

Roosevelt's appeal to Congress to pass the Bretton Woods agreement

by Richard Freeman

On Feb. 12, 1945, U.S. President Franklin Delano Roosevelt transmitted his "Message to Congress Urging Adoption of the Bretton Woods Agreements." We present excerpts of his message below.

When he wrote his message, Roosevelt had been engaged in a four-year fight with the British on the shape of the postwar monetary and economic system, which would determine the lives of people around the world. The British had been demanding the establishment of a monetary system that would secure their imperial interests: continuation of their "imperial preference system" trading bloc with their colonies and other Dominion nations, an international reserve currency role for the British pound sterling (which was otherwise bankrupt), and a dominant role for London as the world financial center.

Roosevelt's began from a totally different starting point—the republican worldview. There were two great objectives Roosevelt was trying to accomplish: 1) to free more than half the world's population from the British, French, Dutch, Belgian, and Portuguese empires, and 2) to unleash global economic reconstruction and development, that is, to "reconstruct" shattered Europe's and Japan's economies and to "develop" the former colonial sector, eliminating enforced underdevelopment (this is where the World Bank's name came from). Roosevelt proceeded from the American System of economics, of anti-usury, pro-energy-intensive, pro-capital-intensive, republican-based development, tracing itself back to the 1437-39 Council of Florence.

Do not be confused, in reading FDR's discussion of the International Monetary Fund and International Bank for Reconstruction and Development (World Bank), by what those institutions represent today: agencies for speculation, globalization, and genocide. See them, instead, through FDR's eyes: as institutions which he was creating in order to achieve American System purposes.

As for the United Nations, two notes are needed: First, during the Second World War, United Nations was the term that the Allies used to describe themselves. Second, Roosevelt had sought to have Russia and China on the Security Council of a newly created UN, to fight alongside other nations against the British imperial bloc. However, there were other factions

involved in the UN's founding, such as the evil Bertrand Russell and H.G. Wells combine, a discussion that goes beyond the scope of this short introduction.

Had Roosevelt lived, and had he had hands-on control of U.S. economic policy in his fourth term, and helped shape the postwar world economy, the world would be a far different and better place today.

Recall the stark similarities of the period of 1945 and today: While, today, the world is not emerging from a world war, nonetheless, devastation, breakdown, and enforced underdevelopment exist everywhere, just as they did 50 years ago. The warfare today is economic, run by the British financier oligarchy. Our weapon against them is bankruptcy reorganization, and the infrastructure-building New Bretton Woods system proposed by Lyndon LaRouche.

FDR's courage to lead in the rebuilding a suffering world is fit instruction for today. Excerpts of his message follow:

'This generation has a rendezvous with destiny'

In my Budget Message of January 9, I called attention to the need for immediate action on the Bretton Woods proposals for an International Monetary Fund and an International Bank for Reconstruction and Development. It is my purpose in this message to indicate the importance of these international organizations in our plans for a peaceful and prosperous world.

As we dedicate our total efforts to the task of winning this war, we must never lose sight of the fact that victory is not only an end in itself, but, in a large sense, victory offers us the means of achieving the goal of lasting peace and a better way of life. Victory does not insure the achievement of these larger goals; it merely offers us the opportunity—the chance—to seek their attainment. Whether we will have the courage and vision to avail ourselves of this tremendous opportunity—purchased at so great a cost—is yet to be determined. On our shoulders rests the heavy responsibility for our making this momentous decision. I have said before, and I repeat again: This generation has a rendezvous with destiny.

If we are to measure up to the task of peace with the same

stature as we have measured up to the task of war, we must see that the institutions of peace rest firmly on the solid foundations of international political and economic cooperation. The cornerstone for international political cooperation is the Dumbarton Oaks proposal for a permanent United Nations. International political relations will be friendly and constructive, however, only if solutions are found to the difficult economic problems we face today. The cornerstone for international economic cooperation is the Bretton Woods proposal for an International Monetary Fund and an International Bank for Reconstruction and Development.

These proposals for an International Fund and International Bank are concrete evidence that the economic objectives of the United States agree with those of the United Nations. They illustrate our unity of purpose and interest in the economic field. What we need and what they need correspond—expanded production, employment, exchange, and consumption—in other words, more goods produced, more jobs, more trade, and a higher standard of living for us all. To the people of the United States this means real peacetime employment for those who will be returning from the war, and for those at home whose wartime work has ended. It also means orders and profits to our industries, and fair prices to our farmers. We shall need prosperous markets in the world to insure our prosperity, and we shall need the goods the world can sell us. For all these purposes, as well as for a peace that will endure, we need the partnership of the United Nations.

The first problem in time which we must cope with is that of saving life, and getting resources and people back into production. In many of the liberated countries, economic life has all but stopped. Transportation systems are in ruins, and therefore coal and raw materials cannot be brought to factories. Many factories are shattered, power plants smashed, transportation systems broken, bridges blown up or bombed, ports clogged with sunken wrecks, and great rich areas of farmland inundated by the sea. People are tired and sick and hungry. But they are eager to go to work again, and to create again with their own hands and under their own leaders the necessary physical basis of their lives.

Emergency relief is under way behind the armies under the authority of the local governments, backed up first by the Allied military command, and after that by the United Nations Relief and Rehabilitation Administration. Our participation in the UNRRA has been approved by Congress. But neither UNRRA nor the armies are designed for the construction or reconstruction of large-scale public works or factories or power plants or transportation systems. That job must be done otherwise, and must be started soon.

The main job of restoration is not one of relief. It is one of reconstruction which must largely be done by local people and their governments. They will provide the labor, the local money, and most of the materials. The same is true for all the many plans for the improvement of transportation, agricul-

ture, industry, and housing, that are essential to the development of the economically backward areas of the world. But some of the things required for all these projects, both of reconstruction and development, will have to come from overseas. It is at this point that our highly developed economy can play a role important to the rest of the world, and very profitable to the United States. Inquiries for numerous materials, and for all kinds of equipment and machinery in connection with such projects, are already being directed to our industries, and many more will come. This business will be welcome just as soon as the more urgent production for the war itself ends.

The main problem will be for these countries to obtain the means of payment. In the long run, we can be paid for what we sell abroad chiefly in goods and services. But at the moment, many of the countries who want to be our customers are prostrate. Other countries have devoted their economies so completely to the war, that they have not the resources for reconstruction and development. Unless a means of financing is found, such countries will be unable to restore their economies. . . .

The United States should act promptly upon the plan for the International Bank, which will make or guarantee sound loans for the foreign-currency requirements of important reconstruction and development projects in member countries. One of its most important functions, will be to facilitate and make secure wide private participation in such loans. The Articles of Agreement constituting the charter of the Bank have been worked out with great care by an international conference of experts, and give adequate protection to all interests. I recommend to the Congress that we accept the plan, subscribe the capital allotted to us, and participate wholeheartedly in the Bank's work.

This measure, with others I shall later suggest, should go far to take care of our part of the lending requirements of the postwar years. They should help the countries concerned to get production started, to get over the first crisis of disorganization and fear, to begin the work of reconstruction and development; and they should help our farmers and our industries to get over the problem of reconversion, by making a large volume of export business possible in the postwar years. As confidence returns, private investors will participate more and more in foreign lending and investment, without any government assistance. But to get over the first crisis, in the situation that confronts us, loans and guarantees by agencies of government will be essential.

We all know, however, that a prosperous world economy must be built on more than foreign investment. Exchange rates must be stabilized, and the channels of trade opened up throughout the world. . . .

Almost no one in the modern world produces what he eats and wears and lives in. It is only by the division of labor among people and among geographic areas with all their varied resources, and by the increased all-around production

which specialization makes possible, that any modern country can sustain its present population. It is through exchange and trade that efficient production in large units becomes possible. To expand the trading circle, to make it richer, more competitive, more varied, is a fundamental contribution to everybody's wealth and welfare.

It is time for the United States to take the lead in establishing the principle of economic cooperation as the foundation for expanded world trade. We propose to do this, not by setting up a supergovernment, but by international negotiation and agreement. . . .

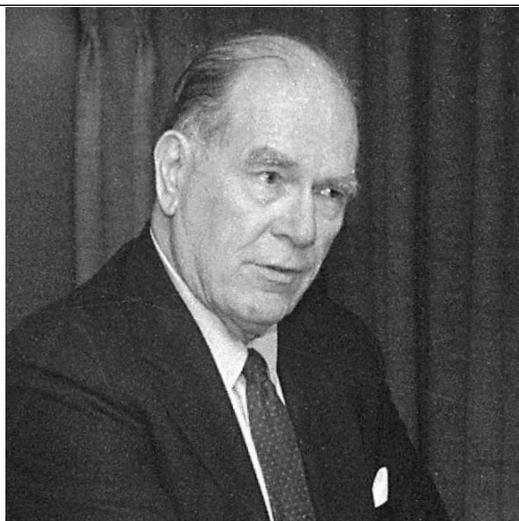
A good start has been made. The United Nations Monetary Conference at Bretton Woods has taken a long step forward on a matter of great practical importance to us all. The conference submitted a plan to create an International Monetary Fund which will put an end to monetary chaos. The Fund is a financial institution to preserve stability and order in the exchange rates between different moneys. It does not create a single money for the world, neither we nor anyone else is ready to do that. There will still be a different money in each country, but with the Fund in operation, the value of each currency in international trade will remain comparatively stable. . . .

The International Fund and Bank together represent one of the most sound and useful proposal for international collab-

oration now before us. On the other hand, I do not want to leave with you the impression that these proposals for the Fund and Bank are perfect in every detail. It may well be that the experience of future years will show us how they can be improved. I do wish to make it clear, however, that these Articles of Agreement are the product of the best minds that forty-four nations could muster. . . . It would be a tragedy if differences of opinion on minor details should lead us to sacrifice the basic agreement achieved on the major problems. . . .

In this message I have recommended for your consideration the immediate adoption of the Bretton Woods Agreements, and suggested other measures which will have to be dealt with in the near future. They are all parts of a consistent whole. That whole is our hope for a secure and fruitful world, a world in which plain people in all countries can work at tasks which they do well, exchange in peace the products of their labor, and work out their several destinies in security and peace; . . .

The point in history at which we stand is full of promise and of danger. . . . We have a chance, we citizens of the United States, to use our influence in favor of a more united and cooperating world. Whether we do so will determine as far as it is in our power, the kind of lives our grandchildren will live in.



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