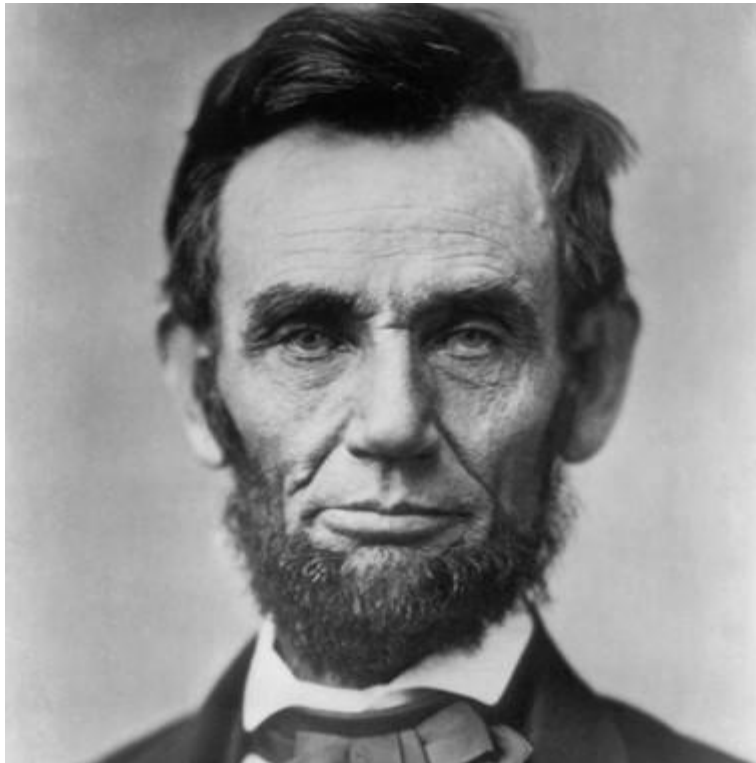


Stop the Subversion of Our Patriots and Our Economy:

It's Time to Learn Real American Economics

by Robert Ingraham



LaRouchePAC

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Introduction: The Enemy Within

This seven-part series, authored by Robert Ingraham, addresses a critical vulnerability of the still-growing citizens movement which has emerged to defend our constitution; our sovereignty, both political and economic; and the very fabric of our society. That vulnerability is an ideological virus, which infects too many of our fellow patriots who are passionately engaged in the fight to save our republic. Its name is the “Austrian School” of economics, and its notable figures are Friedrich von Hayek, Ludwig von Mises, and Milton Friedman. Prominent transmission belts of this virus into the United States have been Hillsdale College, which is the topic of chapter one of this pamphlet, and the University of Chicago. But the laboratory which created it is the British Empire, the focus of chapters two through five.

This pamphlet is not meant to be an expose, although the author certainly exposes some striking things, such as Hayek’s praise of the British Empire, his embrace of world federalism, and his admiration for John Maynard Keynes (which admiration was mutual). Rather, it is a challenge to the readers to think deeply, as our founding fathers did, about fundamental principles of the nature of man, man’s relationship to the universe, and the purpose of government.

The founder of our movement, Lyndon LaRouche, asserted, in the tradition of great “republican” thinkers throughout the

millennia, that the universe is knowable through man’s God-given powers of reason and creativity, and that economics is a reflection of man’s responsibility to use that ever-developing knowledge to act upon the physical universe and to improve it for future generations. Or, to put it in the familiar terms, which open Chapter 6, “Be fruitful, multiply, replenish the earth and exert dominion over nature.”

British philosophical liberalism, which spawned the Austrian School, defines man as incapable of acting on the future (leave that to God, says Adam Smith), and instead must operate on the basis of animal instincts or chance, as the author extensively documents in the middle chapters of this pamphlet.

Our founding fathers rejected this satanic view of man, and instead established a republic, to ensure the freedom to constantly improve our power over nature and to ensure durable survival for our posterity. This is American economics, the knowledge of which has been denied to you, in order to leave you with the dangerous notion that the Austrian School is our only salvation from the destructive economic policies of the past 50 years.

So, before you open another email from or send another penny to Hillsdale College, read, and think about what follows.

1. What’s Wrong with Hillsdale College?

We are at a time when millions of Americans are outraged at government coercion over citizens’ private lives, particularly the assaults on personal freedom

and free speech. This ranges across the spectrum, from the vaccine mandates to the censorship and “de-platforming” now occurring on YouTube and across social

media, to outright Satanic actions like suspending (or firing) teachers and school children for publicly stating that “there are only two genders.” All rational people recognize these attacks on personal liberty as un-Constitutional, anti-American, and evil.

But we, as a people, are also plummeting into the worst economic crisis in decades. This is not simply a “financial” crisis, but a trajectory which is destroying the well-being and the lives of tens of millions of people. This process of death and destruction will only worsen and escalate under the prescriptions demanded by the World Economic Forum and the COP-26 climate agreements, agreements and policies to which the Biden Administration is fully wedded.

We are facing an historic moment of decision. Thankfully, many citizens are answering the call to fight for a better future. They are speaking out, running for office, and taking other actions to defend the Republic.

In this environment, however, there is a great danger; there is a pernicious anti-American snake-in-the-grass which is attempting to worm its way into the patriotic movement. This force, while declaring its ardent patriotism and mouthing its dedication to “freedom” and “liberty,” is in reality pushing an economic agenda which is contrary in every way to the founding principles of the American Republic. *The economic principles being put forward are British, not American;* and what they propose will destroy what is left of the American productive economy. It must also be stated that the economic agenda of these people is hostile to, and in opposition to, what Donald Trump has enunciated as his own economic goals.

The people I am talking about go under different names and operate through many organizations. The thread which connects them all is their declared loyalty to what is called the “Austrian School” of Economics and to the writings of Friedrich A. Hayek and Ludwig von Mises. They declare the economic writings of Hayek and Mises to be the true basis for the American system of liberty and economy. This is an OUTRIGHT LIE. What they are holding up for praise are the economic policies and cultural degeneracy of the 19th century British Empire, a monstrosity which was the declared enemy of the American Republic. In hiding behind buzz words like “liberty” and “freedom,” they seek to seduce Americans into supporting the imperial economics of the British oligarchy.

Hillsdale

In this series of articles, we shall examine the outlook of Friedrich Hayek and the Austrian School in depth. We shall expose the evil which sits at its core, as Dante’s Lucifer ruled over Inferno from his frozen lake. This will all be discussed in the weeks to come. For now, in this introduction, we turn our attention to Hillsdale College. We do this for only one reason. It would be a mistake to over-emphasize the importance of Hillsdale, but at the same time it must be recognized that Hillsdale is now intervening aggressively, in a very pernicious way, into the patriotic pro-Trump movement, and were they to succeed they could destroy the history-changing potential of that movement.

Currently, Hillsdale is attempting to flood patriotic circles with a plethora of internet-based classes and courses, covering a wide variety of topics, but with a heavy emphasis on economics, American history and “western culture.” They maintain an

extensive outreach operation, with seemingly a very large mailing list. They are attempting to make their anti-American economic outlook hegemonic among Trump supporters.

Hillsdale hides behind its noble beginnings. Founded in 1844 by abolitionist members of the First Free Will Baptist Church, a number of Hillsdale's founders participated in the creation of the Michigan Republican Party, and a higher percentage of its student body served in the Union army during the Civil War than any other mid-west college. However, those events all took place more than 150 years ago. (And, as you will discover in Chapter 2, various of the British figures whom Hayek lauds in his writings were definitively on the other side of the Civil War.) Since 1945, and particularly since the 1970s, things at Hillsdale have taken a very dark turn.

In the post-World War II years, Hillsdale became closely associated with Hayek's Mont Pelerin Society, even hosting a number of their conferences. The Mont Pelerin Society was founded in Switzerland in 1947, with a major chunk of its initial funding coming from the Bank of England, arranged by the British aristocrat Baron Grantchester of Knightsbridge. From the beginning the Society has championed what is called 19th century "British Liberalism." Hillsdale also works closely with a large number of other organizations and foundations, among which are the International Churchill Society and The Adam Smith Institute, both of which promote the ideas and practices of the 19th century British Empire. In the post-war years, Hayek and von Mises became regular speakers at the Hillsdale. In 1975 the College hosted a special meeting of the Mont Pelerin Society, devoted entirely to the work of Hayek, and today Hillsdale boasts

proudly of this connection. On their website they state:

"Our economics program is shaped by a free-market perspective, and professors will help guide you through the essential ideas of thinkers such as the Austrian School economists Ludwig von Mises and Friedrich A. Hayek."

In fact, upon his death, the entirety of Ludwig von Mises' personal library was donated to Hillsdale, and the College is now the unofficial protector of the von Mises legacy.

The Anti-American School

In perusing the class courses at Hillsdale and the speeches and writings of its leading representatives, one makes an astonishing discovery. For an institution which purports to be pro-American, the historical personages who are put forward as the intellectual heroes of the American Republic are: Aristotle, Adam Smith—the enemy of the American Revolution, John Locke—the propagandist for the Anglo-Dutch financial empire after 1688, and arch-imperialist Winston Churchill. Hillsdale's leaders adore John Locke. They treat Churchill like a God. Yet, both are sterling representatives of the British Empire in its earlier and modern incarnations.

Hillsdale's economics curriculum is devoted almost entirely to the Austrian (or more accurately, the British-Austrian) School. Its premier class is titled "Austrian Economics I and II," a course which they state "will present, analyze and critically assess the Austrian school of economics from its founder, Carl Menger, to present-day representatives such as Murray Rothbard and Israel Kirzner. The course will emphasize the works of Ludwig von Mises,

whose personal library and papers will be utilized.”

There is also a heavy emphasis on “mathematical economics,” a 20th century oligarchical invention which attempts to reduce human creative economic progress to linear mathematical formulas, something which the Austrian School actually borrowed from that other British imperialist John Maynard Keynes.

To the contrary, in the Hillsdale curriculum, there is almost no discussion of Benjamin Franklin, George Washington or Alexander Hamilton, the initiators of the American Revolution, the Declaration of Independence, the U.S. Constitution, and true American economics. (See Chapter 6). No mention at all of Gouverneur Morris, the author of the Preamble to the U.S. Constitution, nor of his close friend John Jay. Abraham Lincoln, the savior of the American Republic, is barely mentioned, and then what is said about him misrepresents his views and policies. What you will not find in any of their offerings is a discussion of true American economics—the economics of Franklin, Hamilton, John Quincy Adams, Henry Carey and Abraham Lincoln.

There is only American figure who the elders of Hillsdale hold up for uncritical and effusive praise, —James Madison. To Hillsdale, he is the American paradigm of freedom. In a 2010 article published in the Hillsdale College journal *Imprimis*, titled “Outline of a Platform for Constitutional Government,” College President Larry Arnn cannot praise Madison enough. Why does the Hillsdale faculty devote an enormous amount of time promoting Madison, to the near exclusion of the roles of Washington, Hamilton, and Morris?

As you will discover in the last two chapters of this pamphlet, what became known as the economic system discovered in the United States is a unique contribution to the science of man acting on nature. James Madison was an opponent of the principles of that system. As President, he opposed two of the pillars of American economics, when he rejected federal support for one of our first great nation-building projects, the Erie Canal, and then shut down Hamilton’s First National bank, plunging the country into an economic crisis. It should also be noted that Madison was a lifelong enthusiastic supporter of slavery, never even showing the moral qualms that haunted Thomas Jefferson.

Earlier in his career, Madison led the almost treasonous insurrection against George Washington and Alexander Hamilton during Washington’s first Presidential term. Then in 1799 he authored the Virginia Resolution which avowed that individual states could both declare a federal law unconstitutional and declare the same law null and void. George Washington was so outraged by this Resolution that he told Patrick Henry that if “systematically and pertinaciously pursued,” it would “dissolve the union or produce coercion.”

As to his role as founding father, at the Philadelphia Constitutional Convention, Madison was a note taker and little more. Madison’s views on government were at great variance with those of Washington, Hamilton, and Morris, and it was their views, not Madison’s which generally prevailed in the final document. As to the Federalist Papers, Madison was Hamilton’s fourth choice as an author for a selection of those Papers.

As you read the rest of this pamphlet and discover the hatred with which the British and the Austrian School view American economics, it will not be a mystery as to

why Hillsdale College holds up the incompetent fool Madison—not Franklin, nor Hamilton, nor Washington, nor Lincoln—as the most studied of that generation.

Hillsdale has excised true American economics and its proponents from the narrative of American history, replaced by a substitute which has been imported from London and other centers of the European oligarchy.

Some readers might respond to this introduction, by saying, “OK, you’ve shown

the connection of Hillsdale with Hayek, von Mises and the Mont Pelerin Society. But what’s the big deal? They seem to be patriots, and anyway I agree with them about the tyranny of big government, so what is the problem?”

Those questions will be addressed in the next two installments of this series. By the end, hopefully, the pure evil and anti-Americanism of what Hillsdale is peddling will become very, very clear.

2. The Road to Serfdom: Hayek—the Imperial Sophist

The first thing to understand about the “Austrian School” is that it doesn’t exist. What Hayek, von Mises and others put forward is not Austrian at all; it is imperial British Economics, specifically the economics of the 19th century British Empire.

The Road to Serfdom, certainly Friedrich Hayek’s most widely read work, was published in 1944.

For those who have not read The Road to Serfdom, let me spare you the pain. For all the verbiage, it is essentially a Johnny-One-Note production, or as Judy Garland would sing:

Poor Johnny one note sang out with gusto

And just overlorded the place

Poor Johnny one note, yelled willy nilly

Until he was blue in the face

For holding one note was his ace

Hayek’s message, —his One Note, repeated ad nauseam—is: “Liberty and Freedom Good; Totalitarianism and Collectivism Bad.” That’s it. That is all he really says. It

is a message designed for simpletons, which he pounds on over and over, like the ominous beating of a drum to galley slaves.

Repetitive beyond belief, The Road to Serfdom proclaims the pre-1900 British era of laissez faire economics as the Golden Age of Mankind. Never mentioned is that from 1776 to 1900, the British Empire murdered far, far more human beings—in India, Africa, China, the Caribbean and elsewhere—than Adolph Hitler ever dreamed of; nor, that the entirety of its financial and trading empire—the very economic system Hayek idolizes—was erected and maintained through mass-murder and narcotics trafficking; nor, that during those same decades the British Empire was the mortal enemy of the American Republic. Those realities are verboten topics and never appear in Hayek’s narrative. In Chapter 15, Hayek actually makes the incredible assertion, “I believe the standards of decency and fairness, PARTICULARLY WITH REGARD TO INTERNATIONAL AFFAIRS, to be as high, if not higher, in England than in any other country.” [!!!]

Perhaps a more fitting title for *The Road to Serfdom* might have been “Lord Acton Speaks,” for the work is literally strewn with quotations from Acton.

Lord Acton was a British aristocrat who became a vocal and ardent supporter of the Confederacy during the American Civil War. After the South’s surrender, he wrote to Robert E. Lee that “I mourn for the stake which was lost at Richmond more deeply than I rejoice over that which was saved at Waterloo,” adding that he “deemed that you were fighting battles for our liberty, our progress, and our civilization.” In 1869 Acton was raised to the peerage by Queen Victoria, right about the time Victoria was taking personal control over the narcotics trafficking in India and China.

But Lord Acton is not alone in Hayek’s pantheon. Other individuals idolized by Hayek, and repeatedly named by him, include:

John Stuart Mill and his father James Mill, both lifelong employees of the British East India Company, at a time when that Company was killing millions in India. James Mill was a protégé of Jeremy Bentham of *In Defense of Usury* and *In Defense of Pederasty* fame and the promoter of the Hedonistic (or Felicific) Calculus, which proclaims that all human (and economic) activity is driven by a desire for individual pleasure.

The 1st Viscount Morley of Blackburn, who was the Secretary of State for India between 1905 and 1911 and Lord President of the King’s Privy Council between 1910 and 1914, from which position he played a leading role in orchestrating events leading into World War I. Hayek lauds Morley as the “last of the great nineteenth-century Liberals.”

Henry Sidgwick, A. V. Dicey (KC FBA), and Thomas Babington Macaulay (1st Baron Macaulay). Sidgwick and Dicey were both followers of Jeremy Bentham’s Philosophical Radicalism. At Cambridge, Sidgwick taught the young Bertrand Russell, while Dicey became a Professor of Law at the London School of Economics where he popularized the phrase “Rule of Law,” a term often heard today but one which, as defined by both Dicey and Hayek, bears no resemblance to U.S. Constitutional Law. Macaulay served as Britain’s Secretary of War between 1839 and 1841 where he directed the military attacks on China during the genocidal First Opium War. He too was a member of Queen Victoria’s Privy Council.

William Gladstone, three times Prime Minister and four times Chancellor of the Exchequer, a subject of Hayek’s deepest admiration. Like Lord Acton, Gladstone was a passionate admirer of the southern Confederacy and viewed the Civil War as a means to destroy the American Republic. He was Chancellor of the Exchequer in 1861 when the City of London and the British Monarchy attempted to bankrupt the U.S. government and strong-arm Abraham Lincoln into accepting southern secession. In October 1862 Gladstone made a speech in which he said that Jefferson Davis had “made a nation,” and that it was now the duty of the European powers to “offer friendly aid in compromising the quarrel.” During Gladstone’s terms as Prime Minister he became an enforcer of what some have called the “Imperialism of Free Trade,” launching numerous of Queen Victoria’s “small wars” to enforce British financial global hegemony.

These are Hayek’s heroes. THEY ARE ALL BRITISH, mostly aristocrats, some murderers. Not a one is American. These

are the individuals Hayek returns to again and again—Gladstone, Acton, Mill, etc.—not to Lincoln, not to Franklin, not to Hamilton. It is the British (oligarchical) outlook he worships. This to him is the high point of human civilization.

What Hayek is actually presenting is the seductive lure of the serpent in Paradise, who offers freedom and liberty in order to recruit you into Satan's work. Hayek simply lies and misrepresents, as he entices you into supporting policies which have been the actual enemy of the principles of the American Republic.

What Hayek demands is that you limit your judgement to a simple binary choice: "Are you for Liberty and Freedom?"—or "Are you for Totalitarianism and Collectivism?" Confined to such a rigged choice, rational people will obviously opt for Freedom and Liberty. But what exactly do Freedom and Liberty mean to Hayek? Is this an honest game that he is playing?

Man as a Paranoid Animal

The subject of *oligarchical* versus *republican* culture will be the subject of the next installment in this series of articles. For now, let's take an introductory peek into Hayek's lack of human morality.

Hayek shrieks fiercely against *collectivism* and wraps himself in the guidon of *individualism*, a term that his sometimes friend Ayn Rand would later take to psychedelic extremes. Hayek declares the notion of the individual and individual rights to be paramount. However, this obviously begs the question (which Hayek never explores): What is the individual? *What does it mean to be a human being?*

Demonstrating an unbelievable shallowness of thinking, in presenting his concept of "individual liberty" Hayek plagiarizes,

without giving credit, from the Anglo-Dutch agent John Locke's *Two Treatises of Government*, particularly from Locke's discussion of human freedom as having derived from Man's natural condition "in a State of Nature." Throughout *The Road to Serfdom* there are also echoes of another Anglo-Dutch agent, Bernard de Mandeville, and his paean to oligarchical culture, *The Fable of the Bees*. Mandeville proposes that an harmonious society may be obtained if each individual acts purely on the basis of their own selfish wants and desires. It is only a matter of degree from Mandeville and Locke to Thomas Hobbes' notion of "each in a war of all against all," as the basis for what Hayek calls beneficent human "competition."

To support this pessimistic view of the human condition, one wherein we are all reduced to animals, Hayek makes an outrageous assertion that his deviant definition of "western individualism" flows from the European Renaissance!

Consider that one of the most influential literary and scientific works of the Renaissance was Nicholas of Cusa's *On Learned Ignorance*, a work wherein Cusa describes how Man proceeds from ignorance to the discovery of universal truthful scientific principles. This is grounded in the Christian concept of *Imago Dei*. Hayek's beliefs are actually pre-Christian, as he insists that the human individual exists within a hostile world, one where universal truth is unknowable and events are governed by mysterious forces beyond our control (In this, he echoes the British imperialist Adam Smith. See Chapter 3).

If you think I am exaggerating, consider Hayek's explicit view of the human individual, as it relates to economics:

“The only alternative to submission to the impersonal and seemingly irrational forces of the market is submission to an equally uncontrollable and therefore arbitrary power of other men.”

“It was men’s submission to the impersonal forces of the market that in the past has made possible the growth of a civilization.”

For Hayek, the Market has replaced God’s lawful creation as the unknowable and incomprehensible force all men must bow before.

Goodbye National Sovereignty

In Chapter 15, Hayek’s attacks on collectivism and totalitarianism are exposed as a smokescreen. The mask comes off, and he zeros in on his true targets: *the Sovereignty of nation states and American economic methods*. The entirety of Chapter 15, titled “The Prospects of International Order,” is a sustained attack on the Principle of National Sovereignty.

Hayek says:

“Economic transactions between national bodies who are at the same time the supreme judges of their own behavior, who bow to no superior law, and whose representatives cannot be bound by any considerations but the immediate interest of their respective nations, must end in clashes of power.”

“We cannot hope for order or lasting peace after this war if states, large or small, regain unfettered sovereignty in the economic sphere.” (Compare this to Donald Trump’s defense of national sovereignty in his 2019 speech to the United Nations)

“The extent of the control over all life that economic control confers is nowhere better illustrated than in the field of foreign exchanges. . . Experience of most Continental countries has taught thoughtful

people to regard this step as the decisive advance on the path to totalitarianism and the suppression of individual liberty.”

In reality, the invention of the modern sovereign Nation State was one of the crowning achievements of the Renaissance. Hayek now condemns national sovereignty to death. In its place he proposes a supra-national international authority which will impose British imperial finance and free trade on every nation.

Hayek says:

“An international authority which effectively limits the powers of the state over the individual will be one of the best safeguards of peace.”

“The form of international government under which certain strictly defined powers are transferred to an international authority, while in all other respects the individual countries remain responsible for their internal affairs, is, of course, that of federation.”

“The powers which must devolve on an international authority are not the new powers assumed by the states in recent times but. . . essentially THE POWERS OF THE ULTRA-LIBERAL ‘LAISSEZ FAIRE’ STATE. . . The need for such a super-national authority becomes indeed greater as the individual states more and more become units of economic administration, the actors rather than merely the supervisors of the economic scene.”

Hayek doesn’t stop there. He is too clever to attack Abraham Lincoln and Alexander Hamilton by name, so he turns his wrath on the German-American economist Friedrich List. Today, List is most famous for his 1841 work *The National System of Political Economy*, but he actually lived in Pennsylvania from 1825 to 1831, became an

American citizen, and in 1831 authored a work titled *Outlines of American Political Economy*. List was a fierce defender of the American Republic, and in his writings he showed how the British financial and economic laissez faire methods were

intended to secure world-wide British imperial domination.

For these heretical views, Hayek declares List and his writings to be totalitarian.

3. Hayek's Constitution of Liberty: The Worship of Oligarchical Culture

In this installment of the Hillsdale/Hayek series, my intention was to provide a report on Hayek's magnum opus, *The Constitution of Liberty*. I must begin, however, by claiming that I, Robert Ingraham, deserve some form of literary Purple Heart medal for having subjected myself to such a mind-damaging experience. The book is excruciatingly boring, shallow in thinking, and repetitive beyond belief. Written fifteen years after *The Road to Serfdom*, the Constitution contains nothing new whatsoever. There is not a single new idea; it's just the same catchphrases and slogans from a decade and a half earlier, only now drawn out to an interminable 571 pages.

The technique employed seems to be a precursor of the drip-drip-drip method of water-boarding torture, as it pushes the mind to the limits of human endurance. Perhaps the CIA could add mandatory reading of *The Constitution of Liberty* to its interrogation bag-of-tricks.

Hayek's duplicity begins with the title. Do not be taken in by it. This book has nothing to do with the United States Constitution. In fact, the American Constitution is never mentioned. Hayek's "Constitution" is merely a prescription for oligarchical world rule. All of his "ideas" are cribbed from a hodgepodge of earlier British authors, and all of it flows from 17th, 18th and 19th century Dutch and British empires, as found

in the practices of the British and Dutch East India Companies, the Bank of England and the Wisselbank of Amsterdam.

As in *The Road to Serfdom*, this book is littered with the names of Hayek's aristocratic British heroes: Lord Acton, John Locke, David Hume, John Stuart Mill, Baron Macaulay, Walter Bagehot (the propagandist for the City of London financial crowd), Alfred Whitehead (the mathematical logician, who co-authored *Principia Mathematica* with Bertrand Russell), and Algernon Sidney (the hero of the imperial agents who aided the 1688 Dutch invasion of England), to name some of them. Again, Hayek's icons are all British, and they are all spokesmen, some official, for British imperial institutions.

To repeat myself from the previous article of this series, Hayek's loyalty is to the British Empire. For those who are not aware of it, it should be pointed out that Hayek never became an American Citizen, despite spending the last 20 years of his life in the United States. Hayek had moved to London in 1931 and quickly renounced his Austrian patrimony to become a British subject. In 1950 he moved to the United States, but from then, until the end of his life, he remained, by choice, a subject of the British Crown.

The only significance of the Hayek *corpus* is how it has been put to use to carry out

oligarchical designs in the real world. In the 1980s, Margaret Thatcher, speaking at a contentious meeting of her Conservative Party, took up a copy of *The Constitution of Liberty* and banged the table with it, gaveling her critics into silence. She then held the book aloft and proclaimed, “This is what we believe.” No astute thinker herself, Thatcher’s declaration, nevertheless, signaled an impending assault on national sovereignty, republican ideals and the productive economy. This was the war cry of the financial thieves of London.

During the ensuing decades, we have witnessed the emergence Black Rock Inc., the Koch brothers, and many, many other parasites who have destroyed our productive physical economy. We have been herded into a new “deregulated” era of “offshore banking,” leveraged buyouts and financial derivatives, turning our financial system into a gambling casino. All serious economic development of the poorer nations (the “third world”) has been sabotaged, our national sovereignty has been severely eroded, and the culture of our own people has been corrupted. That is Hayek’s legacy.

Hayek’s “Individualism” versus Man in the Image of God

I have chosen just a few topics from the *Constitution* to discuss. Let’s begin with the question of Hayek’s biggest bugaboo — “individualism.”

For those who have even glanced at Hayek’s writings, you are aware that he raves on and on and on about “liberty,” “freedom” and the “coercive power” of the state. This is all rooted in his concept of “individualism.” Here, more than in any other single topic, is where we see Hayek’s intentional lying and transparent sophism on display.

The unique, almost miraculous, nature of the individual human identity—and its capacity for creativity and love—is central to the greatness of extended European culture, as expressed most vividly in the greatest accomplishments of the Renaissance. What Hayek does, however, is to present a perverted version of this phenomenon in order to arrive at a completely different end.

The historic European and Mediterranean concept of the individual human identity is most explicit in the Dialogues of Plato, where the individual human potential for hypothesis and discovery—which exists within every human being—is explored in-depth. In Christian civilization, the most precise approach to this topic is to be found in the notion, promulgated by St. Augustine of Hippo, of *Capax Dei*, that the individual human being is “capable of receiving God,” that the Human Mind can partake in God, and that each human being has the potential to participate in creation.

It is the recognition of this Divine potential—the ability to create—within each of us and all of our fellow citizens, which is the basis for all morality and the emotion known as ágape. This defines a rigorous scientific distinction between the human species and beasts.

What Hayek proposes is the opposite. He rips out two millennia of western civilization, consigns it to the dustbin, and replaces it with the ravings of John Locke:

Locke’s notion of human freedom is lifted directly from the axioms of Roman Law, i.e., from the most murderous empire in history prior to the British Empire. Locke declares that Man’s natural freedom (or “individualism,” as Hayek would say) derives from his original existence in a state of nature, a state of perfect freedom, —a

condition where all beasts are created free and equal. In this state, man—the beast—has the sovereign right to defend his life, liberty and possessions, sort of like a lion defending his kill against a pack of hyenas. Man surrenders some of these “rights” to enter society (i.e., the Social Contract), but the fundamental law of nature—beast against beast—prevails. Created governments function only as arbiters (umpires), to keep the beasts from killing each other.

This is a nightmarish mandate, which condemns mankind to a perpetual culture driven by hostility and paranoia. There will be no “mystic chords of memory” to bind us together. There will be no national sovereignty, and the Republic will have no mission to inspire future generations.

If you strip away the enticing chintz from Hayek’s “individualism,” what you discover is the darkness at his core.

Pleasure as the Primary Human Motivator

Hayek then proceeds to replace higher, nobler human aspirations with a new motivation for human actions,—PLEASURE.

In 1881 a man named Francis Ysidro Edgeworth authored a book titled *Mathematical Psychics: An Essay on the Application of Mathematics to the Moral Sciences*. Little known today, this work, curiously, was studied by both Friedrich Hayek and John Maynard Keynes. They even maintained a brief correspondence concerning Edgeworth’s theories.

Edgeworth’s argument is that all economic/financial systems must be based on increasing what he calls a “capacity for pleasure.” Edgeworth was also a

mathematician who dabbled in probability theory, and he insisted that a successful economic/financial system must be grounded in the use of mathematical formulas which would show the probabilities of any given action having the effect of increasing individual human pleasure. Both Keynes and Hayek studied Edgeworth’s writings, and those writings had a significant impact in the 1920s on their approach to money and monetary systems.

This “pleasure principle” has a long history within the British oligarchy, and it drives all British economic thinking. Take for example the career of another Hayek hero Richard Cobden, a Liberal Party member of Parliament. Cobden is known today as a leading 19th century propagandist for British “free trade” economics, but his “free trade” outlook is one of an unchecked and unregulated demand for pleasure which, he insists, will drive the economy from the bottom up.

The two 19th century interventions which declared pleasure to be the sole motivator for all economic activity are Jeremy Bentham’s *Hedonistic Calculus*, and Adam Smith’s *Theory of Moral Sentiments*. In that latter work Smith defines a moral order which is the polar opposite of the American Declaration of Independence. Smith demands that all human thinking, action and economic activity is driven by the “Pursuit of Pleasure and avoidance of Pain.”

Let’s STOP here for a minute. *Pause and Reflect*. Don’t think about this discussion as an intellectual construct to be debated in a classroom, or some tedious lecture delivered by a tenured professor. Think about YOU. Think about YOUR OWN LIFE. Perhaps you have children whom you cherish; or maybe you’re a young adult contemplating your future; or you are a nurse, a fireman, a

teacher, or a scientist in a laboratory struggling with a new discovery. Look into your heart and ask yourself: Are your day-to-day decisions, your motivations, your dreams and aspirations dictated by the “Pursuit of Pleasure”? Is that who you really are? Is that who you want to be?

According to Smith, you can not escape the chains of this bestial identity; you are a prisoner to it because it is “human nature.” Hayek agrees.

I defy anyone to find Smith’s or Hayek’s definition of Human Nature in the *New Testament*, or for that matter, in any of the Abrahamic religions.

Fortuna and Man’s Impotence

Hayek goes further. Man is not only driven by the “pursuit of pleasure,” like a beast; he also—like the beasts—is doomed to ignorance as to universal principles and ultimately impotent to affect the course of human development. In Chapter 2, “The Creative Powers of a Free Civilization,” Hayek says:

“The case for individual freedom rests chiefly on the recognition of the inevitable ignorance of all of us. . . Liberty is essential to make possible the unforeseeable and unpredictable. . . It is because every individual knows so little, and in particular, because he rarely knows which of us knows best that we trust the independent and competitive efforts of many to induce the emergence of what we shall want when we see it. . . We must recognize that the advance, and even *the preservation of civilization are dependent upon a maximum of opportunity for accidents to happen*... Our necessary ignorance of so much means that we have to deal largely with probabilities and chances. All we can do is to increase the chance that some special constellation of

individual endowment and circumstance will result in the shaping of some new tool or the improvement of an old one. . . All institutions of freedom are adaptations of this fundamental fact of ignorance, adapted to deal with chances and probabilities (emphasis added).”

More will be discussed in the next installment, Chapter 4, on this subject, so for now we will let those words of Hayek speak for themselves. I will just emphasize here that Hayek flatly denies that the millennia-long advancement of human civilization is the product of human intention or the human mind. It has all been “unknowable” and “accidental.”

Oligarchical Law

The phrase “Rule of Law” is much heard these days, and Hayek spends a great deal of time rambling on about it. But, here again, his sophism is startling. It is not Constitutional Law that he is discussing at all.

The first thing to point out is that law in America is *Constitutional Law*. It is based entirely in the principles to be found in the Declaration of Independence, the U.S. Constitution and the Bill of Rights. Its intention is defined by the sacred vow that “All Men are Created Equal and endowed by their Creator with certain Inalienable Rights” and the Constitution’s pledge to “Protect and Defend the General Welfare” of the people of the Republic.

The United Kingdom, on the other hand, HAS NO CONSTITUTION, and all talk of British “constitutionalism” is just so much piffle. British legal practice derives from the centuries-long rule of the British financial elite, during which Britain has developed a patched-together series of legal

compacts, precedents, compromises and edicts which they call their “legal code.”

So, the first question is, — when Hayek speaks of the “Rule of Law,” *whose “law” is he talking about?* He lets the cat out of the bag in Chapter 6, where he states:

“The Rule of Law was consciously evolved ONLY DURING THE LIBERAL AGE.”

So let’s be very clear. For Hayek, the Law he speaks of flows from the practices and beliefs which governed the British Empire in the 19th century, with an economy driven by the “pursuit of pleasure” and with millions dying as a result of British free trade colonial practices.

In the British system, there are no “Self-Evident Principles” which are true for

all eternity. Hayek never mentions the U.S. Constitution or the Declaration of Independence. Instead, he warns of how “government authority will use its COERCIVE POWERS” against the people, that the state—under our Constitution, the government of the People—is, in reality, the adversary of the People.

This—emphatically—was not the outlook of George Washington, Benjamin Franklin and Abraham Lincoln; nor of Gouverneur Morris who wrote in the Preamble to the Constitution that ours is a Republic of “We the People,” a Republic in which we all have a shared mission and intention to uplift and better human civilization, —and to end oligarchical rule forever.

4. Hayek and Keynes: Two Peas in a Pod

“Come One. Come All. It’s the ‘Thrilla in Manilla’. It’s the great Ali vs. Frazier rivalry. Get your tickets today!”

This is how the imaginary rivalry between Friedrich Hayek and John Maynard Keynes has been popularized, —sort of as a Battle of the Titans, only now in the economic arena. But unlike the real Ali and Frazier, who bloodied each other unmercifully, this is a delusory myth designed for the credulous. The only blood that will be spilt will come from the victims of British imperial economics.

Within the construct of this manufactured contest, we are told that there are only two alternatives for economic and financial policy: Big Government or Free Market. The fairy-tale narrative goes like this: Keynes’ “big government” views ruled the roost from the Great Depression into the

1970s, then to be knocked off its perch by the free-market ideas of Hayek, who held sway until the financial crises of 2007-2008, when Hayek’s followers were TKO’d by the resurgent influence of Keynes.

Will Keynes continue to reign as champ? Or will the scrappy Austrian make yet another comeback? Stay tuned. Cast your bets now!

If you believe any of this, there is a bridge in Brooklyn you might want to buy.

Serving the Same Mother

In the 1920s and 30s, John Maynard Keynes, later to be anointed “1st Baron, Lord Keynes,” held sway at Cambridge University, while Friedrich Hayek toiled away across town, issuing his pleas for a return to 19th century British “liberalism,” from the London School of Economics.

From these two locations, according to the narrative, sprang the Great Economic Debate which would define all economic policy for the remainder of the 20th century.

But this is fantasy, a deliberately-created mental trap, a controlled environment in which you submit to the contrived parameters of the debate. As will be developed shortly, the controlled environment is that of money, not physical economic development. In reality, all that differs between these two British subjects is their choice of methodology. Cosmetically, Keynes and Hayek may appear different, with personal choices of rouge and mascara, but butt naked and unadorned they are identical—Lombard Street tarts. Their fealty to the British financial empire is a fiercely held and shared commitment.

In reading both Hayek and Keynes, one comes away with the impression that the American Revolution never happened, that Alexander Hamilton was never born, and that Abraham Lincoln did not launch the greatest economic revolution in human history. None of this is ever mentioned by either of the “rivals,”—because their shared goal is to destroy the American economic tradition. The delinquent American children must be brought back into the embrace of the Mother Country.

Whether it’s Hayek’s *Constitution of Liberty* or Keynes’ *General Theory of Employment, Interest and Money*, what wafts off the pages are the faint strains of “Rule Britannia,” like the last wail of a dying empire.

Blood Brothers

When Hayek’s *Road to Serfdom* was published, he sent a copy to Keynes. Months later, Keynes, then visiting America, wrote to Hayek: “The voyage has given me the chance to read your book properly. In

my opinion it is a grand book. We all have the greatest reason to be grateful to you for saying so well what needs so much to be said. You will not expect me to accept quite all the economic dicta in it. But morally and philosophically I find myself in agreement with virtually the whole of it; and not only in agreement with it, but in a deeply moved agreement.”

For his part, after Keynes death, Hayek wrote to his widow Lydia, describing Keynes as “the one really great man I ever knew, and for whom I had unbounded admiration. The world will be a very much poorer place without him.” This was not simply a polite expression of commiseration. In reading over Hayek’s correspondence and pronouncements, it is very clear that he suffered from a life-long inferiority complex, viz-à-viz Keynes, who after all had been elevated to the peerage by the monarchy, an honor that Hayek could only dream of.

The interchanges between Keynes and Hayek are not the words of enemies, or even antagonists. Theirs’ was simply a polite “difference of opinion” about how to achieve the identical goal. As Keynes had written, they were in complete agreement “*morally and philosophically.*” By the early 20th century, febrile seizures were beginning to rack the City of London, and its oligarchical cultural axioms were crumbling. Keynes and Hayek merely offered two possible pathways to preserve oligarchical rule. And those pathways are not mutually exclusive, as witnessed in the 1980s super-stardom of their joint “love child” Milton Friedman.

This same commitment to the axioms of the British Empire still today dominates the Hillsdale College curriculum. On Nov. 14, 2021 College President Larry Arnn proudly announced a new class series offered by the

College: — “Winston Churchill and Statesmanship.” In promoting the class, Arnns states that Churchill was “the greatest statesman of the 20th century—even one of the greatest in all of history.” Anglophilia permeates all things Hillsdale.

“Money Makes the World Go ‘Round”

Lyndon LaRouche often stated, “Money is an idiot!” LaRouche’s views on money and credit cohere perfectly with Abraham Lincoln, who in his 1858 lecture, “Discoveries and Inventions,” is explicit that the sole source of all actual human wealth—all human happiness—lies in the power of the human mind to make new discoveries, i.e., to create revolutionary breakthroughs which transform human productivity and enhance human progress.

British monetarism, on the other hand, deliberately mis-identifies human wealth with money, an error that Benjamin Franklin, Abraham Lincoln, Alexander Hamilton or John Quincy Adams would never have fallen into.

British monetarism—whether of the Keynes or Hayek variety—has its roots in John Locke’s 1691 work *Some Considerations on the Consequences of the Lowering of Interest and the Raising of the Value of Money*, where Locke defines money as a “special” kind of property, one imbued with almost magical powers, which “turns the wheels of trade.” Money is *de facto* the self-evident source of all wealth.

The British Empire, as also the earlier Dutch and Venetian empires, were all based on this empiricist notion of money. They were FINANCIAL empires, —PRIVATE financial empires, and this rule by a private financial elite defines the imperial system down to the present-day world order of

“globalization” and “The Great Reset.” During the 19th and 20th centuries, the City of London established the system of Private Central Banking (and “Central Bank money”) and spread that system worldwide, for the sole purpose of enforcing upon sovereign nations a “money system” and rule by a private financial elite.

It should come as no surprise that both Keynes and Hayek aggressively endorse the dictatorial private Central Banking System as untouchable; nor that they both base all of their economic models, equations and policies on defending the axiomatic money system of the ruling class. For Keynes and Hayek both, it is all about money,—how to defend its value, how to manipulate it, and how to profit by it. Human beings and the physical economy are of little concern.

Take, for example, Keynes’ 1913 book *Indian Currency and Finance*, which he wrote as an employee of the Exchequer. At that time India had just undergone two major famines (both the direct result of British colonial policy), which had killed more than 10 million people. Yet, in Keynes’ book, famine and starvation are never mentioned; science, living standards and education are never mentioned; Indian leaders demanding freedom from British oppression are never mentioned. Instead, his only topic is reform of the Indian currency and banking system, so as to integrate Indian finances more fully into the London-based global financial system, to make India a more functional—and subservient—member of the British monetary empire.

If anything, Hayek was even more indifferent than Keynes as to the fate of the natives in the colonies.

Magic

In 1921 Keynes published his first “major” work, *A Treatise on Probability*. It was lavishly praised by Bertrand Russell, who called it “undoubtedly the most important work on probability that has appeared for a very long time,” and said that the “book as a whole is one which it is impossible to praise too highly.”

Now, in the field of “Probability Theory,” there are many different and competing varieties. Ludwig von Mises’ brother, Richard Edler von Mises, for example, was a prolific writer in this field, although Ludwig claimed to disagree with him in many of his conclusions. Nevertheless, Hayek and von Mises, as well as Keynes and his followers, all based their economic/financial theories on some version of Probability Theory, and the one thing they all have in common is the principle of UNCERTAINTY, i.e., that the future is UNKNOWABLE. As discussed earlier, for Hayek human progress is all “accidental,” arising out of unintended consequences which result from the workings of the “free market.”

Think about how ludicrous that is. LUDICROUS! We KNOW that if we go back the Moon and on to Mars we will unleash breakthroughs in science and technologies which will transform the human condition, and we will make discoveries which will dramatically affect mankind’s future. We KNOW that if we develop and deploy fusion energy, we will CREATE a resource which has the potential to uplift the conditions of life for every human being on the planet Earth. This is knowable and willful. This is what Abraham Lincoln meant when he spoke of “Discoveries and Inventions.”

Yet this intentional creative Human Action is denied by Hayek and Keynes because their obsession is with money and the continued hegemony of the monied elite.

In 1934, through his powerful connections, Keynes wrangled a meeting with Franklin Roosevelt in the White House, where he bent FDR’s ear—and tried his patience—for more than an hour. After he left, Roosevelt remarked to Labor Secretary Frances Perkins, “I saw your friend Keynes. He left a whole rigamarole of figures. He must be a mathematician rather than an economist.”

FDR’s sense of smell was working quite well for him that day. Mathematical probability theory, as deployed into the field of economics, has its origins entirely in the writings of Galileo Galilei (*Concerning an Investigation on Dice*, 1630), Giralamo Cardano (*Book on Games of Chance*, 1633), and Abraham de Moivre (*Doctrine of Chances*, 1718), and the economic/financial methods of both Hayek and Keynes resemble nothing so much as John Law, utilizing mathematical formulas at the gambling tables of Venice’s *Ridotto* casino. For the British twins, all economic processes are essentially unknowable. It is all chance. And it is all about money,—not intentional human progress.

And it’s all designed—from Money, to the Central Banking System, to Free Trade, to the denial of National Sovereignty—to ruthlessly perpetuate the rule of the private British financial empire and to prevent the upward development of the people.

5. The Anglo-Dutch Financial Empire

In 1461, only nine years after the birth of Leonardo da Vinci, Louis XI ascended the throne of France, this at a time when the radiance of the Italian Renaissance was approaching its zenith. The reign of Louis coincided with—and was a lawful product of—that Renaissance. This was the beginning of the modern sovereign nation state and the beginning of modern economics. Louis authored a book, *Le Rosier des Guerres* (“The Rosebush of Wars”), wherein he defined the *raison d’être* of the state to act on behalf of the *Common Good*; to act in such a way as to advance and improve the conditions of life of the people.

Louis’ outlook and actions flowed directly from the 1434 work by Nicholas of Cusa, *De Concordantia Catholica* (“The Catholic Concordance”). In that work Cusa posits the concept of the Commonwealth as the basis for human society. Cusa’s concept is based in the recognition of the creative power which exists within each human individual, and it flows directly from Dante’s vernacular exploration of the nature of the human identity in his *Divine Comedy*. In the Commonwealth, the sovereign nation will act to defend the people, to help the people to advance, and to build a scientifically-advanced economy. It will be future-oriented, looking toward the continual betterment of the human condition. Louis XI, as King of France, took up this challenge and proceeded to create a national currency, and to build ports, roads, schools, industry, and infrastructure. He transformed the productive power of the nation.

In 1485, Henry Tudor, who had been trained at the court of Louis XI, overthrew the degenerate Venice-allied Plantagenet dynasty in England, and as King Henry VII, adopted the same methods of national economic development and sovereignty for England that Louis had pursued in France.

These actions overthrew the old feudal order of stagnation and oppression and defined the inseparable link between national sovereignty and progressive economic development.

Counter-Revolution

In 1587 an institution named the *Banco della Piazza di Rialto* (later simply known as the Bank of Venice) came into existence. Financed and controlled by the Venetian aristocracy, the Bank quickly gained the monopoly right to print money; it became the creditor to the Venetian Empire; and it initiated a new regime of financial speculation. All of these operations were in private hands.

Twenty-two years later, in 1609, the Bank of Amsterdam (the *Wisselbank*) was created, modeled explicitly on the Bank of Venice. Over the next half century an enormous financial colossus rose to dominance in Amsterdam, based in the Bank, the Bourse (stock exchange) and the Dutch East India Company. The most extreme parasitic financial practices of that troika are vividly portrayed in *Confusion de Confusiones*, a work published by Joseph de la Vega in 1688. Vega describes the frenzy in the trading of futures, options, and forward contracts, as well as short selling, margin sales, and “Duction Shares,” a primitive

form of financial derivatives. One economic historian has stated that 17th century Amsterdam contained a “mature speculative market,” the likes of which would not be seen again until the second half of the 20th century.

In other words, what was created in Amsterdam was a usurious private financial empire based solely on the accumulation of money.

In 1688 the Dutch invaded England and placed the Dutch ruler William of Orange on the British throne. With lightning speed, the institutions and practices of Amsterdam were cloned to London. This included the founding of the Bank of England (1694), the reformed Stock Exchange (1697) and the “new” East India Company (1698). The Bank was granted monopoly right over the issuance of money, and it became the sole creditor of the government’s national debt. Out of these complementary practices of Amsterdam and London was born “central bank money,” i.e., that the “governments” of Britain and the Netherlands ceded to the oligarchical Bank of England and Bank of Amsterdam the monopoly right to issue currency.

Britain was transformed into a privately controlled oligarchical financial state. The state, in fact, became subservient to oligarchical private financial interests. There was patriotic opposition to all of this, led by Jonathan Swift, but it was crushed.

By 1763, with the defeat of France in the Seven Years War, British hegemony was established, and with the final subjugation of France at the 1815 Treaty of Paris, British financial and monetary dominance reached an unchallengeable position worldwide.

It is very clear that Friedrich Hayek was completely aware of the trajectory of these historical developments, —but he welcomes

them. He cheers them! *Writing in The Constitution of Liberty* about the emergence of this Anglo-Dutch “liberal” economic system, Hayek writes:

“In the Low Countries and Britain it for a long time enjoyed its fullest development and for the first time had an opportunity to grow freely and to become the foundation of the social and political life of these countries. And it was from there that in the late seventeenth and eighteenth centuries it again began to spread in a more fully developed form to the West and East, to the New World and to the center of the European continent. . .

“For over two hundred years English ideas had been spreading eastward. The rule of freedom which had been achieved in England [i.e., in 1688–RI] seemed destined to spread throughout the world. By about 1870 the reign of these ideas had probably reached its easternmost expansion.”

Hayek is explicit: the creation of a private monetarist financial empire in Amsterdam, and then its spread into London after 1688 is, for him, the beginning of the “liberal” economic system which he adores.

In reality, what began in Venice in 1587 was a counter-revolution against the ideals of the Renaissance, an attempt to ensure that oligarchical rule would re-establish its authority over human society. By 1815, the grand-child of that Venetian initiative—the modern-day British Empire—had succeeded in creating a global financial imperial system, the likes of which had never before been seen in human history.

And none of this is just about economics. It is about oligarchical rule, oligarchical culture. It is a sustained attempt to eradicate the Renaissance idea—which applies to ALL human beings— of Man “In the Image of God.” One of the architects of the

Venetian financial empire was a monk named Paolo Sarpi. Sarpi was the greatest intellectual influence in Venice, and his ideas spread to Amsterdam and London. Sarpi denies that human creativity exists. He was the founder of what became known as “empiricism,” and for Sarpi, Man only knows what he can see, hear, touch or smell. Truth is unknowable. Sarpi’s writings anticipate Bacon, Locke, Hobbes, Bentham and Smith, and from his empiricist philosophy, Sarpi developed the linear mathematical methods that were then employed in the financial markets of Amsterdam and London.

The Empire in Action

As stated in the quote from Hayek given above, for him the year 1870 represents the apex of the influence of British liberal values. It is the high point of British liberal economics. But what exactly was going on in 1870—and in the prior decades—when the British Empire rose to such staggering global power?

First the British had just crushed China in the Second Opium War (1856-1860), sanctioned by Queen Victoria, thus concluding their campaign to force narcotics—financed, produced and transported by the British—on the people of China. It is estimated that by 1900, 13.5 million Chinese were addicted to opium, including 27 percent of the country’s adult male population. The “liberal” British did this.

Second, the British had also just concluded their unsuccessful attempt to dismember and destroy the American Republic. First they tried to bankrupt the United States government in 1861, and when that failed, they became the chief supplier of ships, weapons and ammunition to the

Confederacy from 1861 to 1865. Because of Abraham Lincoln and the American citizenry this also failed, to the dismay of the British, and possibly Hayek as well. The “liberal” British did this, too.

Now, let’s go back a little further. Hayek points to the emergence of Amsterdam at the beginning of the 17th century, and then Britain after 1688, as the beginning of the “glorious” liberal era. Yet from no later than the Dutch capture of the Elmina slave trading fortress in 1637, well into the early 19th century, it was the “liberal” Dutch and British Empires who maintained—for 200 years—an iron grip on world-wide slave trafficking. This was the apex of trans-Atlantic slave trading, which resulted in millions killed and more than 20 million slaves taken out of Africa. The Dutch transformed the Dutch East Indies (today’s Indonesia) into a hideous gigantic slave plantation, and slaves were transported and sold by the British to every corner of the earth.

From the slave-trading and narcotics trafficking, money poured into the financial institutions of the City of London. This was the actual source of wealth and power for London’s financial elite during those decades, not the fairy-tale spun by Hayek. The banking and financial power of the City of London was erected on the corpses of colonial natives, murdered or forced into slavery and drug addiction.

The Body Count

According to the Indian historian Shashi Tharoor, the British Empire was responsible for the deaths of 35 million Indians.

Now, for those who don’t know these things, consider the following:

When the British first arrived in India in the 18th century, the sub-continent was not some backward region. India was one of the most productive nations in the world, with advanced industry and agriculture and accounting for 27 percent of global gross domestic product. By the time the British left in 1947, India was one of the poorest, most diseased and most illiterate countries on Earth.

Winston Churchill is worshiped at Hillsdale College, yet in 1943—right about the time Hayek was writing *The Road to Serfdom*—a terrible famine (caused entirely by Britain’s economic looting of India) broke out in Bengal. Prime Minister Churchill ordered that no aid be sent, and he diverted tons of grain away from the starving province. Three million Indians starved to death, but Churchill sputtered that it was the fault of the Indians for “breeding like rabbits.”

No one knows how many human beings were killed by the British Empire. One historian has claimed that the Empire “killed with famine, sword and fire more people than Genghis Khan, Attila the Hun, Hitler or

Stalin.” A very conservative estimate would be 200 million, with a very significant percentage of those deaths coming from Africa.

What is critical to grasp, however, and *this is of the utmost importance*, is that only a small percentage of this total were people who were shot, stabbed or otherwise murdered face-to-face. Overwhelmingly, the death toll was a result of British economic policy. Imperial financial and economic policy. The “liberal” economics of Adam Smith, Richard Cobden, James Mill and all of the British aristocrats whom Hayek holds up as exemplars of “freedom.”

Today, this modern Anglo-Dutch Empire has spread its tentacles everywhere. National sovereignty has been dramatically weakened. This phenomenon is sometimes called “globalization,” but that can be a very misleading term. If we take a closer look at the 18th and 19th century British and Dutch empires, and at their tens of millions of victims, we will get a much more precise picture of what this force really is.

6. American Economics

The Divine Command from the *Book of Genesis*:

27.—So God created man in his own image, in the image of God created he him; male and female created he them.

28.—And God blessed them, and God said unto them, “Be fruitful, and multiply, and replenish the earth, and subdue it: and have dominion over the fish of the sea, and over the fowl of the air, and over every living thing that moveth upon the earth.”

Hamilton’s Sovereign Credit System

Let us begin with Alexander Hamilton.

During George Washington’s first term as President, Hamilton authored three historic economic reports: the *First Report on Public Credit* (1790); the *Second Report on Public Credit* [“Report on a National Bank”] (1790); and the *Report on Manufactures* (1791). These were followed, also in 1791, with his *Opinion on the Constitutionality of a National Bank*.

In those writings Hamilton defines a Constitutional economic system based on several key principles:

1. Absolute national sovereignty over the Republic's economic, financial and monetary affairs. No higher or outside authority will be recognized which takes precedence over that sovereignty.

2. A Constitutional commitment to advance and uplift the opportunities and the condition of life for the citizens of the Republic. A key component of this will be accomplished through the willful encouragement of advances in science, industry and agriculture.

3. A monopoly right, by the national government, over the issuance of legal tender currency. The National Bank will utilize that power to create a system of credit which will be employed to advance the development of the nation, in such a way as to benefit the People and their posterity.

The ideas which created the American Republic do not come down to us from John Locke or other oligarchical spokesmen of the British Empire. If you wish to understand the truth about America, study instead the sermons of John Robinson of the Plymouth Church; or the writings of Cotton Mather; or Benjamin Franklin's lifelong pursuit of scientific investigation. It is all there, plain as the nose on your face: Man is a rational, creative being. He can make discoveries. He can advance his condition. He can love his fellow men and women. He can willfully create a better future for his posterity. He can create a Republic which will embody those principles and defend them.

Constitutionally, and unlike any other nation before or since, the American Republic is *We the People*. The elected government of the Republic is empowered, as a sacred

trust, to undertake actions, within constitutional restraints, to facilitate the *inalienable right to Happiness of the people*. What Hamilton accomplished, what he invented, was a constitutional Sovereign Credit System, one which is based entirely on the principle of sovereignty and human advancement. That is American Economics.

In the Constitution of Liberty, Friedrich Hayek states his imperial outlook in this way: "The nature of the Liberal System is the belief that its characteristic attitude is INACTION of the state." Let us not let this lying euphemism pass. By "inaction" what Hayek demands is a SURRENDER of sovereignty to a global financial oligarchy. That is the British outlook. In America, our Constitution demands that the Republic must act to "*Promote the General Welfare, and secure the Blessings of Liberty to ourselves and our Posterity.*" The axiomatic moral opposition of these two outlooks could not be clearer.

Lyndon LaRouche and Human Productivity

The advancement of the human condition to higher levels is linked directly with the intention to *increase human productivity*. Unfortunately, in today's financialized economy, the term "productivity" has been corrupted beyond all recognition. As early as the 1950s Lyndon LaRouche pointed to the invasion of the "bean counters," who sought to maximize monetary profit through various "cost cutting" measures, as indicative of a suicidal trend in American business. In 2021 this has reached psychedelic proportions, with mega-corporations shifting from production to financial speculation and reporting huge gains in "productivity."

Return to the quote from Genesis given at the front of this article: “*God created man in his own image,*” and “*God said unto them, ‘Be fruitful, and multiply, and replenish the earth, and subdue it: and have dominion over. . . every living thing that moveth upon the earth’.*”

Real human productivity is located in actions that willfully increase mankind’s Power Over Nature. This is accomplished, as Abraham Lincoln would insist, through individual “Discoveries and Inventions,” discoveries which unlock new powers and new potentials to accelerate human advancement.

Lyndon LaRouche invented two means through which to measure this rate of increase in actual human productivity. The first is a term he called *Potential Relative Population Density* and the second he defined as a measurement of *Energy Flux Density*. This brief article is not the place to explore those concepts in depth. Fortunately, a series of recent classes on these subjects, by Bruce Director, Ben Deniston, Brian Lantz, and others, is accessible on the LaRouche PAC website, <https://www.larouchepac.com/authors>.

LaRouche would often refer back to the works of Gottfried Leibniz, and in regard to economic policy, Leibniz’s discussion of the impact of the invention of “heat-powered machines.” That invention, that human discovery, revolutionized human society and massively increased the productive power of our species.

This is what LaRouche describes as Physical Economy,—as opposed to ALL of the money-based dictums of the British school—an approach to economics which is based in the continual increase in mankind’s productive power, achieved through new discoveries and leaps in development. That

is the only legitimate definition of Human Productivity,—as LaRouche, Leibniz and Hamilton would all agree—and such willful breakthroughs in human productivity are what makes possible humanity’s reaching out to discover more about the universe, and to bring that universe increasingly under human dominion.

The Liberty to Create

Hayek, von Mises, the Mont Pelerin society, et al., repeat the mantra, “Liberty! Liberty! Liberty! But they lie about what Liberty is.

Consider certain individuals from American history: Cyrus McCormick, George Westinghouse, Thomas Edison, the Wright Brothers and Henry Ford. Countless others could be named. Through their courage and will, they made discoveries which changed history, which revolutionized the productive power of the nation, which changed the lives of future generations. They had the Liberty to do that, the Freedom to act on the future.

BUT, *they didn’t do it in a vacuum!* The 1861-1865 Lincoln Revolution, including critical changes in banking, currency, tariff and infrastructure policies unleashed a tidal wave of pent-up human potential. In the decades following 1865, thousands of new patents were filed with the federal government. Under Lincoln’s Greenback and National Banking policies, financing was plentiful to apply these new discoveries to every aspect of manufacturing and agriculture. The government of the Republic promoted these developments in every way that it could.

Look at the situation today. A recent article by Mike Carr on the LaRouche PAC website (https://www.larouchepac.com/what_the_oli_garchy_hates_about_trump_and_the_usa)

focuses on the work now being pursued by companies like Helion Energy, Commonwealth Fusion Systems, Rocket Lab, SpinLaunch, the Orbital Assembly Corporation and others, related to both fusion energy research and space exploration. These are small and medium sized companies who are working relentlessly to make new discoveries, some of which could profoundly affect our future. The proper role of our Constitutional government is to encourage and to support such initiatives. Yet, these and other projects are held back by a financial system which cares only for speculative monetary profit, and by an indifferent, if not hostile, government. This is a denial of actual human Liberty.

National Banking and Sovereign Credit

In Lyndon LaRouche's 2014 *Four New Laws to Save the U.S.A. Now!*, one of his Laws calls for "a return to a system of top-down, and thoroughly defined National Banking." LaRouche is emphatic that it is only through a National Banking System, that sovereign credit can be created and mobilized for the development of the nation.

The problem in discussing this today is the pervasive illiteracy in the field of economics, such that the term "national banking"—much like "capitalism," "free enterprise" and "entrepreneur"—have lost their meaning. Take, for example, the claim by both populists and bankers that Hamilton's Bank of the United States was a "Central Bank" because it included private shareholders and private directors.

But in 1946 Clement Atlee's Labour government nationalized the Bank of England, buying out all the shareholders, an arrangement which continues to exist to this

day, with the Exchequer holding all of the Bank of England's stock. Does this now make the Bank of England a "national bank," because it is owned by the government? —and Hamilton's Bank of the United States a private "central bank," because it had private investors? Such nominalism is absurd and leads nowhere.

Another misconception is to confuse a National Bank with an Infrastructure Bank. Depending on the as-yet unwritten charter of a new National Bank, it is possible the proposed Bank might be empowered to offer loans directly for infrastructure development, although a parallel or partnered institution dedicated solely for that purpose is probably a better idea. However urgent the infrastructure requirements of the nation might be, *the National Bank has a far more paramount responsibility.*

To grasp this point, rather than thinking about a National Bank as a single institution, per se, think of a national banking system, for therein lies the key. Our current banking system consists of hundreds (and what once were thousands) of privately-owned banks. That is a good thing. We don't want a nationalized banking system any more than we want a nationalized education system. As in the case of Westinghouse and Edison, individual initiatives and interventions from these private banks are essential to the development of a creative productive economy. The question, which both Hamilton and Lincoln understood, is how to integrate the private banks into a mission which serves the interests of the People.

Unfortunately, during the last 30 to 40 years, American banking institutions have lost that mission and been seduced almost entirely into the speculative casino economy. For the good of the Republic, this must be reversed, and thankfully, that reversal can be accomplished quite easily, beginning with

the re-imposition of the Glass-Steagall Act and additional measures to divorce the banks from the practices of financial speculation.

The next step is to bring these private banks into a national credit system for the purpose of building up the productive power of the nation. The best model to follow, at least in principle if not detail, would be to do what Lincoln did with the National Banking Acts and the Legal Tender Act between 1861 and 1865. The banks were regulated in such a way as to prohibit the worst usurious and destructive practices. Then they were compelled to make loans to the government and receive in return the new Greenbacks, which became the basis for their operating capital. The U.S. Treasury produced a generous supply—a conveyer belt—of federal credit into the banks, which flowed from the banks to farms, factories, shipyards and a multitude of useful enterprises. A

vibrant credit system for the development of the nation was established. The productive economy boomed.

As the American economist Henry Carey stated in 1865, *“The ‘greenback’ has fallen on the country as the dew falls, bringing with it good to all and doing injury to none.”*

The economic system of Hamilton, Lincoln and LaRouche is not, as Hayek might slander it, “statism, creeping toward totalitarianism.” America is a sovereign Constitutional Republic, based on the principles to be found in the Declaration of Independence and the Preamble of the United States Constitution. The Republic is, as Lincoln insisted, committed to the *“right to advance materially, intellectually, morally” for all of her citizens.*

7. Abraham Lincoln Conquers Inflation

Abraham Lincoln in 1861:

“On the side of the Union, it is a struggle for maintaining in the world, that form, and substance of government, whose leading object is, to elevate the condition of men—to lift artificial weights from all shoulders—to clear the path of laudable pursuit for all—to afford all, an unfettered start, and a fair chance, in the race of life.”

Abraham Lincoln in 1832:

“The legitimate object of government, is to do for a community of people, whatever they need to have done, but can not do, at all, or can not, so well do, for themselves...”

The Challenge Before Us

If we look at the empty plots of land where our manufacturing once thrived; if we look at the poverty and anarchy in our cities; if

we look at the material and spiritual devastation throughout the “opioid belt;” if we look at the lack of opportunities and inspiration for our upcoming generation of young adults;—if we take in the full sweep of all of this, the nation cries out: “Help us; Heal our wounds; Provide for us a Future!”

But there is no answer coming from Washington, DC, and no future if we continue on our current path. Just destruction, poverty and cultural decay.

What is to be done? Biden’s Green New Deal and “stimulus packages” are a recipe for disaster and will plunge us deeper into economic and monetary collapse. On the other hand, the Mont Pelerin Society free-marketers proclaim that the best thing is to do nothing. “Get the government off the backs of the American people” is their

mantra. They insist that any attempt to build our way out of this mess will be inflationary, will make our currency worthless. They say: “Just let the marketplace work its magic.”

Lincoln the Builder

An economy made up of Starbuck’s baristas, Uber drivers, DoorDash delivery men and gambling casino croupiers is an economy with no future; but those are the “career” pathways now offered to the younger generation. Such employment pays little, contributes nothing productive, and leads nowhere. Family formation becomes an impossibility.

As a nation, we seem to have forgotten how to THINK BIG. And we have LOST the knowledge of how great economic progress was accomplished in the past. We can recover what we have lost, but that will require a revolution in economic thinking. We must build our way out of this mess. Build, build, build! Hillsdale College’s proposed economy is nothing but a nation-wide “flea-market,” with low prices and ultra-low wages. They will never build anything, and behind their academic façade lurks the same elite billionaire interests who fought against every effort by Donald Trump to re-industrialize the U.S. economy.

We should turn our eyes back to the actions of our greatest President. Abraham Lincoln’s first campaign speech in 1832 announced his loyalty to the American System of economics. During his (1834-1842) tenure in the Illinois legislature, Lincoln led the fight for creating what was called the “Illinois System.” That project included two major rail systems, as well as a canal from Lake Michigan to the Illinois River, a project Lincoln likened to the Erie Canal. Most of the funding came from the

Illinois State Bank, which Lincoln helped to create. The Illinois System was, by far, the most ambitious economic development initiative in the nation at that time, and Lincoln was the leader of it.

Later, as President, Lincoln signed the Pacific Railway Act on July 1, 1862, authorizing huge government land grants to finance the construction of the Transcontinental Railroad, America’s “Apollo Project” of the 19th century. Lincoln battled tenaciously for the passage of the bill, and then took personal direction over the railroad’s construction.

On July 2, 1862, Lincoln signed into law the Land Grant College Act, designed to modernize and upgrade U.S. agriculture. At government expense, scientists supplied farmers with the latest intelligence on fertilizers, soil chemistry, and crop management. Diseases of livestock were conquered and eliminated. The growth of railroads connected the farms to the urban centers. New, sophisticated farm machinery was invented, and its use increased yields and lessened manual labor.

In 1861 Lincoln signed into law the Morrill Tariff, which by 1865 raised protective tariffs to 47 percent, from their pre-war level of 18 percent. New industries were created by the thousands.

A great economic revolution began under Lincoln’s Presidency. Total railroad mileage in the country went from 30,000 miles of track in 1860 to 210,000 miles by 1895, more than all of Europe combined. Steel production went from 19,643 tons in 1867 to 198,796 tons in 1873 and 1,588,314 tons in 1881—an increase of 800 percent in 14 years! New inventions poured forth. The number of patents issued by the federal government went from 7,653 in 1860 to 45,661 in 1897.

And none of this, —let me repeat, NONE OF THIS—was done with the British laissez-faire economic methods that Hayek and Hillsdale love so dearly. This was American economics, —willfully building the nation.

LaRouche Knew the Solution 40 Years Ago

Today’s Hayekians spin the same old lie: “You can’t finance an economic recovery because if you print more money it will unleash inflation.” You hear the same refrain every day, like an old long-playing record which skips back and just keeps repeating the same groove. But Lincoln did it!—and it can be done again.

There are two highly recommended works by Lyndon LaRouche which should be injected into the current debate on economic policy, as well as diligently studied by all those who now propose to stand as candidates for public office: 1) the book-length *Why Credit Can Be Greatly Expanded Without Adding to Inflation* (1980); and 2) the article *Why most Nobel Prize economists are quacks* (1995). Rather than attempting to summarize LaRouche’s argument, here are two short selections from the first of those two works:

“The secret of overcoming a depression under this sort of circumstance is essentially the following. Instead of proceeding from the mis-assumption that monetary orders are the essential reality of economies, and that production and consumption must therefore submit to the conditions demanded by an existing monetary order, reverse one’s approach. Design a monetary system whose mechanisms are enslaved to the requirements of profitable economic growth, as measured in terms of the input-output relations of the productive process as such.

“We cannot propose to do quite exactly that, in point of fact. We could, in principle, nullify all existing financial debts and assets, and construct a new financial order from the base of the requirements of the economic (non-monetary) foundations. However, resort to such drastic action means collapsing existing banking and many other institutions.

“A middle road must be discovered and chosen. Without undermining the integrity of existing financial structures, we must steer the operations of those institutions into new directions. . .

“The classic policy discussion relevant to the proposal just outlined is the extended discussion of the reorganization of the United States’ debt submitted to the Congress of the first George Washington administration by Treasury Secretary Alexander Hamilton. The reasons for the debtor’s fully honoring the old debts, in establishing an entirely new U.S. banking and monetary order, are those which would be acceptable to every sensible banker in the world today, and should be equally acceptable, both on moral and practical grounds, to the overwhelming majority of the nation’s citizens”...

And from Chapter 4 of the same work:

“The usual, automatic response to the announcement that this reporter proposes to issue new U.S. Treasury currency notes as the means for credit expansion is a sharp outburst of horror! The auditor exclaims, ‘But, that’s inflationary’!

“The new notes are not to be issued against federal government operating deficits, but on capital account. The new currency notes are to be put into circulation through national banking channels, such as participation in loans issued for hard-commodity production and

productive-capital loans through the local private bankers of ultimate borrowers.

“Therefore, the amount of fiat credit put into circulation through such channels is regulated by the following principal considerations. It is limited by loan demand on account of tangible production’s capacity, technological improvement, and operating capital requirements, and by the demand for such uses of credit among creditworthy borrowers. Each increment of new fiat credit issued through such channels supplements private banking capital also participating in the loan. Therefore, fiat credit is not put into circulation except against a matching increase in newly produced, tangible wealth providing security for this credit issuance. These are the immediate built-in regulators of the amount of such credit issued: the securing of the credit issued by the tangible wealth created through its use by creditworthy entrepreneurs which is the twofold, crucial consideration.

“Therefore, such forms of circulation of increased fiat credit could not be inflationary. Directly the contrary, insofar as it occurs in a climate of promotion of scientific and technological progress, such increase of credit energizes correlated rises in national productivity, and is therefore deflationary.”

“Of course, nothing good is accomplished unless such added margins of credit are, in net effect, steered into the act of realization

of capital improvements in productive potential. It is possible to generate much larger amounts of fiat credit, and yet, because that fiat credit is improperly invested or otherwise spent as current income, a counter-productive, inflationary result is produced.

“The most efficient policy for solving both problems is to curtail all generation of fiat credit except through issues of currency notes on capital account by a national banking system, or similar discipline maintained for a centralized private banking system.

“Governmental fiat credit should be issued, except under conditions of national emergencies such as wars, *only in the form of currency notes loaned on capital account*, either to economic ventures of governments (wealth-creating state investments), or through private banks as participation credit for medium-to-long-term loan capital for hard-commodity production investment and production operating capital or export credit.

..

“Therefore, credit expansion is not in itself inflationary, and, furthermore, properly directed flows of government fiat credit in the form of currency notes circulated on capital account carries the relatively least risk of being diverted into channels of usage which are inflationary.”

In Closing

Our Constitutional Republic has a vast array of economic weapons in its arsenal with which to launch an in-depth economic recovery. This can be done, provided the guidelines defined by LaRouche are followed. These actions include, but are not restricted to:

- Direct government spending, as in the case of NASA, or FDR's TVA project.
- Public-Private partnerships, as in the building of the Transcontinental Railroad, with the one proviso that such partnerships be tightly regulated and not be allowed to spin-off destructive financial speculation.
- Directed credit for major infrastructure projects. The United States has never had a true "Infrastructure Bank," but the entity which comes closest was the Roosevelt-reorganized Reconstruction Finance Corporation, which financed billions of dollars of useful projects, with every dollar paid back, costing the government nothing.
- Sovereign fiat credit, transmitted by the U.S. Treasury into the private banking system for loans to millions of private agricultural, manufacturing and other productive enterprises. Prior to the war build-up in 1940-1941, FDR was never able to accomplish this, because the British-allied New York and Boston banks led a cartel which refused to extend credit during the depression. Lincoln, however, did accomplish this, with spectacular success, through his policy of national banking and legal-tender greenbacks.
- Protective Tariffs, which served the nation exceedingly well from Lincoln through McKinley, and were revived by Donald Trump.

The only thing that is preventing such an Economic Renaissance today is a lack of vision and courage, the will to act. We must learn to think big once again.

With this, I conclude this series on Hillsdale College and the British-Austrian "school" of economics. My closing advice is this: If you are approached by any Hillsdale/Hayek acolytes who offer to teach you about "American history and economics,"—Run for your life and start reading Alexander Hamilton and Lyndon LaRouche! Robert Ingraham, November 2021

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