

# To Be Able To Understand The Future

by Paul Gallagher

Aug. 5—Commentaries by university and financial economists are appearing on the approaching 50th anniversary of the August 15, 1971, “Nixon Shock,” the end of the post-war gold reserve Bretton Woods system—the shock which has produced a half-century of industrial decline, speculative riot, gigantic debt bubbles and crashes, steadily worsening real wages and living conditions, collapsing public health capacities, and now a deadly global pandemic.

The commentators have little conception of what happened on that August 15, aside from listing Nixon’s tariff, wage and price controls, dollar devaluation and attacks on “speculators.” They won’t see what it has done to U.S. and European economies and to the prospects of development for Asian, African, and Central and South American nations; they certainly could not have understood what was happening at the time. The extraordinary economist and statesman Lyndon LaRouche could see both, at that time, and for several years before President Richard Nixon was pushed into his bungling role in “the shock.”

In these commentaries there is no mention of the crucial role of actions by UK Prime Minister Harold Wilson’s government and the Bank of England, which hammered away at FDR’s Bretton Woods system until they pushed Nixon and his incompetent team of Arthur Burns, George Shultz, and James Baker III into bringing it down. Wilson tried and failed to get Parliament to devalue the pound in 1966. Then, having imposed severe austerity measures, in 1967, his government again recommended a 15% pound devaluation, and Parliament devalued it by 14% in November, without

coordination with other major nations through Bretton Woods procedures. In the same period, the Bank of England twice opened a “gold window” at which British financial firms could exchange their dollars for gold and make claims on the U.S. Treasury.

It was those London actions that were the basis on which LaRouche made his unique forecasts, starting in 1967, that Bretton Woods would be broken up by “about the end of the decade.”

The 50-year anniversary commentaries harp on the claim that “the dollar has maintained its primacy” since and despite the Nixon

shock, due to markets’ and financial forces’ ability to create dollar obligations themselves! One in *Project Syndicate* July 30, by Princeton historian Harold James, is most blatant:

While the fixed-currency regime that had been launched at the 1944 Bretton Woods Conference broke down, private financial markets’ power to generate money—U.S. dollars—made the greenback even more central.

LaRouche wrote an [essay](#), in 2000, “On a Basket of Hard Commodities: Trade without Currency,” stating that the U.S. dollar in the 1945 to 1966 period was the world’s reserve currency based on high U.S. labor productivity and strong capacity for capital goods exports; this in turn was the basis for the *relative* success of the Bretton Woods arrangements. After that point, he wrote, the strength of the dollar as reserve currency had steadily declined, making a new international credit system urgent; by 2000 LaRouche had for years called

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for a New Bretton Woods whose objective was the issuance of credit for “great projects” in developing nations.

In the history of Lyndon LaRouche’s immortal contributions to economic science and human progress, that date in 1971 has an important place. By his unique ability to forecast, several years earlier, the “shock” end of the gold-reserve dollar—recognized then even by average American citizens as a major and ominous change—LaRouche set himself apart for the force of his ideas, from other economists and political leaders.

Already in 1967, seeing what was coming, LaRouche proposed in a mass-circulation pamphlet a new policy of Third World development through credit to fund capital goods exports, as the higher objective for the growing anti-Vietnam War movement. Within a decade he had won the Non-Aligned Movement nations to an International Development Bank, which would function as FDR had intended that the World Bank, established by the Bretton Woods arrangements, would function, to provide credit for developing sector projects of new infrastructure development. And within that decade he had at-

tracted powerful Wall Street and London enemies who concocted wild slanders and formed a “Get LaRouche Task Force” to see him prosecuted and imprisoned.

Looking forward 50 years from that 1971 event that had proven his method of physical economics, LaRouche was able to see the coming alternatives in the post-Bretton Woods world: Increasingly unbridled speculation ruling over collapsing industries; the imposition of what he called “Schachtian fascism” in economic policy, Schacht’s deep austerity and slave-labor policies; depression; and a potential biological holocaust of pandemics; or, the rise of a new international order of credit for capital goods export and development.

Fifty years later either a Malthusian depopulation scheme disguised as the “Green New Deal,” or LaRouche’s conception of a New Bretton Woods, is the choice before us. A 50th-anniversary online seminar, “So, Are You Finally Willing To Learn Economics?” by the LaRouche Legacy Foundation to be held Saturday, August 14, 2021, beginning at 9:00 a.m. Eastern Time, will present LaRouche’s method of thinking in action: RSVP [here](#) to attend.