Book Review Part I

'A Tool Of Power: The Political History Of Money'

A Tool of Power:
The Political History of Money

by William Wisely
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At least twice in human history, the question of whether the United States and France could create a humanist alliance has settled all other interesting questions of world policy. The first time, precisely two hundred years ago, came to failure, as the French and Americans jointly failed to create the international credit facilities in time to finance Europe-American development which could have ended British monetarism forever. France paid for that stupidity with a century of relative backwardness, and America lost hold of the levers with which to replace the rotten European oligarchy with American-model humanist republics.

Two centuries later the stakes are incalculably higher: French-American diplomacy is the key to a positive world leadership role for the United States, a world development approach including security arrangements mutually agreeable to the Soviet Union. Otherwise 5,000 years of human civilization will be burned in thermonuclear war. France, as U.S. Labor Party Chairman Lyndon H. LaRouche told a European Labor Party Congress last month, is the one political subdivision of Europe that can think and act as a *nation*, and effectively pursue national-interest objectives in agreement with other nations.

Royal Institute of International Affairs member and RAND Corporation veteran William Wiseley has done an inadvertant service to muddled strivers after American national interest. Like Mephistopheles, he lies incessantly, in particular that French leaders since Sully and Colbert are obsessive bullionists and spoilers in world politics, the wreckers of the world monetary system since World War II. In fact, even his book provides sufficient evidence in passing to prove that Britain bears the built for every shady maneuver against the U.S. dollar since the end of the last world war. But also like Mephistopheles, his jibes contain some unpleasant truths.

His one truth is that American world policy after World War II was a cumulative disaster *only* because of an idea. The idea was the British model of world empire, which, Wiseley sneers, Winston Churchill and British Foreign Office chief Lord Strang sold to the stupid Americans under the rubric, "Pax Americana." Operating according to British imperial model — Wiseley documents — the United States followed Britain's lead into a cold war that defeated everyone's interest except Britain's, and fell into Britain's trap of making the dollar a *rentier* currency like the pound before it. Britain, and its spokesman Wiseley, could sit back and snicker at the French-American monetary and other policy brawls of the 1960s, all the while knowing that America was on the path to disintegration that Britain had followed before her, and that the collapse of sterling only broke the earth for the burial of the dollar.

The knowledge that a slow poison of British devising was at work in the veins of the international monetary system only incited the British to more dirty operations against the weakening American giant: Lord Keynes's wrecking of the 1944 Bretton Woods negotiations for a new world monetary system, postwar sabotage of American-Soviet entente, the overvaluation of the dollar in 1949, the financial bailout of Britain after the 1956 Suez escapade, the first attacks on America's gold stocks in 1958, and the first proposals to replace the dollar with a "supranational currency" as early as 1960. All these events Wiseley reports, though it is significant to see where he covers up: the most transparent deception is his account of the events leading up to the dollar's suspension from gold convertibility on Aug. 15, 1971, which he blames on the French:

> . . . on Wednesday, August 4, President Georges Pompidou decided that the time had come to repay a grudge . . . Pimpidou issued orders that introduced the most rigorous exchange controls, to prevent the sale of francs for dollars. That circular from the Bank of France caused bewildered consternation among Parisian bankers and exchange dealers, until they learned Pompidou's purpose (i.e. to collapse the dollar — DG). Then speculation in gold and dollars was excited, not calmed . . . Later Minister Giscard (now French President — DG) would try, with conspicuous lack of success, to persuade the public that: 'It would have been absurd to have precipitated a world monetary crisis.' "

Wiseley ascribes France's efforts to *stabilize* the markets to a hidden desire to wreck the dollar! Every other author, including unblushing Anglophiles, reports what the President and Cabinet really discussed at Camp David on the eve of the dollar's bankruptcy on Aug. 15: a *British* demand for immediate payment of $2 billion in gold from America's shrinking hoard.

Wiseley cannot bear to report that simple fact, for all else he reveals about British operations, because doing so would point towards the secret he holds back from the reader: no matter how pig-headedly committed to British ideology American leaders were, American impulses towards actual national-interest policy never gave out. Continuously, Britain had to "correct" these impulses through outright dirty operations, breaking its public-relations image as America's "junior partner." Although France too often fell into Britain's "anti-American" trap, General de Gaulle was too great a statesman to forget that France's overriding national interest centered on America. Contrary to the usual version, reiterated in the present book, that de Gaulle's "European unity" efforts were a scurrilous plot against American leadership, the epitome of De Gaulle's European policy — the 1963 Friendship Treaty with Konrad Adenauer's German Federal Republic — was undertaken with the enthusiastic support of the American State Department. London sold us a bad dream, and proceeded to hit us on the head at frequent intervals to prevent our waking up.

In this spirit, Wiseley's book purports to be a history of money reaching back 5,000 years, where it really is a history of the Bretton Woods monetary system, written to inculcate Mephisto's view that "All that arises only deserves to go to ground." The fake objectivity of the "long view" is for the sheep. But the falsehoods by context and by fact are less interesting for our purposes than the truth: that American world policy floundered after World War II because Americans employed British *thinking*. Since Americans who have undergone the tutelage of Bacon, Locke, Mill, and Russell don't believe that thinking has much to do with their actions, Wiseley's book is not likely to have much circulation in the United States, for the most ironic of all reasons! Except that it would deny the author royalties, it's too bad. It would be a useful exercise in Platonic dialogue for American policymakers to sit down and subject themselves to Dr. Wiseley's revealing contempt. Let them look over the shoulder, so to speak, of the Royal Institute of International Affairs, while it ridicules them for taking British advice and aping the Paz Britannica! Again, *A Tool of Power* is not written for the sheep to understand; but if some of the sheep read it from the right vantage point, they might stop bleating.

Why, despite upwards of $50 billion of postwar expenditures, did the United States find its economy and the dollar slipping by 1958? Most Americans still recite nursery rhymes about the "business cycle," including former Federal Reserve Chairman Burns and the Federal Reserve staff. But the RIIA and its tool, Dr. Wiseley, don't believe in such myths circulated for the benefit of the credulous, any more than trade war specialist Adam Smith believed in "Free Trade." These events in the economic sphere occurred, the RIIA says plainly, because Britain persuaded the United States to enter a Cold War against its best national interests. Secondarily, they occurred because the U.S. adopted a rentier, or financial investment, approach to European recovery, not a capital-goods export approach.

Who is responsible for this? Wiseley brags that Churchill and the Kissinger circuit sold that package to the dumb Americans, as this publication has also argued. In his words:

> Since 1949 the British Foreign Office had been ruled by Lord Strand. As Permanent Under Secretary he had persuaded himself that British power could be perpetuated by maintaining appearances long after the realities had departed. Strang and the Foreign Secretaries for whom he served as "eyes and ears" shared the belief that their unique inheritance, centuries of experience with Europe and its colonies overseas, had somehow endowed them with a wisdom the United States would respect. In their schemes for the future, British leaders would provide the tutelage and policy guidance, while Americans would pay the costs in men and money to defend Western Europe and its empires. Persuasively Winston Churchill and Lord Strang had proclaimed that it was the "responsibility" of the United States to provide a "Pax Americana" for the 20th century.

Who, on the "American" side, carried out these orders, and perverted the Marshall Plan, which was to be the agency of European reconstruction, into an agency of Cold War?

Miller's 'Fiscal Conservatism' Ruse Will Cause A Crash

BANKING

At this point, Federal Reserve Board Chairman, George William Miller's "fiscal conservatism" is not merely a ruse to gull credulous businessmen. It will produce a fullscale, 1929-style collapse of the current New York bull market, which has been produced by a combination of European determination to stabilize the dollar and London's desire to create a bull market that can then be collapsed.

In testimony to the Senate Banking Committee on April 25, Miller said the Fed would "show the world we are acting with discipline" in crunching the money supply, driving up interest rates and postponing tax reductions. Miller used the White House "anti-inflation" push to declare that the Fed "will play its part" in the president's program, by "leaning against" the rising money supply.

The Miller "anti-inflation" maneuvering could not come at a more dangerous time for the U.S. economy. The corporate sector is moving from an excess liquidity