
I. Our Task in 2018

IN THE FOOTSTEPS OF FDR

A New Bretton Woods System

by William Wertz

The following is an edited transcript of the opening remarks, by William Wertz, to LaRouche PAC's weekly Fireside Chat on Thursday, Aug. 16, 2018. The full video is available [here](#).

I want to give you more of a sense of President Franklin Roosevelt's original intention in forming the Bretton Woods system. This was the system that was put together at a conference in Bretton Woods, New Hampshire in 1944. There's a very interesting book, which Tony Papert, who's the co-editor of *Executive Intelligence Review*, lent me, called *Forgotten Foundations of Bretton Woods: International Development and the Making of the Postwar Order*. That book may be very helpful to many of you who want to further study that conference and its impact.

The Schiller Institute is circulating a [petition](#) internationally, addressed to the leaders of the United States, Russia, China and India, which begins, "We, the undersigned, appeal to President Trump, President Putin, President Xi Jinping and Prime Minister Modi, to convoke an emergency summit in order to create a New Bretton Woods global monetary system." I urge people to sign and circulate that petition.

Lyndon LaRouche, on November 11, 2008, presented remarks to a meeting in Washington, D.C. which were published in *EIR* under

the title, [Only My Reforms Can Save the Planet from a Dark Age](#). This was in 2008, as the financial crisis had just broken out. He called for a Four Power agreement to create a New Bretton Woods system. He notably stated:

So, if we create this seed crystal, of these four nations, and others who join them, we now can have, any time we decide to do it—if the President of the United States says, to the President of Russia and to the President of China, and to the government of India, and some other countries: "Let's make this agreement!", the United States has Constitutionally, the Constitutional apparatus and the authority, to do this!

This idea which we're putting forward now, really is



The Mount Washington Hotel & Resort
U.S. Treasury Secretary Henry Morgenthau opens the Bretton Woods International Monetary Conference at the Mount Washington Hotel in New Hampshire, July 1, 1944.

the critical solution to the ongoing crisis in the world today. And it's very interesting, because the old Bretton Woods system, created by Franklin Roosevelt, before the end of World War II, reflects the ideas of the American System, the ideas of Alexander Hamilton. Franklin Roosevelt, when he was at Harvard, wrote his thesis on Alexander Hamilton and his great-great grandfather, Isaac Roosevelt, who was a direct collaborator with Alexander Hamilton in Manhattan at the time of the founding of the country.

What Roosevelt represented was the American System of Alexander Hamilton and the American System of Abraham Lincoln. The Bretton Woods system was essentially an extension of his Good Neighbor Policy towards Ibero-America.

The basic idea is expressed most clearly in a book by FDR's son, Elliott Roosevelt, entitled *As He Saw It*. Elliott Roosevelt accompanied Franklin Roosevelt to a number of the major conferences which took place during World War II, including those between Franklin Roosevelt and Winston Churchill. I want to give you a sense of what was at stake in World War II, with focus on the clash between Franklin Roosevelt and Churchill, which was the clash between the American System of Alexander Hamilton and the British Empire—the Anglo-Dutch system being defended by Winston Churchill.

As Father Saw It

I'm going to read two sections from this book, because it gets really to the core of the issue which is before us today. Elliott Roosevelt writes as follows:

It must be remembered that at this time Churchill was the war leader, Father only the president of a state which had indicated its sympathies in a tangible fashion. Thus, Churchill still arrogated the conversational lead, still dominated the after-dinner hours. But the difference was beginning to be felt.

And it was evidenced first, sharply, over Empire.

Father started it.



Roosevelt and Churchill brief war correspondents during the Casablanca Conference, French Morocco, January 24, 1943.

Public Domain

“Of course,” he remarked, with a sly sort of assurance, “of course, after the war, one of the preconditions of any lasting peace will have to be the greatest possible freedom of trade.”

He paused. The P.M.'s head was lowered; he was watching Father steadily, from under one eyebrow.

“No artificial barriers,” Father pursued. “As few favored economic agreements as possible. Opportunities for expansion. Markets open for healthy competition.” His eye wandered innocently around the room.

Churchill shifted in his armchair. “The British Empire trade agreements” he began heavily, “are—”

Father broke in. “Yes. Those Empire trade agreements are a case in point. It's because of them that the people of India and Africa, of all the colonial Near East and Far East, are still as backward as they are.”

Churchill's neck reddened and he crouched forward. “Mr. President, England does not propose for a moment to lose its favored position among the British Dominions. The trade that has made England great shall continue, and under conditions prescribed by England's ministers.”

“You see,” said Father slowly, “it is along in here somewhere that there is likely to be some disagreement between you, Winston, and me.

“I am firmly of the belief that if we are to arrive at a stable peace it must involve the development of backward countries. Backward peoples. How can this be done? It can’t be done, obviously, by eighteenth-century methods. Now—”

“Who’s talking eighteenth-century methods?”

“Whichever of your ministers recommends a policy which takes wealth in raw materials out of a colonial country, but which returns nothing to the people of that country in consideration. *Twentieth-century* methods involve bringing industry to these colonies. *Twentieth-century* methods include increasing the wealth of a people by increasing their standard of living, by educating them, by bringing them sanitation—by making sure that they get a return for the raw wealth of their community.”

Around the room, all of us were leaning forward attentively. Hopkins was grinning. Commander Thompson, Churchill’s aide, was looking glum and alarmed. The P.M. himself was beginning to look apoplectic.

“You mentioned India,” he growled.

“Yes. I can’t believe that we can fight a war against fascist slavery, and at the same time not work to free people all over the world from a backward colonial policy.”

“What about the Philippines?”

“I’m glad you mentioned them. They get their independence, you know, in 1946. And they’ve gotten modern sanitation, modern education; their rate of illiteracy has gone steadily down. . . .”

“There can be no tampering with the Empire’s economic agreements.”

“They’re artificial . . .”

“They’re the foundation of our greatness.”

“The peace,” said Father firmly, “cannot include any continued despotism. The structure of the peace demands and will get equality of peoples. Equality of peoples involves the utmost freedom of competitive trade. Will anyone suggest that Germany’s attempt to dominate trade in central Europe was not a major contributing factor to war?”

It was an argument that could have no resolution between these two men. . . .

A Dead Duck

The conversation resumed the following evening, as Elliott Roosevelt reports:

Gradually, very gradually, and very quietly, the mantle of leadership was slipping from British shoulders to American. We saw it when, late in the evening, there came one flash of the argument that had held us hushed the night before. In a sense, it was to be the valedictory of Churchill’s outspoken Toryism, as far as Father was concerned. Churchill had got up to walk about the room. Talking, gesticulating, at length he paused in front of Father, was silent for a moment, looking at him, and then brandished a stubby forefinger under Father’s nose.

“Mr. President,” he cried, “I believe you are trying to do away with the British Empire. Every idea you entertain about the structure of the post-war world demonstrates it. But in spite of that”—and his forefinger waved—“in spite of that, we know that you constitute our only hope. And”—his voice sank dramatically—“*you* know that *we* know it. *You* know that *we* know that without America, the Empire won’t stand.”

Churchill admitted, in that moment, that he knew the peace could only be won according to precepts which the United States of America would lay down. And in saying what he did, he was acknowledging that British colonial policy would be a dead duck, and British attempts to dominate world trade would be a dead duck, and British ambitions to play off the U.S.S.R. against the U.S.A. would be a dead duck.

Or would have been, if Father had lived.

Eighteenth-Century Methods

And that right there, is the fundamental conflict in the world to this day. This goes back—and this is important to recognize—this goes 250 years, approximately, to 1763, which was the year in which Europe’s Seven Years War, which we, in the United States, call the French and Indian War, was settled in the Treaty of Paris. That settlement essentially handed over India to the British East India Company. The American Revolution was to be fought against the British Empire. During the Boston Tea Party, the three ships that had brought tea from China were, in fact, ships of the British East India Company.



Painting by William Walcutt

Pulling down the statue of King George III in New York City in 1776.

By 1773 the British had vastly expanded their control of India, and they were already beginning their increased export of opium from India to China. The Boston Tea Party was 1773. The Declaration of Independence was 1776; the U.S. Constitution was signed in 1787. By 1803, at the height of the British East India Company's control of India, that company had a private army of 260,000 troops. Let us not forget that Russia had backed the American Revolution as a leading member of the League of Armed Neutrality.

The British East India Company, going back approximately 250 years, was the enemy of United States at its inception and was the enemy of India, which that company had, in fact, taken over. The Company committed genocide by destroying agriculture in order to grow opium which that same Company then forced, through wars, the Chinese to consume.

So you have China, India, the United States, all direct enemies of the British East India Company and this Anglo-Dutch imperial system, while Russia at that time backed the nascent United States through the League of Armed Neutrality. Later Russia backed the United States in the Civil War, when it sent ships to New York City and San Francisco in order to prevent any kind of British military intervention on behalf of the Confederacy.

So the Four Powers have been, in a certain sense, united against the British Empire going all way back to the 1760s.

Roosevelt's Original Concept

Let's now look at the original Bretton Woods agreement. It was really quite extraordinary—Roosevelt said that the concept was based on his Good Neighbor Policy toward Ibero-America. The model for what became the Bretton Woods system was a proposal for an Inter-American Bank in 1939-1940 that never was implemented because it wasn't ratified by the United States. So this bank is really extraordinary. Here are some of the ideas of the draft bylaws of this bank. The bank was to—

Facilitate the prudent investment of funds to stimulate the full productive use of capital and credit.

Promote the development of industry, public utilities, mining, agriculture, commerce and finance in the Western Hemisphere.

Foster cooperation among the American republics in the field of agriculture, industry, public utilities, mining, marketing, commerce, transportation and related economic and financial matters.

Encourage and promote research in the technology of agriculture, industry, public utilities, mining, and commerce.

The key person with whom Roosevelt worked to create this bank was Harry Dexter White, who was also involved in the New Deal. And in a certain sense, the Bretton Woods for the post-World War II period was an effort to internationalize the New Deal, to have projects like the Tennessee Valley Authority throughout the world, and to develop the world.

Roosevelt versus Keynes

There was a contrary view of the Bretton Woods system, which was that of John Maynard Keynes, the representative of the British Empire at the Bretton Woods conference. And of course, John Maynard Keynes' economic theories are pretty well known. The best example is the idea that all you have to do is try to facilitate consumption; there is no such thing as productive investment versus nonproductive. You can hire

somebody to dig a hole and hire somebody else to fill the hole; somebody else to cover the hole, and then somebody else to uncover the hole. There is nothing productive: You're paying people and therefore, they consume, but there's never any explanation as to how what they're consuming is produced. That's John Maynard Keynes. He fought on behalf of the Empire at the Bretton Woods conference.

The original Bretton Woods system was very interesting. We still have institutions created at that conference—the International Monetary Fund (IMF) and the World Bank, which was initially called the International Bank for Reconstruction and Development. Two of the principles behind FDR's original mission for the International Bank for Reconstruction and Development were “encouraging development of productive facilities and resources in less-developed countries” and the “provision of long-term capital for desirable, productive projects that serve directly or indirectly to permanently raise the standard of living of the borrowing country.”

Two of the key conditions for the credit that would be extended by International Bank for Reconstruction and Development were that the interest rate could not be excessive—and we have just learned that this credit was to be long-term capital for productive projects so it has to be productive investment—and that credit could not be for the purpose of repayment of an old loan.

That is very important and the abandonment of that principle became starkly manifest after Nixon took the dollar off the gold-reserve standard and introduced the floating exchange rate in 1971. The World Bank and the IMF in that period began to impose



Harry Dexter White (left) and John Maynard Keynes, at the inaugural meeting of the IMF's board of governors in Savannah, Georgia, March 8, 1946.

austerity conditions on all countries, and almost all loans extended were used to repay old loans. Nothing was put into productive projects like the TVA. Instead, the World Bank became an advocate of what it called appropriate technologies, which are essentially technologies that can be implemented on a village level. So you never get out of poverty.

FDR's Many Partners

The further point about the Bretton Woods conference is that it was international. Before the BRICS, before the Shanghai Cooperation Organization and the Eurasian Economic Union, there was Roosevelt's Bretton Woods.

At the Bretton Woods conference, there was representation from 19 Ibero-American countries—all but Argentina. There were four African countries: Egypt, Ethiopia, Liberia, and South Africa. There were five Asian countries: China, India, Iran, Iraq, and the Philippines—East and West Asia. There were four countries from Eastern Europe: the then Czechoslovakia, Greece, Poland, and Yugoslavia.



John Maynard Keynes addresses the Bretton Woods Conference, July 4, 1944.

Thirty-two of the 44 nations attending were developing countries (sometimes called “un-developed countries”).

The second-largest delegation was from China. The United States had a delegation of 45; China had a delegation of 33; Brazil, which is a member of the BRICS today, had 13; Cuba, ten; and India, eight. Now the problem with India at that point was that it was still a British colony, so of the eight representatives, some were from the Congress Party, but others were from Britain, so that delegation was split. There were eight representatives from Peru; nine from Chile; eight from Poland, and seven from Mexico.

Mexico played a really critical role in the Bretton Woods conference. There were three commissions at the conference. Harry Dexter White, FDR’s representative, addressed one; Keynes addressed a second one; and a representative of the Mexican delegation addressed the third.

This was a full commitment to doing what China is now doing, and what the BRICS are attempting to do now. This was Roosevelt’s policy. China, then, strongly supported the FDR policy. Sun Yat Sen had been educated in Hawaii, and was educated in the American System—he had put forward a proposal for international development in 1921, before his death in 1925.

The United States worked closely with China and India—although that was complicated by the fact that the Brits still controlled India as a colony—and with Brazil, now a member of the BRICS; South Africa, now a member of the BRICS; Mexico; and eastern European countries notably including Yugoslavia, which later became a founding member of the Non-Aligned Movement after World War II.

This is what America at that point represented. But as soon as Roosevelt was dead, there were efforts to change this. Those efforts weren’t immediately successful. Once Nixon took the dollar off the gold-reserve system and introduced floating exchange rates—free trade, globalization, outsourcing, and the ideology of a so-called post-industrial society become predominant from that point on.

Lyndon LaRouche has consistently advocated returning to Roosevelt’s conception at that Bretton Woods conference. In a certain sense, we now see a new situation developing in the world today. The Eurasian nations have moved on a course to eliminate poverty, to



IMF/Stephen Jaffe

IMF Managing Director Christine Lagarde is shown a mobile solar kiosk at kLab in Kigali, Rwanda, Jan. 28, 2015.

develop underdeveloped countries, through nuclear energy, through high-speed rail, through water projects and so forth. They’ve created certain banks in order to facilitate that, like the New Development Bank (NDB) of the BRICS, and the Asian Infrastructure Investment Bank (AIIB).

We still have this huge, bankrupt trans-Atlantic system that is threatening to explode the entire world economy. With floating exchange rates, we have massive speculation in currencies.

Re-Unite the Adversaries of the Empire

We are at a point, if we’re going to resolve the differences among nations, we need to eliminate globalization, eliminate free trade, and eliminate the idea of a post-industrial society. We need to have a New Bretton Woods—to forge an agreement among these four nations that were involved—going back over 250 years for each of these four countries—in the fight against the British East India Company and the British Empire, and that were all involved, to one degree or another, in the effort with Roosevelt to create the original Bretton Woods system, which was then later destroyed by Nixon and his advisors, like George Shultz.

The effort now is to bring those four countries together, to defeat this British monetarist ideology, which is the means by which they exercise empire. Lyndon LaRouche proposed going back to a gold-reserve system, and reintroducing fixed exchange rates. The kinds of projects you need to have in the world may take 25 or 50 years to have their full effect, in terms of



President Trump could say to President Putin, President Xi, and Prime Minister Modi: "Let's make a deal." Here, Presidents Putin, Trump, Quang, and Xi on a walk-about together at the Asia-Pacific Economic Cooperation Vietnam 2017 Summit.

increases in productivity, both in developed countries, such as the United States, and in the developing countries. These development projects will require gearing up our industry, creating millions of higher-paid, skilled jobs in the United States, for capital goods exports to develop the underdeveloped countries, as well as developing our own infrastructure.

We would be working with China, with Russia, with India, and other countries that join—Japan would join. We might even bring some sense to European countries which have essentially given up their sovereignty with the European Union.

We would actually be able to pull the world together in terms of the development orientation which Roosevelt had intended and which the world desperately needs. The irony is that everything today that the Chinese are doing, that the Russians are doing, and that the Indians are doing with the BRICS, and is being done with the One Belt One Road, is what Roosevelt intended at the end of World War II. But it was thwarted after his death by Churchill, by Truman and others.

In this last stretch before the U.S. midterm elections, it is not just a question of defeating the coup against President Trump, we have to create the circumstances, in defeating that coup, in which President Trump can reach out and do now what Lyndon LaRouche proposed back in 2008. President Trump can

say to President Putin, President Xi, and Prime Minister Modi, "Let's make an agreement." Trump might actually say, "Let's make a deal."

But the deal is for humanity. It's a concept of all humanity, through the efforts of these four critical countries, ending empire, and creating the conditions under which the world as a whole is oriented toward its common destiny, which is to develop the productive powers and the well-being—the general welfare on a global scale—of all humanity.

And that is the best thing that can be done for our

country: We will then revitalize industry and revitalize our agriculture. We will be doing that through a policy of economic development and that will bring peace, as opposed to regime change.

Let us remember, the other aspect of the British and this British Imperial system is genocide, and I think that it is really critical that people understand that. The British have committed greater genocide throughout the world perhaps than anybody—they've committed multiple genocides in India. The royal family's Prince Philip has said that when he dies, he would like to be reincarnated as a deadly virus so he can reduce the world's population. That's the mentality of the British system.

There's no value placed on human creativity, human productivity, human life. It is entirely a bestial conception of mankind: Keeping man down, don't let him develop his creative powers. Get him on drugs—in China it was opium. Look at the United States today in terms of drugs; look at Mexico in terms of the destruction of the population by drugs. That's the British policy. And that is what has to be defeated.

We have to unite Russia, China, India, and the United States against this Anglo-Dutch liberal system, against the British Empire, and on behalf of the principle of the American System, which was embedded in the original Bretton Woods. We have to revive that globally. And that's the basic message I want to convey.