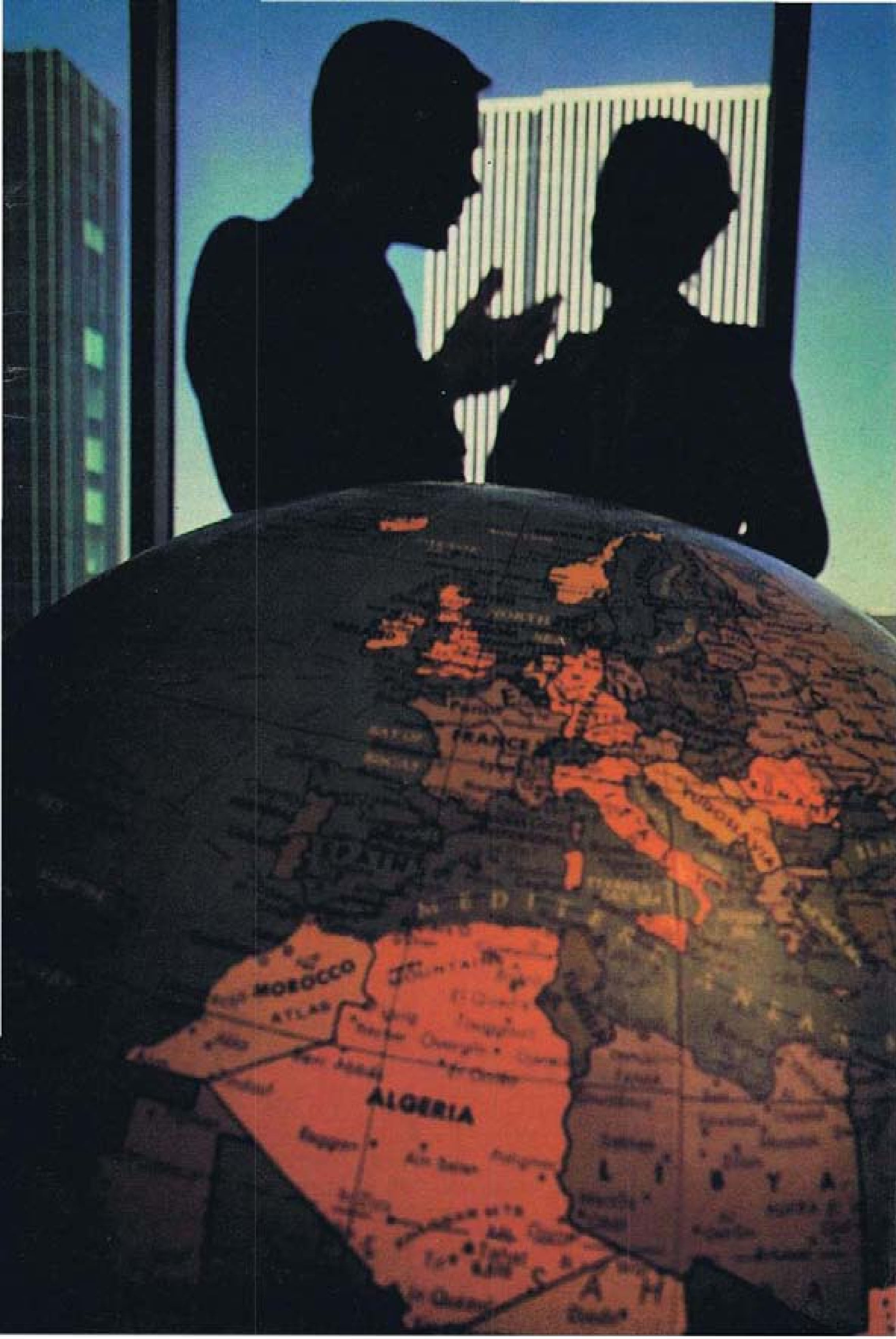
In an article entitled "A Monetary System For The Future," published in the Fall 1984 issue of the C.F.R. journal *Foreign Affairs*, Richard N. Cooper offers the following bold proposal on the opening page:

"A new Bretton Woods conference is wholly premature. But it is not premature to begin thinking about how we would like international monetary arrangements to evolve in the remainder of this century. With this in mind, I suggest a radical alternative scheme for the next century: *the creation of a common currency for all of the industrial democracies, with a common monetary policy and a joint Bank of Issue to determine that monetary policy*." (Emphasis in the original.)

Obviously, this goal of a world fiat money is no trivial pursuit on the part of the banking *Insiders*.

Richard N. Cooper is a professor of international economics at Harvard University. He served as Under Secretary of State for Economic Affairs during the Carter Administration, a regime well-known for its disastrous monetary and foreign policies. In 1972-1974, he held the position of Provost at Yale. Author of *The Economics Of Interdependence* and other works, Cooper favors both collectivism and internationalism. This is not surprising. He is an active member of

Four By Five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the Council on Foreign Relations and the Trilateral Commission, both organs of the Rockefeller-dominated Eastern "Liberal" Establishment.

Of course, this is not the first time Establishment planners have openly advocated a world currency. There was another plan by Professor Robert Triffin (C.F.R.) of Yale University back in the 1950s. In 1973, for another example, John P. Young, former director of the U.S. State Department's International Finance Division, offered a proposal at the Claremont International Monetary Conference, claiming that "there is no satisfactory alternative" to a single world currency "to supplement and eventually replace" all national currencies, including the dollar.

Another such scheme was advocated by Byron L. Johnson, an economics professor at the University of Colorado who had, as a member of the Eighty-sixth Congress, served on the House Banking and Currency Committee, and had previously worked among the giveaway artists of the Agency for International Development in the early Sixties. In the October 1971 issue of *War/Peace Report*, Johnson enthused: "A new world currency, which should be authorized by the U.N., could strengthen world institutions. Articles 57 and 63 of the U.N. Charter provide a legal basis by which the Economic and Social Council could begin the process, and invite alternative action by the General Assembly, to develop an agreement whereby the I.M.F. becomes, in effect, a central bank and a source of support for the U.N. and its specialized agencies. Control of the amount of world currency must be in the hands of the I.M.F. so that monetary reserves will be created for the purpose of promoting the orderly growth of world trade."

And there have been many other serious world-money schemes — the Stamp Plan, the Bernstein Plan, the White Plan (which proposed to enumerate the world fiat in "unitas"), the Keynes Plan ("bancor"), and others.

All these proposals envision a world fiat currency that would be issued by a world central bank, a sort of Federal Reserve for the planet. In almost all, the nucleus for this bank is seen as the International Monetary Fund.

The War On Gold

The International Monetary Fund did not spring into existence from a pregnant bump on the forehead of David Rockefeller. Its creation involved years of careful planning. The I.M.F. and the system it epitomizes were developed to replace the gold standard, which had been increasingly undercut and sabotaged by government meddling.* Over the centuries, governments had acquired a monopoly over the minting of coins, passed legal tender laws, resorted to the use of fiat paper money, exempted banks from honoring their contractual obligations by permitting them to suspend the redemption of their notes in gold or silver upon demand, and chartered specially privileged "central banks" which were granted a monopoly over the issuance of notes within each nation. With governments increasingly modifying and manipulating the gold standard, and encouraging fractional-reserve banking, more and more paper credit was

(*Continued on page ninety-seven.*)

*For an excellent overview of money and the stages of its corruption by government meddling — including a step-by-step history of the monetary breakdown of the West — see the 62-page classic *What Has Government Done To Our Money?*, by Murray Rothbard, available for $2.00 from the Ludwig von Mises Institute, Thach Hall, Auburn University, Auburn, Alabama 36849.

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BANKER CONSPIRACY

allowed to pyramid on top of gold and silver reserves. The 1913 creation of the U.S. Federal Reserve System — America's central bank — marked the beginning of the end of the gold standard.

Despite politically imposed handicaps, the classical gold standard still functioned very well on the international level and served as an important limitation on the ability of governments and central banks to inflate. Professor Murray Rothbard, the eminent economist and scholar, explains how the system worked:

"The international gold standard provided an automatic market mechanism for checking the inflationary potential of government. It also provided an automatic mechanism for keeping the balance of payments of each country in equilibrium. As the philosopher and economist David Hume pointed out in the mid-18th century, if one nation, say France, inflates its supply of paper francs, its prices rise: the increasing incomes in paper francs stimulate imports from abroad, which are also spurred by the fact that prices of imports are now relatively cheaper than prices at home. At the same time, the higher prices at home discourage exports abroad; the result is a deficit in the balance of payments, which must be paid for by foreign countries cashing in francs for gold. The gold outflow means that France must eventually contract its inflated paper francs in order to prevent a loss of all of its gold. If the inflation has taken the form of bank deposits, then the French banks have to contract their loans and deposits in order to avoid bankruptcy as foreigners call upon the French banks to redeem their deposits in gold. The contraction lowers prices at home, and generates an export surplus, thereby reserving the gold outflow, until the price levels are equalized in France and in other countries as well.

"It is true that the interventions of governments previous to the nineteenth century weakened the speed of this market mechanism, and allowed for a business cycle of inflation and recession within this gold-standard framework. These interventions were particularly: the governments' monopolizing of the mint, legal tender laws, the creation of paper money, and the development of inflationary banking propelled by each of the governments. But while these interventions slowed the adjustments of the market, these adjustments were still in ultimate control of the situation. So while the classical gold standard of the nineteenth century was not perfect, and allowed for relatively minor booms and busts, it still provided us with by far the best monetary order the world has ever known, an order which worked, which kept business cycles from getting out of hand, and which enabled the development of free international trade, exchange, and investment." (*What Has Government Done To Our Money?*)

Wall Street banking interests, already benefitting from the inflationary operations of the Federal Reserve scam which they had conspired successfully to establish, despised the international gold standard because of the barriers it posed to even further inflation. They therefore contrived to phase it out through a series of transitional stages. The gold standard did not fail, as is so often claimed. It was deliberately murdered.

Most countries abandoned the gold standard altogether during World War I, a devastating and incredibly bloody conflict. The inflationary pressures for financing their war efforts made it impossible for governments to keep their promise to redeem their notes in gold. After the war, the U.S. and most other nations adopted the *gold-exchange* standard, in which the U.S. dollar and British pound served as reserve assets along with gold. But a gold-exchange standard is not the same thing as a gold standard. It was a very important step in the plans of conspiratorial *Insiders* to substitute a paper money and debt system. They wanted one they could more easily manipulate.

The gold-exchange standard had its roots in Resolution Nine of the 1922 Genoa Conference, one of several international confabs called to discuss monetary problems. Under the guise of improving the world's monetary system, the Conference had as its primary purpose the phasing out of gold. Unlike paper, the quantity of gold could not be inflated by governments and central bankers; its supply was not elastic enough to be easily manipulated and controlled by the inflation oligarchs. Striving for establishment of a "New World Order," with themselves as its masters, the organizers of this "reform" were members of the conspiratorial Round Table — the mother organization for both the Royal Institute of International Affairs in England and the Council on Foreign Relations in the United States.

Less than a decade later, the Chatham House Study Group of the R.I.I.A. (the "front door" of the Round Table) assembled another conference on money. In a featured speech at that get-together, banker Sir Otto Niemeyer stated: "I therefore feel very strongly that it is very important to establish a general view that a gold coin in internal circulation is not a sign of good form or of advanced economic conditions, but just the opposite — it is the sign of almost medieval decadence."*

Of course, the *Insiders* of international banking knew what they were doing; they didn't want their inflationary games to be exposed by the market's warning signals.

The problem with the gold-exchange standard set up by the Genoa Conference of 1922 was that its link to gold was too tenuous. Although the U.S. remained on the classical gold standard, redeeming dollars for gold, Britain and most other Western nations went onto a phony gold standard which excluded most people from participation. British pounds and other European currencies were not redeemable in gold coins but in large bars of bullion, suitable only for major international transactions. This kept ordinary citizens in Britain and other countries from using gold in their daily market exchanges, thereby permitting a great degree of paper and bank-credit inflation. The Big Boys had cut out the little guys. Moreover, Britain redeemed pounds not only in gold bullion, but also in dollars — while the other countries redeemed their currencies in British pounds. The system, therefore, resembled an inverted pyramid with U.S. dollars on top of its gold reserves, British pounds on top of dollars, and the other currencies on top of pounds.

This tremendous pyramiding of paper currencies on top of the U.S. gold standard placed too much strain on the pound and the dollar. Rothbard explains the consequences:

"Now when Britain inflated, and experienced a deficit in its balance of payments, the gold standard mechanism did not work to quickly restrict British inflation. For instead of other

*Royal Institute of International Affairs, *The International Gold Problem* (London, Oxford Press, 1931, Page 86).

countries redeeming their pounds for gold, they kept the pounds and inflated their own currencies on top of them. Hence, Britain and Europe were permitted to inflate unchecked, and British deficits could pile up unrestrained by the market discipline of the gold standard. As for the United States, Britain was able to induce the U.S. to inflate dollars so as not to lose too many dollar reserves or gold to the United States."

These inflationary policies during the 1920s, policies conducted deliberately by *Insiders* in our government in order to support the British pound at our expense, ultimately led to financial washout in the Great Depression. In 1931 the Genoa system broke down altogether when Britain and other nations went off even the gold-bullion standard. The world was plunged into the monetary chaos and uncertainty of fluctuating national fiat currencies. International trade and investment decelerated to a virtual standstill as monetary warfare was waged and trade barriers were erected between countries. These disruptive conditions were the prelude to another great war.

Once central banking had been established in the United States, the road had been cleared for creation of a mammoth financial debacle which could be used to justify further abandonment of the domestic gold standard and consolidation of still more centralized control over banking and credit. The Federal Reserve accomplished this by keeping interest rates artificially low during the 1920s, expanding credit, and thereby artificially stimulating a borrowing binge to fund unsound investments and overexpansion. This orgy of borrowing and stock-market speculation pumped up the U.S. economy like a gigantic balloon between June of 1921 and June of 1929. Then, the Federal Reserve stuck a pin in the inflated balloon by suddenly reversing its easy-money policies and contracting credit. In October, disaster struck as the dramatic credit implosion culminated in what was later called the Great Crash and ushered in the Great Depression. Capitalism and the gold standard, it was claimed, had had their chance and failed.*

Unwary students are taught that America was saved from this period of economic damnation by repenting its evil capitalistic ways, renouncing the pagan worship of the Golden Calf, and accepting as savior the charismatic Franklin D. Roosevelt, who along with Saint Eleanor presided over a New Deal for all. The truth is that the thrust to the Left moved America off its foundations as a Constitutional Republic. It was now tax and tax; spend and spend; elect and elect.

Among many other atrocities during this period, Congress unconstitutionally declared Federal Reserve notes to be legal tender (before 1933 they had only been money substitutes redeemable in real money), and declared gold coins, which formerly were our legal tender, to be illegal as money. In 1934, American citizens were prohibited from owning the yellow metal — a right that was not to be restored until 1975. Franklin Roosevelt had devalued the dollar from \$20 per ounce of gold to \$35 per ounce — but only after stealing the peoples' gold by asking Americans to lend the government their coins and other *objets d'or*, and promising to return the gold in ninety days. He did not keep his promise, and never intended to do so. America's domestic gold standard was dead.

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*For a detailed account of the real causes of the Depression, see Murray Rothbard's *America's Great Depression*.

Even more unconstitutional authority was usurped by Big Government after the U.S. was drawn into the Second World War. At last, the international paper pushers saw their chance to achieve their dream of a world fiat currency — or at least to escalate the move in that direction.

The I.M.F. Is Born

Members of the elitist Council on Foreign Relations were busily engaged in planning the post-War world even before Tojo's boys made their Sunday-morning visit to Pearl Harbor. In several recommendations during the late 1930s and early 1940s, the War and Peace Studies groups of the C.F.R. proposed that several international institutions were required to "stabilize" the world economy after the cessation of hostilities. Recommendation P-B23 of July 1941, for example, stressed the need for worldwide financial institutions to begin "stabilizing currencies and facilitating programs of capital investment for constructing undertakings in backward and underdeveloped regions."

The idea was to set up a system after the war which would launch a global redistribution of wealth from productive Americans to the perpetually needy socialist dictatorships and Communist regimes.

The Council's own records show that during the last half of 1941 and in the early months of 1942 the C.F.R. was already formulating plans for remaking the world. These recommendations were forwarded to F.D.R. and the State Department where the C.F.R.'s agents were already assuming top positions of authority. Treasury advisor and C.F.R. operative Jacob Viner wrote a memo proposing what would later turn out to be the I.M.F. and World Bank. The note stated: "It might be wise to set up two financial institutions: one an international exchange stabilization board and one an international bank to handle short-term transactions not directly concerned with stabilization."

A world meeting of bankers, bureaucrats, and government planners was called by President Roosevelt to convene in July of 1944. Officially called the United Nations Monetary and Financial Conference, this historic occasion is generally referred to as the Bretton Woods Conference because it took place at the famed New Hampshire resort in Bretton Woods. That was the birthplace of the International Monetary Fund and the post-war monetary system which has since become less and less stable.

The Bretton Woods Conference was dominated by two individuals, one from Britain and one from the United States. *The American Banker* for April 20, 1971, in a monograph history of the I.M.F., reports: "The main architects of the [*International Monetary*] Fund were Harry Dexter White and John Maynard Keynes — later Lord (Candy) Keynes — of the American and British Treasuries . . . . Keynes had written about a world central bank as early as 1930, while White had been instructed by the U.S. Treasury only a week after Pearl Harbor to start drafting plans for an international stabilization fund after the war."

As readers of this journal know, John Maynard Keynes was the darling of the British Fabian Society, the gang of socialist conspirators who had taken over and wrecked Great Britain. An aggressive homosexual, Keynes also promulgated a queer brand of economics which, among other things, strongly encouraged unrestrained government spending and deliberate Budget deficits as a cure for inflation-caused recessions.

Politicians and bureaucrats were delighted.

Harry White was a bird of an even more crimson hue. While all the standard histories of the I.M.F. fail to mention it, Harry Dexter White was at once a member of the Council on Foreign Relations and a Soviet agent. Having taught economics at Harvard University, White had moved into various positions of importance in the U.S. Treasury Department where he carefully laid out plans for a new world monetary order. Others working in the Treasury Department with White who were later identified under oath as Communists were Harold Glasser, Irving Kaplan, and Victor Perlo.

On November 6, 1953, Attorney General Herbert Brownell revealed that Harry Dexter White's "spying activities for the Soviet Government were reported in detail by the F.B.I. to the White House . . . in December of 1945. In the face of this information, and incredible though it may seem, President Truman went ahead and nominated White, who was then Assistant Secretary of the Treasury, for the even more important position of executive director for the United States in the International Monetary Fund." White had help from his comrades.

In his 1954 book *The Web Of Subversion*, Professor James Burnham observed: "From its beginning, and before its beginning, the International Monetary Fund has been closely encompassed by the web of subversion . . . . The technical secretary of the Bretton Woods Conference was Virginius Frank Coe. Coe became the principal administrative officer of the International Monetary Fund, the secretary, at a salary of $20,000 a year." This was the same Mr. Coe who had been identified under oath as a Communist agent by both Elizabeth Bentley and Whittaker Chambers. Coe later traveled to Red China where he was in the employ of Comrade Mao Tse-tung as an economic advisor.

Another of White's assistants at Bretton Woods was William L. Ullman, who like Coe took the Fifth Amendment when presented with the evidence and asked if he were a Communist spy.

For three weeks, Keynes, White, Coe, and thirteen hundred delegates had labored in New Hampshire to hammer out details for formation of the I.M.F. According to the *American Banker* monograph, "Keynes wanted his international central bank to have power to create its own money," and proposed to call this world currency *bancor*.

While agreeing with Keynes that a centrally managed world fiat money was the ultimate goal, Comrade White was more cautious. He knew the dangers of going too far too fast, recalling how the Senate had kept the United States out of the internationalist trap known as the League of Nations in the aftermath of World War I. The wily Communist was concerned that the Senate would scuttle so obvious a move toward One World government. The proposals for the new international institutions were made to seem moderate as White and his planners judged every proposal by its chances of gaining congressional approval.

At the same time, the Establishment's drumbeaters in the mass media cranked out massive amounts of propaganda to support the Bretton Woods *coup*. Typical was an article in *Collier's* for June 2, 1945, modestly entitled "Bretton Woods or World War III."

In 1945, Congress bought the whole United Nations/I.M.F./World Bank package. It is true that the Establishment *Insiders* sponsoring all of this did not get the full-blown world currency that they wanted; but they saw half a loaf as halfway to getting the whole bag of bread. They knew that, just as when they created the Federal Reserve in 1913, it was most important to establish the framework into which more power could later be poured as it became available.

The Bretton Woods agreements never intended that the signatory countries return to a gold standard. As a matter of fact, John Maynard Keynes, the fairy godfather of the I.M.F. system, boasted that he and White had created "the exact opposite of a gold standard." A new gold-exchange system had been established — but this time only the U.S. dollar was to be the key reserve currency to which all others would be linked. Every other nation-state in the scheme undertook simply to keep its own currency convertible into dollars. Only the United States would redeem its currency in gold. But the connection to gold in this new "gold-exchange" system was even weaker than it had been during the 1920s. This time the dollar was redeemable in gold only by foreign central banks. Again, the Big Boys wanted all the golden marbles for themselves. Professor Rothbard summarizes:

"In the Bretton Woods system, the United States pyramided dollars (in paper money and in bank deposits) on top of gold, in which dollars could be redeemed by foreign governments; while all other governments held dollars as their basic reserve and pyramided their currencies on top of dollars. And since the United States began the post-war world with a huge stock of gold (approximately $25 billion), there was plenty of play for pyramiding dollar claims on top of it. Furthermore, the system could 'work' for a while because all the world's currencies returned to the new system at their pre-World War II pars, most of which were highly overvalued in terms of their inflated and depreciated currencies. The inflated pound sterling, for example, returned at $4.86 even though it was worth far less than that in terms of purchasing power on the market. Since the dollar was artificially undervalued and most other currencies artificially overvalued in 1945, the dollar was made scarce, and the world suffered from a so-called dollar shortage, which the American taxpayer was supposed to be obligated to make up by foreign aid."

The I.M.F. was to stabilize the world monetary situation by holding exchange rates among the various national currencies more or less constant. Of course, it didn't work out that way. Nations were inflating at different rates. Sooner or later, one that is inflating at a greater rate than another has to devalue its currency in terms of the other currency. Between 1947 and 1971 there were over one thousand full or partial devaluations under the Bretton Woods system. But if the I.M.F. failed to achieve stable exchange rates, what was it actually doing? Dr. Gary North provides the following answer:

"It gave speculators the opportunity to make very high profits or losses during major devaluations. It gave I.M.F. bureaucrats very high-paying jobs. It got them out of Uganda and into Washington, D.C., which even today is a pretty good deal. It gave Keynesians more time to foul up the various national economies. It provided the illusion of stability in between major devaluations. It made price controls temporarily respectable. After all, if price controls can work in international monetary affairs, why not elsewhere? So the

I.M.F. no doubt benefitted some people — the planners, their philosophical supporters, and these speculators who had inside information preceding major devaluations and revaluations. It certainly helped central bankers, at least to the extent that the I.M.F. did keep some currencies fixed in line longer than they would have been fixed had the excuse of the I.M.F. been absent."

A little inside information on forthcoming devaluations can be very helpful when placing one's bets in the international currency casino. The New York megabankers and the allied multinational corporations behind Rockefeller's C.F.R. — the organization which drew up the blueprint for the I.M.F. in the first place — have benefitted richly.

Unlike the old classical gold standard which prevailed before World War I, the Bretton Woods house of paper lacked the automatic checks against domestic inflation provided by gold. The U.S. Government and the Federal Reserve embarked on a deliberate and escalating post-war policy of megaspending and accelerating monetary inflation, thus exporting inflation worldwide. The rules of the Bretton Woods game required Western European countries (many of which were pursuing a relatively "hard money" policy) to keep piling up dollars in their reserves and using this increasing base further to inflate their currencies and expand credit.

As America's increasing levels of inflation in the 1950s and 1960s reduced the purchasing power and value of the dollar, European governments (led by France) began more and more to exercise their option of redeeming their piles of dollars for gold at $35 an ounce. From the early Fifties, gold flowed steadily out of the U.S. and into the coffers of foreign governments and central banks. But foreign dollar claims were many times the gold reserves held at Fort Knox in the U.S. It would be impossible to redeem all the Eurodollars that might be presented. America was running out of gold.

Despite intense arm-twisting by the U.S. to keep European governments from redeeming the dollars that had been accumulating in their central banks, the Bretton Woods scheme began unraveling in the late 1960s. Finally, on August 15, 1971, at the same time he imposed a wage-price freeze in a vain attempt to hide the effects of currency inflation, President Nixon brought the Bretton Woods gold-exchange standard to an end by slamming shut America's gold window. For the first time in its history, the U.S. dollar was totally irredeemable, even by foreign governments. This was a *de facto* declaration by the U.S. Treasury of bankruptcy.

In effect, our government did to the rest of the world in 1971 what it had done to its own citizens in 1934.

As the Bretton Woods system broke apart, the U.S. Government tried to pretend that the dollar didn't need any link to gold to give it value, and that gold was unimportant. Massive gold sales had been made in the attempt to keep the price of gold at the official level of $35 per ounce. America had lost more than half its gold reserves. The foreign central banks and wealthy *Insiders* who gobbled up gold at the artificially low price of $35 enjoyed a terrific bargain. They had literally been allowed to loot Fort Knox.

Economic journalist Henry Hazlitt, one of the few who warned America of the coming scam in 1944-1945, predicted at the start that the system would encourage greater inflation globally and would eventually collapse. Noting that the scheme was programmed to self-destruct, Hazlitt observes in his most recent book, *From Bretton Woods To World Inflation* (Regnery-Gateway, Chicago, 1984):

"Since the United States went off gold, and some of the results have become evident, most of the blame for that action (on the part of those who already believed in the gold standard or have since become converted to it) has been put on President Nixon, who made the announcement. He doubtless deserves some of that blame. But the major culprits are those who set up the Bretton Woods system and those who so uncritically accepted it. No single nation's currency could long be expected to hold up the value of all the currencies of the world. Even if the United States had itself pursued a far less inflationary policy in the twenty-seven years from 1944 to 1971, it could not be expected indefinitely to subsidize, through the IMF, the International Bank, and gold conversion, the inflations of other countries. The world dollar-exchange system was inherently brittle, and it broke."

Yet, even after its dissolution, observes Henry Hazlitt, "The Bretton Woods system continues to do great harm because the dollar, though no longer based on gold and itself depreciating, continues to be used (as of this writing) as the world's primary reserve currency, while the institutions it set up, like the International Monetary Fund and the [*World*] Bank, continue to make immense new loans to irresponsible and improvident governments."

Of course, this amounts to an immense Operation Bailout for the Big Banks — just as intended. The bankers would hardly have made endless uneconomic loans to the Less Developed Countries of the Third World and the East-bloc regimes if they had not enjoyed a means of "socializing" their bad risks by getting the American taxpayers to pick up the tab. This is truly No Fault banking! And it was made possible only because government intervention had removed Free Market checks on bank credit expansion, putting in place a system to underwrite loans to high-risk governments.

A Floating Anchor

The banking *Insiders* have certainly not forgotten their aim of a fiat currency for the world. They planned for the day when gold would be unlinked and replaced by the centrally managed paper. In 1970, the I.M.F. created out of thin air something called "Special Drawing Rights" (S.D.R.s) as a step in that direction. The S.D.R. is an abstract unit based on a so-called "basket of currencies" which is a weighted average of several major fiat currencies. Since January of 1981 this basket has consisted of the U.S. dollar (forty-two percent), the Deutsche mark (nineteen percent), and the yen, pound sterling, and French franc (at thirteen percent each). In the introduction to his book on Bretton Woods, Henry Hazlitt observes:

"A number of countries have pegged their currencies to the SDR — *i.e.*, to a falling peg. Yet the IMF boasts that it is still its policy 'to reduce gradually the monetary role of gold,' and proudly points out that from 1975 to 1980 it sold 50 million ounces of gold — a third of its 1975 holdings. The U.S. Treasury Department can make a similar boast. What neither the Fund nor the American Treasury bother to point out is that this gold has an enormously higher value today than at the time the sales were made. The profit has gone to world speculators and other private persons. The American and, in part, the foreign taxpayer has lost again."

The S.D.R. is still one long way from being a true world currency and the I.M.F. is not yet a central bank for the world. But they do provide a nuclear precedent for such a global money monopoly. And, with a world currency at their disposal, the Rockefeller-led Establishment *Insiders* could permanently rig the international commodity markets and dominate national economies by controlling the availability of money to debt-ridden governments.

David Rockefeller is not only the Chairman of the Council on Foreign Relations, but also founder of that klatch of One World planners called the Trilateral Commission. The latter's Task Force Report, titled "Toward A Renovated World Monetary System," states:

"A renovated system needs to place the new Special Drawing Rights (SDRs) in a position of primacy among reserve assets. SDRs, properly managed, can provide for adequate and controlled growth in world liquidity. Under the system of exchange-rate parities that we envision, all currencies, including the dollar, would be convertible to SDRs at a fixed but alterable price. The United States would be expected to finance any payments deficits by drawing on its holdings of Special Drawing Rights."

Which brings us back to Richard N. Cooper writing in the Fall 1984 issue of the C.F.R. journal *Foreign Affairs*. Cooper is not, of course, a gold man. He tells his C.F.R. readers: "Exchange rates can be most credibly fixed if they are eliminated altogether; that is, if international transactions take place with a single currency. But a single currency is possible only if there is in effect a single monetary policy, and a single authority issuing the currency and directing the monetary policy. How can independent states accomplish that? They need to to turn over the determination of monetary policy to a supernational body, but one which is responsible collectively to the governments of the independent states. There is some precedent for some parts of this type of arrangement in the origins of the U.S. Federal Reserve System, which blended quite separate regions of the country, and banks subject to diverse state banking jurisdictions, into a single system, paralleling the increasingly national financial market. Similarly, we will need a world monetary system that parallels the increasingly global financial market. It will probably not be possible, even within the time scale envisaged here, to have a truly global Bank of Issue [*world central bank*]. But that will not be necessary either, and it may be possible to have a Bank of Issue which serves a more limited group of democratic countries, and which can serve as the core of an international system."

Well, there you have it. By going to a One World currency and a world central bank, the would-be world monopolists can avoid the nasty problems associated with our present system of competing national fiat currencies and fluctuating and uncertain exchange rates — problems which result from governments and their central banks debauching their currencies at different rates of inflation. If everyone had to use the One World fiat currency (or electronic credit/debit unit), we are told, uneven monetary debauchery would not be shown up as it is now in the daily currency markets. In fact, with only one currency, there would not be any currency markets (except black markets, of course) and everyone would experience uniform inflation.

In short, Richard N. Cooper of the C.F.R. wants to let the *Insiders* do to the world what the Federal Reserve has done to America. It amounts to a gigantic mechanism for ripping off the productive nations. Marx and Lenin would love it.

Just as the Federal Reserve System encourages corrupt and unwise banking practice by bailing out irresponsible banks, so a world Bank of Issue would perpetuate and encourage irresponsible national policies by bailing out the deadbeats at the expense of the productive members. This is what the I.M.F. is already doing. Cooper wants to give it power to do so with a vengeance.

Just as the Federal Reserve uses its control over bank reserves to make all banks within the nation inflate at the same rate, Cooper's souped-up I.M.F. or Bank of Issue would have all nations under a uniform rate of counterfeiting. There would be no market checks against world inflation, which would eventually run away at unprecedented rates, with a handful of international conspirators manipulating the entire thing for huge power and profit.

Cooper suggests that the I.M.F.'s Special Drawing Rights (S.D.R.) be made the basis for the new world currency, and advocates that the S.D.R. be used by private parties and commercial banks to facilitate this development.

Even Cooper admits that his proposal for a one-currency world regime is too radical to be accepted immediately. But, he writes, "it is not too radical to envisage 25 years from now . . . ." Never mind that to make a world money system work it would be necessary to have a world political state and world legal tender laws to enforce the acceptance of the new money.

We asked Dr. Ron Paul of Texas, a leading advocate of sound money and banking, what he thinks of Cooper's plan for a world money. Here is his response:

"It would serve no benefit to mankind. It would be a total disaster. It would mean absolute world inflation. Now, that doesn't necessarily mean that such a political system won't come about. The only way they could defy market forces that way and push it onto us would be to have *tremendous* political power and suppression of the people — because, otherwise, the natural market tendency is to go to something with real value like gold or silver. In the Soviet Union they use rubles — fiat currency — but they also have a very powerful gun at the head of their people to force them to use rubles. In the Soviet Union, one can lose his life for committing an economic crime. Internationally, you would have to have that kind of power to be able to force people to use such an international fiat currency."

The monetary problems in the world today stem from the fact that money is under the control of central banks chartered by national governments; the solution is to remove politics from monetary matters and leave the provision of money to a Free Market economy. Government can do its part by confining its attentions to protecting its citizens from force, fraud, and counterfeiting. The first U.S. coinage act (April 2, 1792, Chapter XVI, Section 19) has never been repealed. It provides the death penalty for anyone who debases U.S. gold or silver coins. Not a bad idea! ■ ■

CRACKER BARREL

■ Every woman needs a husband because there are some things you still can't blame on government.