

EIR Conference Report

JACQUES CHEMINADE

Why a New 'Pecora Commission' Is Urgently Needed

The Schiller Institute, founded by Helga Zepp-LaRouche, held an international conference in Riiselsheim, Germany, Feb. 21-22, with the title, "Rebuilding the World Economy after the Systemic Crisis." Keynoted by Lyndon LaRouche and Helga Zepp-LaRouche, whose speeches we published last week, the conference was attended by about 350 people from 25 nations. We continue here with presentations by some of the other speakers.

Jacques Cheminade, president of France's Solidarity and Progress party (Solidarité et Progrès) addressed the conference on Feb. 22. The panel was entitled, "Is Mankind Capable of Governing Himself?"

Good morning.

The scene is in the United States hearings. The year is 1933. On one side is J.P. Morgan, Jr., the "Lion of Wall Street," who comes to testify grudgingly. On the other side, Ferdinand Pecora. He enjoys it.

On a hot July afternoon, Ferdinand Pecora asked Morgan if he had paid income tax in 1930. Morgan was silent. Pecora was silent. Finally, the Lion of Wall Street replied, "I can't remember." The same question was asked for 1931, then 1932, and received the same answer—"I can't remember."

Then Pecora gathered his papers, and revealed that J.P. Morgan had paid no income tax—ever. And had done nothing illegal. It was perfectly legal!

Treasury Secretary Andrew Mellon ("Andy," to the ladies), stressed Pecora, had inserted enough clauses in

the tax code, so that Morgan and his like would never pay taxes. Al Capone would *never* have gone to prison, had he known "Andy" Mellon better. Pecora then showed that the total taxes paid by the entire House of Morgan, not only J.P. Morgan, but the entire House of Morgan, and its partners, in the previous five years, was a single payment of \$5,000 in 1931.

Then came the list of J.P. Morgan's and his associates' properties. They controlled most of the American economy, with their British friends. And then came J.P. Morgan's preferred list, by which a bank's influential friends, including former President Calvin Coolidge, participated in stock offerings at steeply discounted rates. Their full control of the American economy was then exposed.

This was before the United States Senate Committee on Banking and Currency, where Ferdinand Pecora was chief counsel for an investigation of Wall Street banking and stock brokerage practices, after the 1929 Crash. Pecora was born in Sicily, the son of an immigrant cobbler. He was originally a progressive Republican—he was not a Democrat—and was appointed in the last months of the Herbert Hoover Presidency. His expertise as a hard-nosed assistant district attorney in New York County, had been to shut down more than 100 "bucket shops." These bucket shops were something peculiar to the United States of those days: They were fly-by-night brokerage houses, illegal brokerages based on bets on futures thrown into buckets, the primitive precedents for derivatives.



EIRNS/Christopher Lewis

Jacques Cheminade's call for new Pecora-type hearings has challenged the rules of the game, but, he said, now is the time "to call for impossible things, that become mandatory, as the crisis unravels."

Pecora, in his state position, was helped by John T. Flynn, an Irish-American journalist, and Max Lowenthal, a Jewish lawyer. No WASPs needed apply. The American Republic was striking back against the Empire.

Well, that is an interesting point, the main point, and in the spirit, the true spirit of America. An Italian-American, an Irish-American, and a Jewish-American, bonded together to embody the spirit of the Founding Fathers, against the Anglo-American Wall Street grandees: the WASPs. Another key point, was the bipartisan nature of their endeavor, on behalf of the principles of the American Declaration of Independence, and Constitutional law. Let's now think of these people feeling good about getting the truth out of the closet, and willing to be unpopular at it—as Lyndon LaRouche would say, “unpopular when it really tastes good.”

In sharing their purpose, we become ready today to be inspired by them in our respective countries, to call for a new Pecora Commission, a sweeping inquest—today, like then—into the twin housing and stock market crashes, to create the intellectual context, and the political constituency for change, as Ron Chernow, the

author of *The House of Morgan* and of *Alexander Hamilton* put it in the Jan. 5, 2009 *New York Times*. Before that, of course, LaRouche had called for a new Pecora Commission, even more necessary today than in those days, because the world financial collapse, the disintegration, is now far, far worse in scope than the 1929 Crash, as it was said yesterday, here. Its unfolding, if it's not stopped, would lead to a crisis like the Black Death of the 14th Century, but this time not only in Europe, but on a world scale.

What Pecora Accomplished

Let's then see what Pecora accomplished in those days.

What is usually said is that he unearthed evidence of “irregular practices”—fraud, in plain words—in the financial

markets. It's fraud that favored the rich insiders, at the expense of the ordinary investors. True enough, he did that. But there is much, much more to it. He grilled, relentlessly grilled, the most famous names in finance. He did not start with Morgan. The indictment of Morgan was a sort of apotheosis. He started with Charles Mitchell, president and chairman of the board of National City Bank. He proved that Mitchell had sold stock in the bank, betting against his own firm and making a lot of money at it, during the Crash. He bet against his own stock, which was forbidden by law. The same thing that Goldman Sachs has been doing, selling subprimes to their clients, and selling them short for themselves.

He revealed the dirty deals of Mitchell, with then Cuban President Gerardo “the Butcher” Machado. City Bank had unloaded \$31 million of useless Cuban sugar loans, by transferring them to the stockholders of the Cuban National City affiliate, without their knowledge, and ruining them. He had dumped useless Peruvian government bonds on unsuspecting customers of National City Company.

Pecora then exposed the greatest fraud in American banking history of those times, the National City Bank

The New York Times attacked Ferdinand Pecora's investigation of Wall Street criminals as "vulgar, sweating, cheap applause; cigar-chomping, so un-British." Here is the cigar-chomping Pecora on the cover of Time magazine, June 12, 1933.



After Sen. Carter Glass attacked Pecora's grilling of J.P. Morgan as a "circus," Morgan showed up at the next session with a circus midget on his lap. A photo of this appeared in newspapers the next day, exposing the banker's arrogance—a hard blow to his power on Wall Street.

Anaconda Copper deal, and he showed that Mitchell was an old friend of ... Treasury Secretary Andy Mellon! Who had been running the country, in the years before, on behalf of Presidents Harding, Coolidge, and Hoover, or, better said, dominating and exploiting them.

Remember, that it was the Mellon Scaife Foundation, which, in the 1980s, financed the operation against us, against Lyndon LaRouche; and then in the '90s, the press campaign which led to the Clinton impeachment, then.¹ And it stopped, in those years, Clinton's efforts towards a new international financial architecture, and organized the pressure to get rid of the Glass-Steagall Act through the Gramm-Leach-Bliley Act of Nov. 12, 1999.

1. President Bill Clinton was impeached by the House of Representatives on Dec. 19, 1998, and acquitted by the Senate on Feb. 12, 1999.

After Mitchell, Pecora grilled Albert Wiggin, head of Chase National Bank, exposing how he, too, had shorted Chase shares during the Crash, and made a lot of money at the expense of his own bank and its customers. He then got Richard Whitney, head of the New York Stock Exchange, who, contrary to Bernard Madoff, ended up in jail, in Sing Sing.

Pecora had been hired for \$255 a month by the Senate committee, and was earning less money than most Wall Street mandarins disbursed weekly in pocket money. And he defrocked the high priests; he ridiculed the high priests, making them seem small and greedy, exactly as they were. Pecora had become then an American folk hero.

Roosevelt's March 4 Inauguration speech against the "modern money-changers" was given in the conditions created by Pecora and the Pecora hearings.

The fight was fierce. The head of Roosevelt's budget [Lewis Douglas], who was a Morgan guy inside the administration, declared at this point, "It is the end of Western Civilization!" It is at that time, when John Maynard Keynes wrote a letter to Roosevelt, which was duly classified—in the garbage can—urging Roosevelt to "get softer with business."



Upending Morgan's 'Circus'

The Pecora investigation was therefore much more than an attack against bankers and Wall Street, as it is usually described, Wall Street and their oath. It was an indictment of a whole system, not a "courageous, pragmatic" initiative, but an all-encompassing

political operation against the oligarchy. Its apex was reached, when Sen. Carter Glass, who was a bad guy, jumped in, in defense of Morgan, saying, "This should be stopped! It is a circus! And the only thing missing is peanuts and lemonade."

Morgan picked up on the idea, and at the next committee session, he appeared, thinking it was a funny thing to do, with a circus midget sitting on his lap. Pecora and the Roosevelt team jumped at the opportu-

nity (this is what you have to do in such cases). Morgan's picture with the midget was published in the press of the entire world: Morgan's arrogance and disdain for human beings was then exposed, and he was finished as a power on Wall Street.

At that point, the *New York Times*, which had attacked Pecora—"Vulgar!"—and it's a shame that we can't see it, "vulgar, sweating, cheap applause; cigar-chomping, so un-British." The *New York Times* itself had to retreat and recognize that the power of J.P. Morgan was not "a great popular delusion," as Thomas Lamont had said, but a fact, a shocking fact. His power reached into all corners of the United States, into the institutions of the Federal state, and into the business world. Roosevelt's Treasury Secretary William Woodin, whose name was on the Morgan preferred list, had to quit, on the very day, May 26, 1933, of the Glass-Pecora confrontation on the circus issue.

And, on this very day, Franklin Roosevelt abolished the possibility of including a gold clause in private contracts, thereby killing the Wall Street speculation on gold. On the same day, the law on industry was voted in Congress, extending the Presidential powers on Customs to protect American industry.

So, it was not just an operation against the "banksters," as the *Times* called them—probably Pecora coined the name—but an all-encompassing political operation. Pecora highlighted the contrast between the lives of millions of Americans who were living in abject poverty in those days, thrown into the street by the Great Depression, and the high-rolling lives of the financiers and their political accomplices. Pecora's was not a public show-trial, but the result of a tenacious, patient investigation, to open the eyes of the American people. When Wall Street banks were called to appear before Ferdinand Pecora, there were 17 million unemployed in the United States, and 40% of all American banks had closed. Even the music was Depression music: "Brother, Can You Spare a Dime?" was America's most popular song. There were thousands of migrant camps, overcrowded, squalid, unsanitary, called



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Pecora highlighted the contrast between the lives of millions of Americans who were living in abject poverty, thrown into the street by the Great Depression, and the high-rolling "banksters." Here, the struggle to survive in one of the thousands of squalid migrant camps, called "Hooverilles," in honor of the President.

"Hooverilles," in honor of President Hoover's "Prosperity is just around the corner." Newspapers were called "Hoover blankets," and bicycles were nicknamed "Hoovermobiles."

A Bolt of Lightning

In that social context, Pecora and his hearings were like a bolt of lightning, illuminating the dark—what was behind the scenes. Pecora, exposing the frauds, exposing the issuance of fictitious capital, gambling with money at the expense of human lives, gave people the sense that they had a defender in Congress, and another one in the Presidency—smart, and caring for them, caring for the people. There is a very nice picture of Pecora, very joyful—he's like that—"Ha-ha-ha!" David winning against Goliath, radiating joy, radiating leadership, the sense of a possible change for the good, the judgment on the bad people.

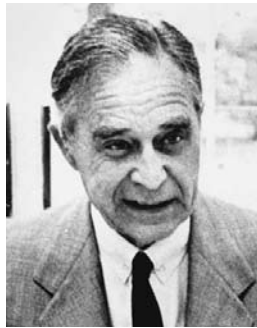
Pecora had accomplished the following: He had personally examined many high-profile witnesses with an absolute commitment to expose the truth—the issue of the Pecora Commission is truthfulness—the truth of what Roosevelt had called during his campaign, "the ruthless manipulation of professional gamblers, and the corporate system." Pecora had established a true Amer-

ican debate on the key issues of economics, on the very nature of what economy *is*, and is not. He had organized media coverage as a pedagogical device for the population, a public forum on the causes of the Depression, relieving the population of its guilty feelings that the oligarchy had been trying to induce into them. Pecora not only had subpoena powers as a prosecutor, but also access to the documents of the banks. It was then not only words against words, but ideas, substantiated by validated proofs.

The debate in itself was not the subject matter, but the true issue was the laws that it was going to inspire, the legal leverage, I would say. For that purpose, Pecora produced 171 boxes of material, and testimony recorded in more than 12,000 printed pages. The hearings led to the creation of new institutions, asserting the power of the State over Wall Street, and much more deeply, the prevalence of the American Constitutional order. It was not to produce new institutions, issue per issue, on a single-issue basis, but a coherent set of institutions to control an environment.

The banksters had lost, temporarily, and the United States Congress voted, then, spurred by the revelations: the Securities Act of 1933; the Securities Exchange Act of 1934; the 1935 formation of the Securities and Exchange Commission, as a means to enforce the new acts. The Emergency Banking Act, in the context of the famous banking holiday. The Home Owners Loan Corporation, the precedent for LaRouche's much broader Homeowners and Bank Protection Act. The Glass-Steagall Act, separating activities of chartered commercial banks from investment banks, and banking from insurance; that was at the end of June 1933. And then, the Wheeler-Rayburn Public Utility Holding Company Act.

Pecora, when he closed his investigation on July 2, 1934, was appointed by Roosevelt as Commissioner of the newly formed U.S. Securities and Exchange Commission. And in 1939, he wrote his famous book about

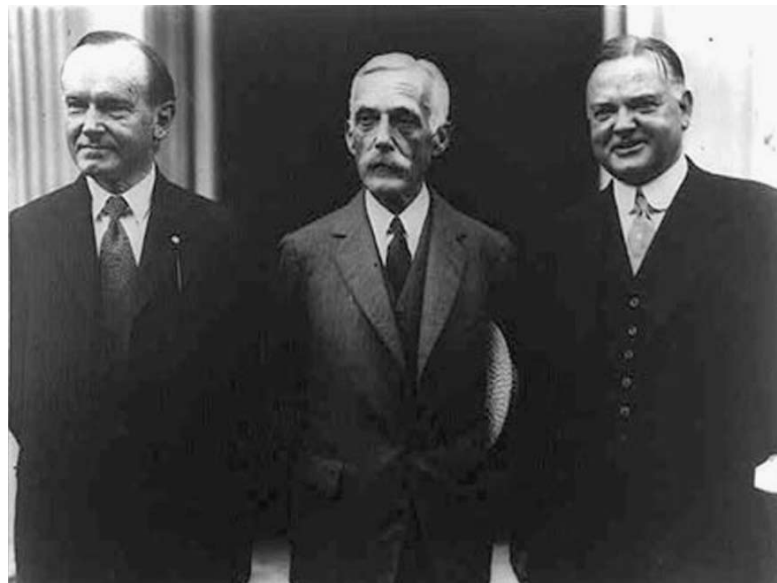


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Among the most rabid enemies of FDR and Pecora were (top left to right): Prescott Bush, financed Hitler's rise to power, with the cooperation of bankers; Thomas Lamont, financier of Mussolini, claimed Morgan's power was "a great popular delusion"; Carter Glass, Morgan's bought-and-paid-for man in the Senate, rushed to his defense during the hearings; (below): Treasury Secretary Andrew Mellon (center) to Presidents Coolidge (left) and Hoover (right), ensured that Morgan & Co. would never pay taxes.



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his state investigations, *Wall Street Under Oath: The Story of Our Modern Money Changers*—the subtitle is often left aside, "The Story of Our Modern Money Changers," *Les Marchands du Temple* in French.

Let me present two quotes from Pecora's book. First, from the Preface, and this is a quote from Pecora himself: "Under the surface of the governmental regulation of the securities market, the same forces that produced the riotous speculative excesses of the 'wild bull market' of 1929 still give evidence of their existence and influence. Though repressed for the present, it cannot be doubted that, given a suitable opportunity, they would spring back to their pernicious activity."

Then, a second quote in the book itself, *Wall Street Under Oath*: “Had there been full disclosure of what has been done in furtherance of these schemes, they could not long have survived the fierce light of publicity and criticism. Legal chicanery and pitch darkness were the bankers’ stoutest allies.”

Picking Up the Torch

What Pecora is telling us, is that much remained to be done then, and it is up to us to pick up the torch. Indeed, it is since then, that all the regulatory legislation of those days which vanished, or was diluted, in the permissive and criminal atmosphere of the “New Economy”—the decoupling in 1971 of the dollar from gold, Aug. 15, 1971; the London Big Bang, big deregulation, of Oct. 27, 1986, the Thatcher deregulation; the Alan Greenspan exuberant follies from 1987 on, and the “Washington Consensus” of the 1990s. And the City of London is proven, if you look at this period of history, as having been the platform for the Wall Street gangsterism, and you can see it if you follow one Joseph Casano, the insurance company AIG’s representative in London, who there, following Michael Milken’s example, invented the collateralized debt obligation, to transform credit into assets, then make money at it, then more credit, then more assets, and have the snowball rolling—and destroying economies and human beings.

Hence, the urgent need, here and now, for a new Pecora Commission. Lyndon LaRouche said it first: We of his movement have said it for each of our countries. In France at this point, we have 50 mayors, more or less, who have signed for it, and about 1,500 individuals. A hundred experts, like Ron Chernow, asked for it. Bernie Sanders, who is the Independent Senator from Vermont, has said it in *The Nation* magazine: “Put Wall Street Under Oath,” he wrote. Republican Sen. Richard Shelby from Alabama called for it; and even Stephen Lewis, writing on Jan. 9, 2009, in, “Investigating the Financial Crisis and My Passion for Borsalino Hats,” which relates his personal encounter with Judge Pecora.

The problem is that the Pecora Commission issue, except for us and very few more, tends to become an issue in itself, a single issue, what was certainly not the case for Pecora himself and for Franklin Delano Roosevelt. Therefore, you have, today, committees asking question to the bankers, such idiotic questions as: “What’d you do with the money?” *Never* ask such a question to a banker—he will never respect you again.

So Barney Frank’s Financial Services Committee of the House of Representatives organized hearings on “how to regulate the financial markets.” Here are the words. Nothing came out of it. By a fallacy of composition, it was technical hearings, not political, contrary to Pecora’s. Barney Frank—the question remains if he’s an imbecile, or a financial pirate, or both—sabotaged efforts to place curbs on the \$1.4 trillion unregulated derivatives markets, which are uncontrolled. He even killed a bill which would have banned the sale of naked shorts, which means betting against something that you don’t own. He even killed that.

Timidly, the Commodities Futures Trading Commission proposed to ban trading in naked credit default swaps, the famous CDSs, the most peculiar security—a bet on thy neighbor’s life, or default. Even that was refused! And it was said, timidly, by the Commodities Futures Trading Commission, “under certain circumstances and with the President’s consent.” But nonetheless, Barney Frank said no. “Wall Street has rebelled against the proposal; Nancy Pelosi and myself will support Wall Street.” And that’s what happened.

Lyndon LaRouche commented: “We are in the midst of the worst financial and economic crisis in the history of the United States. Nothing comparable has occurred since the 14th-Century collapse of the House of Bardi, which brought on the European New Dark Age. At that time, one-third of the population of Europe was wiped out, as the consequence of the collapse of the Lombard banking system. And I see Barney Frank behaving like some creature from the pages of Boccaccio’s *Decameron*, prancing around, denying reality, as civilization disintegrates all around him. This is malice. This is evil.”

Too Polite!

In France, the National Assembly and the Senate called very politely to the banks to come and testify, with no powers to subpoena, and no access to documents for the Deputies and Senators. It is as if Pecora, before his hearings, would have cut off his hands and feet.

The bankers said that the state had given them money, and that they had to accept it. But the situation is so good, that they could have refused the offer! In other words, they pocketed the money, without even saying “thanks.” Etienne Pflimlin, president of the Crédit Mutuel and representative of a family which made history in France, declared: “When it is said that

the state granted gifts to the banks, it has a disastrous effect when a customer comes to ask for credit, and we have to refuse. There is no ‘credit crunch’ in France, only unreliable clients.” There was some laughter about it, and it is said that the nose of the bankers crossed the River Seine, from the National Assembly, and reached into the Church of the Madeleine.

All this is, of course, ridiculous, and has nothing to do with the Pecora investigation, except for the word “commission” or “committee.”

In my own call, I asked for a true inquiry, not only on what the banks do with the money given to them by the state, but on all practices of the last 40 years, like Pecora did. Not a single issue, but an investigation to replace “financial time” by “economic time,” in a political context. I asked for subpoena powers, right to access to banking documents, presence of counsel or counsels with the commission, and the temporary requisition of the banks. And I added, that I would be delighted to be there, to ask questions—or to help the others in asking the questions.

“Oh! M’sieur, m’sieur! What are you telling me? This is impossible! It breaks the rules of the game! *Non!*”

Well, Lyndon LaRouche, Helga Zepp-LaRouche, and I must say, also myself, have a specialty: to call for impossible things, that become mandatory as time goes on, as the crisis unravels. If we don’t look at what happened in the past, we have no power to master our future.

Let me tell you now what type of questions I would ask (I can’t restrain myself from that):

“Why are your operational margins increasing, and nonetheless, you are granting so few loans?”

“Why don’t you give the *Mittelstand—le petit et moyen entreprise* [small and medium firms]—the credit that they’re asking for? Either your banks are in much worse shape than you say, or you are trying to make more profit through the crisis—or, both: Please, could you explain?”

“Why, a few months ago, were you saying, Messieurs Bébéar and Pébereau [French businessmen], that the complexity of the financial system was an absolute insurance for the investors and the economy? And now, you are blaming the complexity, and not yourselves? Well, most of you, together with our own prime minister of France, are blaming tax havens. But then, why are you continuing to open offices in those tax havens? Like in Jersey, the Bahamas, the Virgin Islands, the

Cayman Islands. Lately it was BNP Paribas in Jersey. Please, can you say something about that, Mr. Pebereau? Can you explain?”

“Why, Mr. Josef Ackermann [CEO, Deutsche Bank], did you call for a ‘bad bank,’ to gobble up Deutsche Bank’s toxic waste, in 2003, when you were saying that everything was good and fine?”

“Why M. de la Société Générale, why did you tell your Swiss affiliate to sell off the Madoff holdings in 2005, without telling your customers? Please, can you explain?”

“Why, today, do interest rates in T-bonds have such spreads? For 10-year T-bonds, it’s 5.8% in Greece, 4.6% in Italy, 5.5% in Ireland, 3.2% in Germany, and 3.6% in France. There is a rule of solidarity in the euro-zone, and therefore the rates should be the same: Hey! Mr. Bankers, are you betting on the euro to collapse, while you are saying publicly, at the same time, that it would be a ‘catastrophe that could never happen,’ that it would be a disaster?”

And a last one:

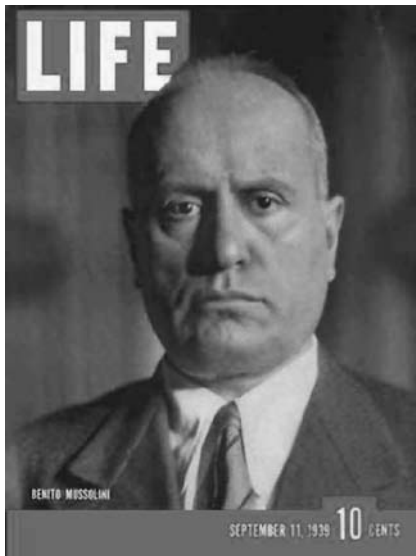
“Antonio Maria Costa, as was said yesterday by Helga, the UN Office on Drugs and Crime director, has recently declared, and it’s published in the Jan. 27 issue of the Austrian weekly *Profil*: ‘In many cases, drug money is currently the only liquid investment capital, to buy real estate, for example. In the second half of 2008, liquidity was the biggest problem that the banking system had, and therefore, this liquid drug capital becomes an important factor.’ Then, Mr. Jean-Claude Trichet [president of the European Central Bank], why have you swallowed billions of euros to provide liquidity to Banco Santander and others, which have organized the real estate boom in Spain, with funds coming from a certain type of production in Central and South America. Please, let us check your books. Let us check your accounts.”

Don’t expect Barney Frank in the U.S. or Mr. Arthuis [chair, French Senate Finance Commission] or Mr. Migaud [chair, Assembly supply committee] in France, or others in Germany, to ask such questions. They are too polite, too polite to be honest.

But this is not yet going to happen, at this point. Why? Political cowardice.

The Bankers Strike Back

Let’s go back now, to the situation in the United States in 1933-1934: February 1933, before his inauguration, there was a murder attempt against President-



Time and Life magazines put Mussolini on their covers in the '30s (above). Today, Time runs this cover featuring Obama as Roosevelt (Nov. 24, 2008): This was the crowd that plotted a fascist coup against FDR! They are warning Obama, "Behave! Don't listen to LaRouche. He represents the dangerous ideas of FDR."



elect Roosevelt, and the Mayor of Chicago, Illinois, who was next to him, was killed. This is not mentioned, or barely mentioned, in the French history books; I don't about other countries of Europe.

April-June 1934: Wall Street was defeated before the Pecora Commission. Or the conditions for the defeat were created. What happened? They prepared a fascist coup in the United States! It is not only that George W. Bush's grandfather, Prescott Bush, had financed Hitler's rise to power, with the cooperation of bankers, *but they were preparing a fascist coup inside the United States itself!*

Look at today. There is this picture: That's the "cigar-chomping" Pecora, which I mentioned before. This is David confronting Goliath, and he's happy, he gets a kick out of it: He's happy!

So, this is the attack. In *Time* [magazine], I think, that they show Roosevelt's picture; and they attack Obama, by putting Obama as if he was Roosevelt, and with a racist connotation in it that is really disgusting. The article is not too favorable to Obama.

So, it is here, today. If they are comparing Roosevelt to Obama, and a fascist coup was prepared against Roosevelt, they are warning Obama, and Soros and

company are telling him, "Behave! Do what you have been paid for. Don't listen to this man [LaRouche]. He is representative of Roosevelt in these days—don't listen to him." And this is the message.

So, this is what *Time* magazine was producing in those days, promoting this man, Benito Mussolini. Then, you had *Life* magazine: Benito Mussolini, 1934, the magazine of Henry and Claire Booth Luce, the Synarchy in the United States. This is July 1934.

So: The attack against Roosevelt that's launched today—and remember that Obama has recently mentioned Roosevelt as a reference; he may not understand very well what he's talking about, but he's talking about it. And what Lyn laid out in his last webcast.

So, then you see, with the inspiration of the past, what is the present situation of the United States, with the same type of dangers that were faced in '33-'34—in different form, with the control of the strings, today, but with the same intention and targeting the same type of people.

What was behind the campaign against Roosevelt, against Pecora, and in favor of Benito in the '30s? The coup prepared by Wall Street and the City of London to get rid of Roosevelt. Maybe not to kill him, but to weaken him, so that he would be like a French President of those days, *inauguret les chrysanthèmes*,² a puppet President. Or, as an oligarch of those days said, to do to Roosevelt, what Mussolini did to the King of Italy. Their first tool was the American Legion, which was nicknamed, "The Royals," because their behavior was so British, and so patrician. In 1921, the head of the Legion, Alvin Owsley, said, "If need be,

2. Literally, "to begin the ceremony of placing chrysanthemums (on a grave)." As a metaphor, it refers to a politician who has become a figurehead, one reduced to a ceremonial or honorary role.



www.post1864.org/aboutlegion.htm

In 1921, the head of the Mussolini-loving American Legion, Alvin Owsley (inset), said, "If need be, the American Legion is ready to protect the institutions of this country and its ideals, in the same way as the Fascists have treated the destructive forces threatening Italy. Don't forget that the Fascists are for today's Italy what the American Legion is for the United States." Above, the first Legion parade, Minneapolis, November 1919.



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A Coup Attempt

The idea was to finance and exploit the discontent of the war veterans. Already, what is not known in Europe, in July 1932, a Bonus Army, veterans asking to be paid, legitimately paid for their bonuses, had settled on the banks of the Anacostia River. The head of the operation—it was July 1932, before the elections of '32—Maj. Gen. Smedley Darlington Butler, who was a true American patriot at the time, even if somehow misguided, managed to calm down the situation.

The idea of the Morgans and the Lamonts, together with British and Italian Fascist agents, was to entice Butler into a new operation after the Bonus operation, with veterans against Roosevelt. The key man in the operation, the key field operator, was one Gerald MacGuire, who worked with Col. Grayson Mallet-Prevost Murphy—Mallet—a man on the preferred list of the Morgans, and one of the directors of the Morgan

the American Legion is ready to protect the institutions of this country and its ideals, in the same way as the Fascists have treated the destructive forces threatening Italy. Don't forget that the Fascists are for today's Italy what the American Legion is for the United States."

Well, 1931, 1932, 1934, around the American Legion—not only the American Legion—came a lot of declarations praising Mussolini, attacking Roosevelt, and involving the Ku Klux Klan.

Second, after the American Legion, or together with the American Legion, was a creation of paramilitary fascist groups in the United States, such as the Silver Shirts, the Crusaders, and the Sentinels of the Republic. And in California, of all places, in California, Victor McLaglen, the actor, launched the California Light Brigades. So all this is not important—all these things are not important in themselves, but they try to create emotion for a fascist-type of government in the United States.

Guaranty Trust. He used to wear a Fascist state medal given to him by Mussolini. MacGuire, with various sources of money—the Lamonts, the Morgans, the Singer family money. One Clark, who gave him the money from the Singer sewing machine family money, tried to buy Butler, but he failed.

There were also initiatives to coopt Frank N. Belgrano, Jr., who was elected the head of the Legion in the Fall of 1933. And this Belgrano was a vice president of the Bank of Italy/Bank of America, the one that managed Mussolini's accounts in the United States.

It was in those days that Roosevelt was the first Western head of state, on Nov. 6, 1933, to officially recognize the Soviet Union, the U.S.S.R. The bankers immediately jumped at his throat, saying, "It's a new Rappallo with the Soviets!" And the British, more than anybody else, feared that Roosevelt would torpedo their plans to pit Hitler against Stalin and Stalin against Hitler. Thomas Lamont, then, gave an incredible speech before the Foreign Policy Association, praising to the



The fascist coup plotters attempted to recruit Maj. Gen. Smedley Butler to their scheme, but Butler blew the whistle on them. He was pilloried in the pro-fascist press, and Morgan pronounced him “ridiculous.” “This cannot happen in the United States,” he huffed.

hilt Benito Mussolini, and his methods, saying, Fascism, as a social and economic policy, is the best of all systems.

On Dec. 1, 1933, MacGuire went to Europe, and decided, when he came back, that the hard-core fascisms were not convenient for the United States, and he promoted another model: The French model! Fascism, with war veterans, the Croix de Feu [Cross of Fire], which later becomes the Parti Social Français, launched against Roosevelt’s friend and ally in France, Léon Blum, and containing him. MacGuire also refers to the Cagoule, the paramilitary organization which planned a fascist coup in post-Popular Front France.

But Roosevelt, with the Pecora Commission impulse, was building his base. He stopped foreclosures; he promoted the parity price in agriculture; the Wagner Act of 1935 for labor; the Tennessee Valley Authority, electrification; reconstruction, the Reconstruction Finance Corp.; the Works Progress Administration.

Then the coup failed, because of Roosevelt’s popular support, he had gained the support through his fight. And this is what people today, attacking Roosevelt, hate

him for: Because he won. Despite the fact that the du Pont family had joined the camp of the coup, and prepared the eventual supply of weapons with a controlled Remington Company. And also Butler, realizing that he was manipulated, and being a patriot, denounced the coup. All the press at that time, from the *New York Times* to the magazines, then ridiculed Butler! Morgan himself declared, “This is too ridiculous to comment. Something like that can not happen in the United States.”

But the “coup hypothesis,” as it was said at the time, was checked by the special House Committee to investigate Nazi crimes in the United States. And this is like a follow-up, in exposure, of the Pecora Commission. You have to see that as a single thing.

I went through all this, to show you that what Pecora organized was not, again, something technical, the work of a good expert, of a courageous man. But it was a political battle, with all the political consequences: The anti-Nazi Commission published a report on Feb. 15, 1935, which said, “During the few weeks of our commission’s existence, we have obtained proofs that some persons had made an attempt to establish a Fascist organization in this country. There is no question but that these attempts were discussed, were planned, and might have been placed in execution when and if the financial backers deemed it expedient.”

Roosevelt’s New Deal was therefore the policy to escape from the Fascist dilemma, from the Fascist coup. It was based on the general welfare, and the tradition of the American System of physical economy. Neither liberal monetarism, nor dirigist monetarism, it was the system of Friedrich List, Hamilton—and Lyn has told us many times the connection between Franklin Delano Roosevelt, and Isaac Roosevelt, a friend of Hamilton’s; this was a system of List, Hamilton, the Careys, and such European economists as Paul Cauwès, in France, only a more advanced form; Bismarck’s counselors in Germany.

Roosevelt’s reference to a New Deal for the entire world, in 1944, remains a reference for today against the betrayal by Harry Truman, and these people that had hidden behind Roosevelt during the war, who came up again on the scene with Truman after the war.

Pissing on Sacred Gardens

Now, a last thing, and I think it’s the most relevant of all: Today, with the policies followed in England, the United States, and Europe, what is happening is a reappearance of those banking holdings similar to



FDR Library

“Enemy allies”: President Franklin Roosevelt (seated) and Gen. Charles de Gaulle fought in the Pecora tradition, each in his own way. Both governed with the eyes of the future.

sacred gardens of the bankers, like a Rabelaisian character. He deliberately located his identity outside of the system: For this reason, he was an example for all his people, the will of a few that provide orientation and leadership to all, in a joyful, humorous way. He challenged, under Roosevelt and with him, the cultural immorality of a society in decay.

The effect of an intervention of that sort in human beings, is that human beings discover—or re-discover—their human potential. And this is the key for Pecora and the revival of Pecora today.

Lyndon LaRouche, in his latest paper [“Now Comes Economic Time,” *EIR*, Feb. 20, 2009], shows the need to be effective in our mission, to

those of the Mussolini period in Italy. And we have to remember that Hitler and Mussolini, and Pétain in France, were put in power by international banking and financial holdings, in particular, from the City, and their allies in Wall Street, to divide and conquer Europe, and finally destroy Russia, and mainly, the United States. This was their plot, and it’s still their plot, now.

Therefore, to call for a Pecora Commission today is not a thing in itself, or a single issue. It is a weapon to organize people against the coming back of financial fascism under the present conditions of the destruction of labor, and the destruction and disintegration of the productive economies. The issue is, the potential productive powers of labor are being destroyed, while the relative potential population density, in the present terms, is lower than the present population density. So, the potential to feed and develop a population is lower than the conditions to maintain the present population!

What prevents a change at this point, in orientation, is precisely those financial interests which revived at the end of World War II and after the death of Roosevelt. Pecora is an example: Because he pissed on

understand the relativity of physical space-time, as against the linear time of the clocks: the physical space-time, which is a time of creation.

Let’s now look at something. Contrary to what certain people would think, this doesn’t mean superman: It’s John Maynard Keynes. It means sex and statistics. [laughter] Because, Keynes himself, in a letter, when he went on a honeymoon trip (as he called it) with Duncan Grant—and Duncan Grant was the future husband of Vanessa Bell, the sister of Virginia Woolf (I’m getting lost now!)—and Keynes was writing the letter from the Orchid Islands to his former lover Lytton Strachey, who was also the lover of Virginia Woolf at some point, and also of Duncan Grant. This is like the conglomerates in London. It’s like a group of people who are together—this was called the Bloomsbury Set—with divergent interests, but together to dominate and curb the others.

Remember that yesterday, Lyn mentioned the fact that Keynes himself, in his Preface to the 1937 German edition of *Theory of Employment, Interest and Money*, wrote that a state like Germany, Nazi Germany at the time, is best suited to apply my ideas. Also Jean [de l’Argenté] in 1942, when the *Theory* of Keynes was

published in French in 1942, said, “As for the monetary policy applied in Germany since 1933 by Dr. [Hjalmar] Schacht, it would be difficult to comprehend its nature and its results without Keynes.”

So, Keynes was an admirer of the pirates, and he thought that England was in part created by Sir Francis Drake.

‘Enemy Allies’

So, the next, and last thing, I want to show you, is two persons that fought, in the Pecora tradition, accomplishing part of the potential that Pecora gathered: de Gaulle and Roosevelt, each in their own way. They were called “enemy allies,” or “allies as enemies.” In fact, they were both disoriented by Churchill, and bad advisors on both sides. But in fact, in intention, and in the work that was done, they did it together, because both governed with the eyes of the future.

And then, what happens when you have such leadership? You realize that time in itself, and space by existence, are delusions, as Lyndon LaRouche has put it. You see space changing, time changing, under the conditions of human development, time and space are relative—physically. You see space changing: You don’t measure space in kilometers or miles, but in the reduction of time, least time, to go from one place to another. The distance traveled contracts itself, through the scientific discovery of principle, applied as technological progress—the TGV high-speed trains and the maglevs. Time also becomes measured in social demographic terms, “relative” meaning, then, the increasing relative population density, relative again to the dynamics of the power of technology.

You are, then, in a true human universe. Ferdinand Pecora, somehow, opened the gates. Our task and our constraints, forced by the dramatic collapse of the world and society, is to bring forth higher states of humanity, higher states of being, the shared power to escape today from the *pit*, because what threatens us is a pit. That is a condition for humanity to master its destiny.

And I am, at the same time, angry, as Helga said yesterday, and very, very hopeful, being among you. I think that, provided we all fulfill our mission, we are entering a period where there is an accumulation of the power of communicating and receiving intense and impassioned conceptions respecting man and nature, a power which is seated on the throne of our own souls, in the time of all times.

Thank you.

Prof. Devendra Kaushik

Strategic Cooperation: U.S.-Russia-China-India

Prof. Devendra Kaushik of the Asian Study Institute of the Indian Ministry on Education addressed the Schiller Institute conference on Feb. 22.

Madame Helga, Great Teacher Mahaguru Lyn, esteemed friends from Germany, colleagues from the Schiller Institute, other fellow co-participants from countries of Europe, America, and other continents. I would, at the outset, like to express my gratitude to the Schiller Institute, and its dynamic director for giving me this opportunity to be here with you this afternoon.

Incidentally, it marks this year, the half a century of my first interface of a stint with your country, Germany, which I visited for the first time in 1959. I was impressed by what in those days used to be called the “German miracle.” But, as a young lecturer of international relations from India, I had just begun my academic career, I was not aware of all the complications, the techniques, the mechanisms of this recovery. And here, you know, my association with the LaRouche movement, with this young couple—ever young, because youthfulness is not measured by age. Well, his youthfulness, his exuberance, his optimism is simply infectious, and it has infected me, and not me alone, but many in my country.

I have been a teacher, for now more than half a century. And in my humble way, I’m lovingly and fondly addressed in India as a guru. But here, is *Mahaguru*, “Guru of the gurus.” Yes! I’m not saying it just to express certain pleasantries, but this is what I have experienced over the years.

In the beginning there was difficulty in understanding his ideas. I thought, here is some staunchly anti-British American, who, because of his German connection perhaps, he is—you know, the old Anglo-German rivalry, and all that!—there were certain aspects. But then, I could reach the kernel of truth: this *British Empire*.

So, the British Empire he refers to, is not the British people! It is an institution, a reincarnation of Venetian