

End the Fed, End Wall Street Bankster Rule, End the Derivatives Depression

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Global Research, November 23, 2008

ACTINDEPENDENT.ORG 23 November 2008

Region: [USA](#)

Theme: [Global Economy](#)

The November 22 End the Fed rallies raise a vital issue: it is past time to abolish the unconstitutional, illegal, and failed institution known as the Federal Reserve System, the privately owned central bank which has been looting and wrecking the US economy for almost a hundred years. We must end a system where unelected, unaccountable cliques of bankers and financiers loyal to names like Morgan, Rockefeller, and Mellon set interest rates and money supply behind closed doors, leading to de-industrialization, mass impoverishment, and a world economic and financial depression of incalculable severity. The Fed helped cause the crash of 1929, did nothing to stop the banking panic of 1932-33, and is the main cause of the \$1.5 QUADRILLION derivatives crisis which is devastating the world. The Federal Reserve System is Wall Street's murder weapon against the United States, and the Fed must be stopped.

The purpose of abolishing the Fed is to get re-industrialization, economic modernization, full employment, and rising standards of living for all the people. Contrary to monetarist fetishes, the value and soundness of currency in the modern world are determined by the ability of a national economy to produce physical commodities that the rest of the world wants to buy. The decline of the dollar has its roots in the wanton destruction of the US industrial base initiated by the Trilateral administration of Jimmy Carter and Feds boss Paul Adolph Volcker with his 22% prime rate. Over the past forty years, the US standard of living has declined by two thirds, and the country has become a post-industrial rubble field, a moonscape monument to the folly of a post-industrial service economy. If you want to go back to sound money, you must gear up modern industrial production so that the world will need dollars to buy goods manufactured in this country. No amount of gold will do the trick. Gold has a critical role to play in a new international currency system, but returning to a gold coin standard would create the most ferocious deflation of all time. Got any credit card debt? If you do, a gold coin standard would make it infinitely harder to ever pay it off. You would be slaving for the rest of your life to pay off a \$5,000 credit card balance, or less.

The United States is blessed by the world's greatest tradition of economics, the American System of political and national economy. Contrary to monetarist mythology, the American System never had anything to do with free trade or "free markets." It is a tradition of protectionism, mercantilism, and dirigism. It starts with Governor Winthrop of Massachusetts Bay in the 1600s, who promoted industry and launched a sovereign currency. Benjamin Franklin, the founder of the post office, was another dirigist. George Washington was always devoted to infrastructure projects, and Alexander Hamilton created the First Bank of the United States, without which the new nation would have collapsed into poverty, chaos, and a return of British monetarist rule. The Second BUS was created by James Madison, again to ward off chaos. Henry Clay coined the term of The American System, and it meant a

national bank, a protective tariff, and national infrastructure financed by the federal government. Daniel Webster tried to create a third BUS, and when he fell short the slide into slave power and civil war resulted. Friedrich List, Matthew Carey, Henry Carey, and Justin Morrill were American System economists who influenced or advised Lincoln. The rise of the US as the world's greatest industrial power came thanks to a protective tariff and a controlled currency, the greenbacks. When Wall Street imposed the Cross of Gold, the American System tradition was continued by the Populist Party. The New Deal, the fruit of mass struggles and the rise of the labor movement, provided a way out of the Herbert Hoover depression by forcing the Morgancontrolled Fed to knuckle under to the FDR presidency. JFK tried to revive the New Deal and break the power of the Fed, and was assassinated by the financiers with the help of the CIA.

Monetarists pretend that this history does not exist. Their hero is Andrew Jackson, whose hare-brained meddling caused the Panic of 1837 and shut down US economic development, putting the country firmly on course for the Civil War two decades later. When they talk about the Constitution, monetarists seem to be working off the Confederate constitution of 1861, which eliminated the General Welfare clause, and ruled out a protective tariff. During the 19th century, the free trade party was the pro-British slavery party. Monetarist dogma is a mix of Herbert Hoover, Robert Taft (of the Skull & Bones family), Barry Goldwater, Ronald Reagan, and other reactionary Republicans. Monetarism is based on the von Hayek-von Mises Austrian school, which started when a bunch of rent-gouging Viennese landlords wanted to abolish rent control and hired some scribblers to prove that "the market" was always infallible and government is always the enemy. Von Hayek got his chance under the reactionary old battle axe Margaret Thatcher, who brought back rickets, scurvy and pellagra for British working people. The dumbed-down US version of the same doctrine is Milton Friedman and his Rockefellerfunded Chicago School, which got its big road test under the fascist Pinochet regime in Chile

MONETARISM CAUSED TODAY'S WORLD ECONOMIC DEPRESSION

Today's depression has been caused by 40 years of monetarist-inspired deregulation. Derivatives were illegal from 1936 until Reagan legalized them in 1982. Then Wendy Gramm, Alan Greenspan, Bob Rubin, and Larry Summers teamed up to start the derivatives bubble during the Clinton years. Now there are \$1.5 quadrillion of derivatives strangling the world economy. Derivatives, not subprime mortgages, are the reason for today's crisis. Today's depression also comes from privatization - like the privatization of Fannie Mae, which worked fine for thirty years as a government agency, but was then privatized, opening the door to the looting excesses which are now well known. The oil market is deregulated, and Goldman Sachs and Morgan Stanley were quick to exploit this situation. This past summer, when you were paying over \$4 a gallon for gas, more than half of that was going directly to Wall Street hedge fund hyenas, with a full \$1 per gallon for Goldman Sachs and Morgan Stanley alone, the backers of the deregulated offshore ICE exchange.

The real enemies of economic progress are the Wall Street bankers, financiers, and finance oligarchs. If you let them control the government, the results are catastrophic. We must therefore fight to take government out of the hands of the bankers. Any other strategy amounts to surrender to Obama and his fascist corporate state.

HOW TO END THE DEPRESSION WITH A RETURN TO THE AMERICAN SYSTEM

1. Wipe out derivatives, destroying the largest mass of fictitious capital the world has ever known. This includes credit default swaps, mortgage backed securities, structured investment vehicles, collateralized debt obligations, repo agreements, and other toxic paper. Outlaw hedge funds. Outlaw adjustable rate mortgages. Stop all foreclosures. Seize bankrupt banks, brokerages, and insurance companies and put them through debt triage under Chapter 11 bankruptcy proceedings. Re-establish the uptick rule against short sellers. Stop speculators with position limits and margin requirements for oil and other energy markets. Stop exporting jobs to third world sweatshops under NAFTA , CAFTA, and WTO.

2. Seize control of the Federal Reserve System and nationalize it as a bureau of the US Treasury. Decisions about money supply and interest rates must be made by public laws, passed by the House and the Senate and signed by the President. Re-start the US economy by issuing an initial tranche of \$1 trillion in cheap 0.5% to 1% federal credit – federal lending, not spending – to state and local governments as well as to private companies engaged physical production. Production means infrastructure, manufacturing, mining, construction, farming, forestry, transportation, and commerce in tangible goods. Productive activities qualify for 1% or less federal credit. Gambling, narcotics, prostitution, financial speculation, speculation, and money laundering are not productive, so they must take their chances in the free market they claim to admire so much. A centerpiece of a recovery program would be the rebuilding of rail systems, water systems, electrical grids, and the interstate highways, all of which are approaching the point of physical breakdown. Nationalize the Big Three auto companies and reconvert them for mass transit.

3. We must keep Social Security, Medicare, Medicaid, unemployment insurance, food stamps, Head Start, WIC, and the remaining parts of the social safety net fully funded, since IRA/401k accounts and private insurance will increasingly be wiped out. Federal emergency relief on the model of FERA, CWA, and WPA will soon be needed. Any cuts in these programs will lead to death on a vast scale, especially among the old, the sick, and the very young. Monetarist ideologues who sneer at the nanny state should tell us where they stand when it comes to the very real threat of genocide against the American people.

4. Abolish the International Monetary Fund and the World Bank, and set up a new world monetary system based on full employment through the revival of industrial production.

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