From the desk of Pierre Beaudry

THE DELUSION OF '*GOING ALONG TO GET ALONG'*

(The epistemological history behind the Mississippi Bubble)

By Pierre beaudry, 7/23/2012

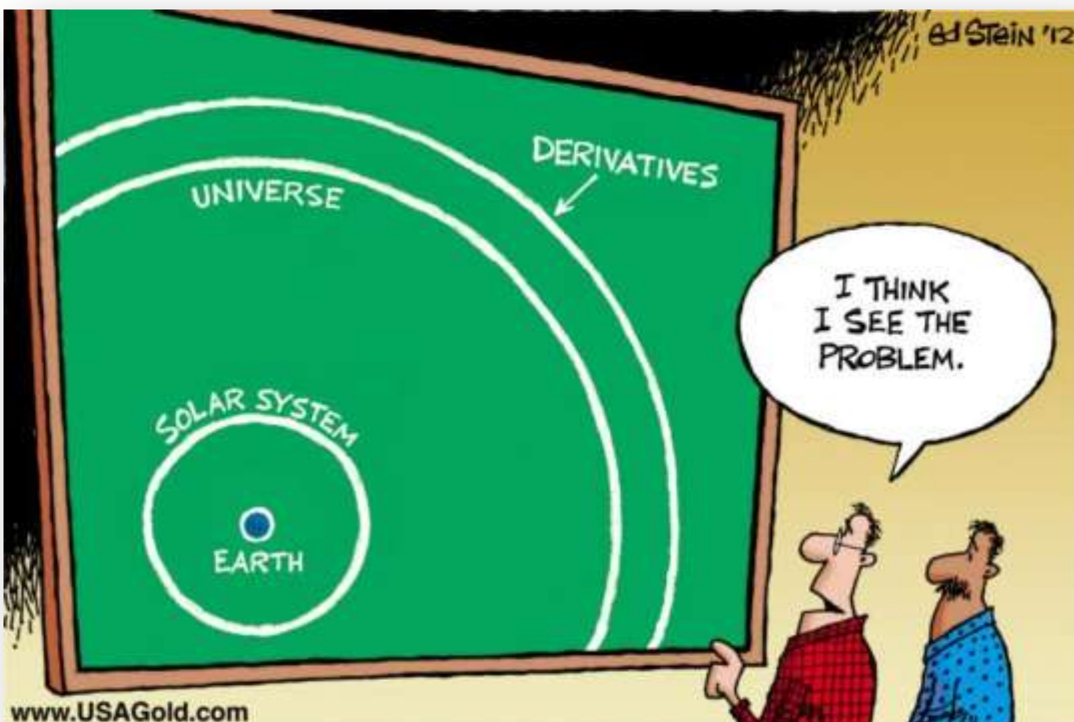

Figure 1. The invisible ring beyond the derivatives is the outer ring of mathematics.

FOREWORD

What you can expect to see happening in the next few weeks is an outburst of madness of popular belief on the part of millions of shareholders, who will be gripped by the biggest stock-market panic in recorded history, when the latest financial bubble of speculation on the future outcome of derivatives comes to an abrupt end. Several million people from around the world will be going down the Niagara Falls of the biggest monetary crisis in the last three thousand years.

The reason for that failure is not that the Venetian-Anglo-Dutch controllers of the monetary system have miscalculated, or have caused a momentary crisis of confidence. The reason is that the popular ***delusion of going along to get along*** has reached an axiomatic limit and the monetary system is destroying itself by virtue of its own corruption and criminality.

As Lyn showed, the point to stress in such cases is that you can forecast the collapse of a monetarist river, but you cannot know in advance when it will hit the cataract and how many people will go down with it. The thing you can forecast is that you can stop the catastrophe by implementing the alternative that will change the direction of the river flow in time. This report investigates the underlying epistemological implications behind monetarist delusions:

> ***"His fate was like that which may be supposed to have overtaken the first adventurous boatman who rowed from Erie to Ontario. Broad and smooth was the river on which he embarked; rapid and pleasant was his progress; and who was to stay him in his career? Alas, for him! The cataract was nigh. He saw, when it was too late, that the tide which wafted him so joyously along was the tide of destruction; and when he endeavored to retrace his way, he found that the current was too strong for his weak efforts to stem, and that he drew nearer, every instant, to the tremendous falls. Down he went over the sharp rocks and the waters with him. He was dashed to pieces with his bark; but the waters maddened and turned to foam by the rough descent, only boiled and bubbled for a time, and then flowed on again as smoothly as ever. Just so it was with Law and the French people. He was the boatman, and they were the waters."*** Adolphe Thiers

INTRODUCTION: THE DESTRUCTIVE EFFECT OF *'GOING ALONG TO GET ALONG'*

"The economic difference between oligarchism and republicanism is located in the orientation of credit. In an oligarchy, credit is a function of maintaining the past; in a republic, credit is a function of changing the future."

Dehors Debonneheure

As Lyn had forecasted, the time has come for the banking system to go through an axiomatic change: the banks must return to serve the people. This July 4, 2012, a faction of the British oligarchy decided to stop making believe that the present monetary system was still alive and called on ***The Financial Times*** to announce that the financial wizardry of derivative markets had come to an end in an editorial endorsing the LaRouche policy of returning to the Glass-Steagall Law of President Franklin Delano Roosevelt.

The paper emphasized: "For all the diversification benefits, the cultural tensions between investment and retail banking can only be resolved by totally separating the two, on formal Glass-Steagall-style lines." Furthermore, on July 10, the same ***Financial Times*** reiterated: "The Libor scandal demonstrates that Britain needs a cultural as well as a policy revolution in banking. After a week of skirmishing Britain's leading parties should show they have understood what is at stake." […] What we need is the complete separation of institutions, thereby enshrining different cultures, in other words, the resurrection of the separation which was enforced in America by the Glass-Steagall Act."

What determined the dramatic change that the entire world is now witnessing is not any particular decision made in London to investigate the Libor [London Interbank Offered Rate] scandal, but the realization that the oligarchy will not survive another bailout attempt of this dead monetary system. The plan of the derivative system was to bankrupt the United States of America, but the London decision seems to have changed the agenda. The time has now come to bury this decomposing cadaver and adopt the LaRouche credit system policy as the basis for a new just world economic order.

The significance of this British oligarchical decision to go with LaRouche's policy, at this time, does not mean that the British bankers understand the LaRouche policy, but that over 900 trillion dollars worth of derivative bets cannot, and will not be bailed out. This means that the British oligarchy has now come to realize that the current monetary system must be buried, even though it had been, in reality, dead since June of 2007. The implication is that this London oligarchical faction has opened the door for billions of people to celebrate this happy funeral and to understand that this is the beginning of the end of a three thousand year oligarchical monetary rule of the world. The question that I will try to begin to answer in this regard is: what is the nature of the process by means of which the state of mind of all of the nations of the world is about to undergo an axiomatic change almost simultaneously?

What triggered the British decision was the fact that Russia called the British bluff on its intention to launch World War Three in the aftermath of their assassination of Libyan leader, Muammar Gaddafi, on 20 October 2011, and thus, prevented a new Sarajevo scenario from coming out of Iran or Syria. After the Russian decision to stand firm on the South-West Asia region became clear, the war-game timing with a new bailout scheme was no longer feasible for the same City of London and Wall Street interests. As a result, all of the short and long term derivative bets that had been gambled in tandem with this new world war conflict collapsed the leverage of about twenty top banks of the Inter Alpha group which had manipulated the Libor exchange rate; from among them, UBS, Barclays, Bank of America, Citibank, Crédit Suisse, Deutsche Bank, HSBC, JPMorgan Chase, Lloyds, and Royal Bank of Scotland.

The point to be stressed, however, is historical in nature and relates to the stupidity of people who are susceptible to such manipulations. It was not the political interest of a handful of oligarchs which caused this speculative epidemic disaster. It was the people who willfully precipitated themselves into the madness of the derivative bubble. Throughout history, there have been several extraordinary delusions and madness events of this sort, notably, the financial bubble that has taken over Holland during the Tulip Mania (1637), the British South Sea Bubble (1720) and the French Mississippi Bubble (1716-1720). The main difference between those and the current situation is that, this time, the current flow of delusion is dominated by computers and mad mathematicians.

Nineteenth century British historian, Charles Mackay, provides us with some of the most interesting aspects of this type of general breakdown of society in his unique 1841 book, ***Memoirs of Extraordinary Popular Delusions and Madness of Crowds***. However, French author and President of France, Adolphe Thiers, demonstrated the underlying truth of such collective delusions in his insightful 1859 book, ***The Mississippi Bubble: a Memoir of John Law.*** A staunch republican, Thiers best encapsulated the underlying cause of the gambling madness by showing that the only way to avoid such delusion is to adopt a policy of "credit" based on a "well founded confidence in labor."

In the following pages, I intent to investigate the state of mind behind such delusions as ***The Mississippi Bubble*** and demonstrate how the underlying assumptions that led people to throw away their fortunes into make-belief schemes of ***going along to get along*** had no chance of winning. Why? Because all forms of the derivative bubbles are fallacies of sense certainty. Even after everybody inside of the monetarist derivative system knew that the system died in 2007, yet the perception of it being kept alive had the system going until now. You might ask: "Why was this cadaver not buried when it died, five years ago?" The reason is because the perception of ***being too big to fail*** kept it standing for five more years. But now, a paradoxical inversion has taken place where the perception of ***"too big to fail"*** has been turned into the reality of ***"too big to bail out!"***

The point to remember is that the human mind has to deal with two types of make-belief. There is false make-belief and there is true make-belief. The false form is always attached to sense perception, while the true one is always attached to a state of mind. The difference between the two, however, can only be seen through the beryl lens of Nicholas of Cusa, that is, through the lens of learned ignorance. Since anything that does not exist can always exist in some form of make-belief or other, it is important to make the difference clearly between those two types of make-belief so that lies can be sorted out from truths.

In the first case, make believe is always a fallacy of composition because it is attached to the illusion of sense certainty. In such a case, the believer is always deceived simply because the perception is not checked by the inferential power of his mind. Whenever the mind is not involved in a critical manner, the subject becomes susceptible to sense deception. On the other hand, make-believe attached to classical artistic composition, or to science, is a truthful form of make-belief because its effect is always caused by something that isn't there, but which exists in the form of not being perceived by the senses only for the purpose of awakening the mind through some form of metaphorical irony. That form of learned ignorance is the inferential trade mark of the creative thinking process as developed by Cusa. In other words, as Lyn showed, again and again, only the make-beliefs of artistic composition and of a scientific impulse of looking for what is not there, are capable of converging metaphorically on a universal truth. No make-belief of sense-perception can actually do that.

1. THE GREAT VENETIAN-ANGLO-DUTCH DELUSION

If one reads the dispatches of the Venetian Ambassadors to England and to Holland, from the 16th to the 18th centuries, it becomes clear that the Venetian intention was to establish a new control of the world by establishing a new Venice in the North Sea. The power of this Venetian-Anglo-Dutch operation did not come from the physical economy of technological advances in industry and labor, but from the monetarist leverage provided by banking tricks on trade and financial exchange. However, such tricks could not succeed unless large portions of the population were made to accept to go along with it**.** That's the principle underlying all forms of make-belief of sense perception. Venice is the best exemplary case.

In the early 1520's, the Venetians planned to take over England and the Netherlands when, Francesco Zorzi was sent over to take control of Henry VIII and manipulate his sexual proclivities. All generations of English people since those days knew that the private sexual behavior of their King was the pretext that broke the religious alliance with Rome. What they did not know is that the reason behind the move was the creation of a Venetian Party inside of England. This sexed-up make-belief has been hidden in the soul of every Brit since that time, and it has been covered up by the public facade of ***going along to get along*** until today.

As Gerald Rose showed in his 1994 report, The Venetian Takeover of England: A 200-Year Project, this takeover operation, which took more than 200 years to complete, was initiated through Anne Boleyn's uncle, Thomas Howard, Duke of Norfolk, who became the first leader of the Venetian Party in England. Was it merely a historical coincidence that the wife of John Law turned out to be the great grand-daughter of the father of Anne Boleyn, Thomas Boleyn, First Earl of Wiltshire and ambassador to France? The take-over process of Great Britain by Venice was completed when the British East India Company became the official instrument of the British Empire under the Treaty of Paris of 1763.

Almost a century after Zorzi started, the Dutch East India Company was created in 1602 when the Treatise on Trade and Currency Exchange established the first Stock Exchange in Amsterdam under the guiding spirit of another Venetian controller, Paolo Sarpi. Such an operation was established for privateers and was not to be controlled by the Nation State. This monetarist takeover was accompanied with an 80 years war of "liberation" of the Netherlands, orchestrated from behind the scene by Sarpi in favor of the Venetian interests and against the Habsburg Empire. This "liberation," however, was not meant for the people, but of the Dutch financial elite. This is when the modern form of so-called "creative banking" came into existence.

For instance, when the Dutch Central Bank was created in 1609, bankers invented a trick called ***fractional reserve banking***, whereby only a fraction of the customer's money is deposited at the bank, and the balance is used for further lending depositor's money. For example, let's say you deposit $1000.00 into the Amsterdam Bank. The Bank is allowed to retain 10%, or $100, as a reserve fraction. The rest, $900.00, is loaned out to another customer who opens an account in the same bank where he deposits the same amount of money a second time. Again, the bank secures another reserve fraction of 10%, or $90.00, and relends $810.00 to a third customer, under the same condition. Thus, the same money gets redeposited up to 50 times, and the Bank makes a profit of $9,954.00 out of an original deposit of $1,000.00. This is the multiplier trick that bankers use in order to make-believe that they have the power to create money. Of course, this has nothing to do with the real physical economy, but the illusion works.

It is this sort of magician trick which is at the source of the current monetary crisis. This make-believe money multiplier represents the very nature of the process of bankruptcy. The illusion is that the power to multiply money is considered the source of creativity. From that vantage point, bankers make believe they go on the limb to help people manage their liabilities, while, in reality, they use people's hard earned money to gamble with other bankers. The fallacious illusion is that while people are made to believe that it is their deposits which generate loans, it is the opposite which is true. It is the loan multiplier which generates deposits, and this is the reason why, today, the largest profits of banks only comes from loans made to other bankers. Again, that is what this end-game is all about: the world banking system must be reorganized before it completely cannibalizes itself by ***going along to get along***.

By the time of the ***Peace of Westphalia*** in 1648, when the Low Countries became independent from the Habsburg Empire, Holland had become completely taken over by Venetian money speculators, and the idea of creating the British East India Company, as the greatest fleet the world had ever seen, came into sight with the advent of William of Orange. This so-called bloodless Orange Revolution led to the final phase of the Venetian takeover of Great Britain and to the destruction of the Spanish Habsburg by inviting Louis XIV to take over Spain in the ***War of the Spanish Succession*** (1701-1714). With the two strongest nations of Europe at the time, France and Spain, bleeding each other off, the Venetian-Anglo-Dutch financial alliance could only profit from this new alteration of the European balance of power. From the standpoint of this Venetian-Anglo-Dutch financial alliance, that ***War of the Spanish Succession*** was the most favorable opportunity they could ever hope for, because the developments of Colbertian economics in France had become the most deadly threat to the emergence of England as the New Venetian monetary empire. Therefore, the decision was taken to launch the widest corruption operation in France right after the news of the death of Louis XIV.

2. THE VENETIAN-ANGLO-DUTCH OPERATION AGAINST LEIBNIZ

In 1715, when Louis XIV died, the nation of France was almost bankrupt as a result of the King's war with Spain. The situation was so bad that there were rumors of convoking the states-general and declaring a national bankruptcy. The Venetian-Anglo-Dutch central banking cabal around one of the luminaries of the British East India Company, Thomas Pitt, took note of that fact and prevented this bankruptcy from happening. Pitt had another plan in mind for France. Unlike the English and the Dutch, the French did not have a central banking system from which the government could borrow as it needed. The time was ripe for France to have its own central bank, but with an important difference from those of England and Holland. France had to initiate the issuance of paper notes as legal tender as opposed to coins. This is how Pitt and the British East India Company set France up for a fall.

Thomas Pitt had a well prepared plan to bring France down. The plan was to be executed by his financial agent, John Law, whose mission was to infiltrate the household of Philippe d'Orleans as a fifth column deployed under the sponsorship of Pitt, personally. This Trojan Horse operation was meant to introduce in France the first bank note system that was meant to save its bankrupt economy with smoke and mirrors. The trick was to establish a Royal Bank and create a great demand in Paris for bank notes. John Law had already written the blueprint of this scheme in a 1705 trader's handbook on how the British East India Company could succeed against competing countries. (John Law, Money and Trade Considered, with a Proposal for Supplying the Nation with Money, Edinburg, 1705.)

Since in 1715 the heir to the throne of France was a child of seven years of age, Philippe II, Duke of Orleans, assumed the responsibility of regent of France. But, as a liberal and libertine speculator, Philippe also had views of sharing the looting of the world by associating himself in an "alliance cordiale" with the already powerful British East India Company. From that standpoint alone, Philippe II proved to be the most powerful asset that the Venetian-Anglo-Dutch could have in France. However, the British East India Company had different views for France and intended to use the Duke of Orleans as the fall-guy in a major sting operation that was aimed at reducing the power of France by eliminating the French West Indies Company (Compagnie des Indes Orientales) as its most dangerous competitor overseas.

Thomas Pitt had been appointed governor of Fort St. George, Madras, India in 1698 by the British East India Company and became mostly famous for having purchased a 410 carat uncut diamond for £20,400 from an Indian merchant in Madras. In 1717, as governor of Jamaica, "Diamond Pitt," as he was called, sailed for Calais with the intention of selling his famous diamond to French royalty. According to the ***Mémoires*** of St. Simon, it was John Law, the confidence man of Thomas Pitt, who proposed the gem to the Regent of France, Philippe II. The Regent could not resist putting his hands on the biggest diamond in the world and bought it for £135,000.

This famous diamond then became known as "Le Régent" and was later displayed on every French crown from Louis XV to Napoleon's parade sword. Philippe was so enamored with his new acquisition that he promoted John Law president of his new French central bank in 1718. The new Banque Royale merged the Compagnie des Indes Orientales and the Compagnie de Chine into the Mississippi Company which was given the French monopoly of trade and commerce over all of the seas. The plan was moving in complete conformity with Governor Pitt's anticipation. The first phase of the sting operation was successful: Philippe d'Orleans had swallowed the bait.

The operation, however, also had another motive, which was to prevent the coming of Leibniz into a powerful advisory position in Great Britain. It was through the Duc d'Orleans' household that Leibniz was targeted in a very nasty operation run by the Venetian agent Abbot Antonio Conti and the pseudo-scientist and freemasonic wizard, Isaac Newton, who launched a systematic sabotage of Leibniz's work on the calculus in England. But, the real sabotage operation was to take place in France.

That situation unfolded around Duchess Sophie Charlotte, the Electress of Hanover and heiress presumptive of the crown of Great Britain. In 1707, Scotland agreed to the Hanoverian succession and accepted unification with England in order to form the greater Kingdom of Great Britain. Leibniz, who was the librarian at the court of Hanover, was also Sophie Charlotte's advisor. However, her unfortunate death on 8 June 1714, at the age of 83 put an end to this option. Her claim to the throne passed to her oldest son, George Louis of Hanover, who became King George I when Queen Anne died less than a month later on 12 August 1714. Had Sophie Charlotte lived longer then Anne, she would have been the oldest European Queen ever to be crowned, and the face of the world would have been completely changed with Leibniz as Prime Minister of Great Britain.

Sophie Charlotte was also the aunt of the Duchesse d'Orleans, Elizabeth Charlotte, the wife of Philippe II. Both Sophie Charlotte and Leibniz knew the background and the character of the Orleans family, but they were not in any position to stop their deployments against Leibniz. What the history books don't tell you, however, is that this anti-Leibniz cabal headed by Philippe II also included the author of the Mississippi Bubble, the Duke of Orleans' Finance Minister and controller of the Banque Royale, John Law. John Law represented the greatest source of perversion of the French population against the Leibnizian principle of the "***pursuit of happiness.***" It is from the moral standpoint of this principle that The Mississippi project of John Law must no longer be viewed simplistically as an accident of the market, but as a criminal project of the highest importance.

In 1713, the chief counselor of the Duc d'Orleans, Nicholas Francois Remond de Monmort, introduced himself to Leibniz as a so-called "French Platonist." [This is also the year when Sophie Charlotte requested important political advice from Leibniz about Great Britain. See the Leibniz-Sophie Charlotte correspondence on the subject of the Round Table and latter-day King Arthur.] Remond wrote to Leibniz, after having read his ***Theodicy***, and inquired about the writings of two China missionaries, the Jesuit Nicholas Longobardi, and the Franciscan, Antoine de Sainte Marie. Meanwhile the Royal Society in London had already issued a report in favor of Newton on the matter of the calculus.

As if to give more weight to the initial move that Remond had made toward Leibniz, Liselotte Duchesse d'Orleans, also began to correspond with Leibniz, no earlier than September of 1715, when Philippe became Regent of the young King Louis XV. This was the period when Leibniz wrote in French a ***Discourse on the Natural Theology of the Chinese***. However, Remond's interest was less than Platonic on the question of the binary discovery of Fuhi's hexagram of the ***I Ching***. Leibniz represented a total geopolitical danger to this Venetian-Orleans-British banking cabal in the Far East, for he had already furnished the proof that the Chinese had a "natural theology" which was fundamentally the same as Platonic Christianity. His discovery of a common epistemological ground between Western civilization and the ***I Ching*** of the earliest Chinese civilization became the basis for establishing a long lasting alliance between the East and the West as opposed to the "***never the twain shall meet***" of Rudyard Kipling. Leibniz also emphasized this point in his correspondence with the Emperor of Russia, Peter the Great, calling on him to subscribe to this peaceful opening toward China.

In a letter to Peter, dated 1716, Leibniz stressed that for the "increasing glory of God and the welfare of humanity," Russia has a crucial role to play in the unification of East and West. Leibniz wrote him: "It seems that God decided that science should make a tour of the world and penetrate as far as Scythia, that He has designated Your Majesty to be the instrument for that purpose, while Your Majesty is in a position to draw from Europe on one side and from China on the other what there is of the best, and to perfect the institutions of both these countries by means of wise reforms." (***Leibniz selections***, edited by Philip P. Wiener, Charles Scribner's Sons, New York, 1951, p. 596.) Thus, for Leibniz, the Peace of Westphalia principle extended as far East as China. That did not bode well with the British East India Company outlook.

The Venetian British-Dutch cabal intensified the subversive operation against Leibniz near the end of 1715, when Leibniz discovered that he had what "appeared to be" an advocate for the defense of his ideas in England. That advocate was Abbot Antonio- Schinella Conti. Born in Padua, Conti had been working for the Venetian Doge, and his mission was to travel across France in search of a "universal philosopher." Conti wrote to Leibniz telling him that he was about to travel to England, and that he would be only too happy to adjudicate his cause vis-a-vis Newton and the Royal Academy. Leibniz acknowledged this poisoned offering in good faith. Conti embarked for England accompanied by the brother of the chief counselor of Orleans, the so-called "mathematician" Pierre Remond de Monmort, who, by some extraordinary coincidence, had also corresponded with Leibniz.

Upon his arrival in London, Conti was asked to assemble foreign ambassadors into a jury, in order to examine the documents of the Royal Society, and judge who was the original founder of the calculus, Leibniz or Newton. Leibniz's biographer, Aiton reports that "When this had been done, Baron von Kielmansegg, speaking on behalf of the ambassadors, declared that this was not sufficient and recommended that, in order to settle the dispute, Newton should himself write a letter to Leibniz setting out his case and asking for a direct reply. The King was consulted and gave his approval." (E. J. Aiton, ***Leibniz A Biography***, Bristol and Boston: Adam Hilger, 1985, p. 340.) Newton sent a short letter to Leibniz that the Countess of Kielmansegg had gotten translated into French, and which was transmitted to Leibniz, in March of 1716, with a cover letter by Conti. "The tone of Conti's letter," wrote Aiton, tongue in cheek, "is that of an impartial observer, rather than a partisan of Leibniz, for it seems that he had acquired a taste for the Newtonian philosophy."

Conti's mission of treason had been accomplished, in the service of the British Royal Society, the British East India Company, the Duc d'Orleans, and Venice. After some back and forth, the judges finally deliberated over a pile of meaningless papers of the initial ***Commercium epistolicum***, and decided in favor of Newton, and condemned Leibniz ***in absentia***. Perusing the letters of the ***Commercium epistolicum***, Leibniz considered that none of them contained a single word that could prove that Newton had any original insight in the invention, or that he, Leibniz, was not the original founder of the calculus. The whole thing had been a fraud. Thus, the whole operation was concluded in favor of Newton! The influence of Leibniz's ideas was definitely stopped at the border of Great Britain. It was immediately after that one-sided dispute that Leibniz launched a devastating attack against Newton in his correspondence with Clark.

3. THE DELUSION OF THE MISSISSIPPI BUBBLE

The ***Mississippi Bubble*** is one of the best examples demonstrating the stupidity of popular beliefs and, most emphatically, in making believe in the implicit power of money. The case is typical of what has gripped today the collective psychosis of millions of people on both continents that have been convinced of the messianic value of the derivative markets.

The plan of John Law was to convince the government of France that the debt of the War of the Spanish Succession accrued by Louis XIV could be redeemed by converting the national debt into shares of the same amount into the Mississippi Company. Law's company bought the war debt so that the government could pay its creditors with an amount of money that was to return to the company through the sale of its shares by means of manipulating interest rates.

More importantly, the plan convinced the aristocracy that it could pursue its extravagant follies with increased profits, while luring the gullible French population into believing that it could get rich beyond all imaginings without having to sweat. The general underlying assumption of John Law was that money systems create money and are capable of being well managed and can make your fortune simply by making you believe that you can let your money do the work for you. One of the ideas John Law developed for the British East India Company was about how to increase the value of goods it traded from around the world by manipulating the discrepancies between supply and demand. In other words, if you cannot steal on quantity, can you steal by manipulating the demand without getting caught? Law wrote:

> "Goods change their value, from any change in their quantity, or in the demand of them. If oats be in greater quantity than last year, and the demand the same, or lesser, oats will be less valuable. […] If the quantity of wine brought from France be a 100 ton, and the demand be for 500 ton, the demand is greater than the vent; and the 100 ton will sell at a higher price, than if the demand were only equal to the vent. For the prices of goods are not according to the quantity in proportion to the vent, but in proportion to the demand." (John Law, Money and Trade Considered, with a Proposal for Supplying the Nation with Money, Edinburg, 1705, Chapter I, p. 5.)

In other words, if you want to increase your profit, you must increase the demand regardless of the current value or vent. Law's idea for increasing the wealth of France was to create a demand for the Mississippi Company bank notes worth a greater value than coins, provided you don't redeem their value in species. On the other hand, the British East India Company idea intended to bankrupt France totally and capture all of the French colonies from around the world, especially Canada and French Louisiane. The two ideas merged as if they were a single one.

The reality behind those schemes, however, is that any monetary system is always a Titanic waiting to go down without the life saving boats necessary for everyone to survive. The underlying assumption behind this lifeboat mentality is simply the principle of the survival of the fittest, and the delusion that investors are the fittest part of the population. In the case of ***The Mississippi Bubble***, the scam had been prepared for almost twenty years in advance with the aim of corrupting the largest part of the elite of France. According to historian John Sandrock:

> "In the early 1700s word had leaked back to Louis XIV's court from earlier French exploration of the Mississippi River and surrounding Louisiana, that the land was an Eldorado rivaling Mexico for its riches. It was believed that the region was rich in silver and furs and could easily be farmed for a variety of crops. In reality life in Louisiana was harsh and few settlements existed. Attempts at colonization that were made failed due to the inability to find sufficient labor to harvest the crops grown. However, a few shanty town settlements did spring up; such as Baton-Rouge, Natchez, and New Orleans. To turn the situation around, one of the most flagrant real estate promotions in history was initiated with Law's blessing. Hearing of the new attempt to colonize, artists who had never ventured far from Paris and the Seine painted pictures of New Orleans as if it resembled the French Riviera! Law brought to the project a vision of grandeur. 'What was needed,' he stated, 'was a massive infusion of capital and slave labor.' The capital, of course, would come from the Banque Royale." (John E. Sandrock, ***John Law's Banque Royale and the Mississippi Bubble***, PDF report, p. 6)

This more truthful account of reality did not circulate in Paris at the time. In 1719, the Duke of Orleans issued an edict that created the first Banque Royale of France. This was the great idea of the British East India Company's Thomas Pitt and British gambler who became the inventor of modern finance, John Law. This Banque Royale rapidly became the Casino Royale for the elite of France and even the poor population who agreed to fall into the trap of corruption. It was deemed the greatest financial success of the new century, because it was the first banking institution to exchange coin money for paper money. Thus, the first model of modern financial wizardry was to become the biggest scam of the eighteenth century.

The immense region west of the Mississippi, also known as French Louisiane, was an unknown region inhabited only by Indian tribes. The Chevalier de Lasalle had penetrated the region down from Upper Canada, and after sailing the Mississippi River to the Gulf of Mexico, he had taken possession of the vast territory in the name of the King of France. John Law conceived of the idea of becoming the trader that would make a fortune by creating, out of these virgin forests, a paradise for speculator whose imaginations were willing to spend fortunes behind the make-belief of nonexistent gold mines greater that those of Mexico and Peru put together.

Law had large engravings made of the region representing French colonials being greeted along the Mississippi River by Indians, who would offer them gold and silver trinkets that were allegedly found everywhere along the shores of the Mississippi River. Since Indians had no knowledge of the real value of gold and silver, they were only too pleased to give them up in exchange for knives, saucepans, and looking glasses.

Law's initial idea was to create paper money in the form of bank notes that would replace species of silver and gold. The first European bank notes were issued from the Swedish Johan Palmstruch's Stockholm Bank in 1661. The Banque Royale was to issue up to sixty millions écues worth of paper notes with a mere capital of six million écues in gold and silver coins. At first, this worked so well that the Duke of Orleans decided to up the ante and caused the creation of an additional one thousand millions to be issued. By that flight of insanity, the Law system had just created the appearance of a great idea that would save France from bankruptcy by also create the precise means of causing its bankruptcy. In reality, the intoxication of success was so great that Law refused to imagine his action could backfire on him. As he kept advocating the public banking precept of "never issuing paper money beyond the bank's capacity to provide the funds necessary to cover for them," the British East India Company was waiting for the right day to pull the plug on the whole system. The idea was to let the system go as long as the game could be played. The trick worked until Law was forced to reveal that the number of bank notes were disproportionate with the amount of coinage to back them up. Then, it was too late for John Law to peddle back.

Following the old principle of what goes up must come down, the Mississippi project did not fail because there was not enough coinage to meet the number of notes, but because the scheme was based on the acceptance of ***going along to get along*** with corruption by the general population. Even though everybody knew that John Law's idea had all of the markings of lying and gambling, they all went along with it. What brought the Law system down was ***the breakdown of going along to get along***. The system collapsed because people agreed to go along with the stupidity of making believe that even though the rivers of French Louisiana were not filled with gold nuggets, the bank notes they were holding had more value than those pebbles because their value was guaranteed by the Regent of France.

Curiously, however, everything that was later written about ***The Mississippi Bubble*** was based on the wrong assumption that the reason for the failure was due to the loss of confidence of the people in the Law system. The issue was never about restoring public confidence in the Mississippi project, because confidence is based on make-believe, and stupid people are always willing to make-believe, rather than to think. Even after the general population had realized that Law's the Mississippi Company was a scam, the same people who had been deceived were still willing to be trapped by more devices used to recapture their popular delusion. The scam worked because people were again willing to be taken in by their stupidity. As Charles Mackay made the case:

> "A last effort was therefore tried to restore the public confidence in the Mississippi project. For this purpose, a general conscription of all the poor wretches in Paris was made by order of government. Upwards of six thousand of the very refuse of the population were impressed, as if in time of war, and were provided with clothes and tools to be embarked for New Orleans, to work in the gold mines alleged to abound there. They were paraded day after day through the streets with their pikes and shovels, and then sent off in small detachments to the outports to be shipped for America. Two-thirds of them never reached their destination, but dispersed themselves over the country, sold their tools for what they could get, and returned to their old course of life. In less than three weeks afterwards, one-half of them were to be found

again in Paris. The maneuver, however, caused a trifling advance in Mississippi stock. Many persons of superabundant gullibility believed that operations had begun in earnest in the new Golconda, and that gold and silver ingots would again be found in France." Charles Mackay, ***Extraordinary Popular Delusions and the Madness of Crowds,*** Traders Press P.O. Box 6206 Greenville S.C., 1994, p. 214.)

Figure 2. Afbeeldinge Van't Zeer Vermaarde Eiland Geks-Kop. *Amsterdam, 1720, 290 x 230mm.* A map of the island of "***Geks-Kop***" (fools cap) from "***Het Groote Tafereel Der Dwaasheid***" (The Great Mirror of Folly). The title translates as "A representation of the very famous island of Mad-head, lying in the sea of shares, discovered by Mr. Law-rens, and inhabited by a collection of all kinds of people, to whom are given the general name shareholders". At the center of the image is a map of an island depicted as the head of a Fool wearing his traditional cap; the place names include Blind Fort, Bubble River, and Mad House, surrounded by the islets of Poverty, Sorrow,

and Despair. Around the map are scenes including a crowd stoning the headquarters of the Compagnie and a creditor fleeing his investors in a land-yacht. This satirical engraving of the Mississippi Bubble is one of the most famous cartographic curiosities. It represents the collapse of the French Compagnie de la Louisiane d'Occident, founded by the Scottish financier John Law in 1717, which was granted control of Louisiana. Its plans to exploit the resources of the region (the 'Mississippi Scheme') captured the popular imagination and people rushed to invest: share prices opened at 500 livres, but rapidly rose to 18,000 livres. At this point speculators indulged in profit-taking, causing a run on the shares. Confidence collapsed, causing a run on the company's capital and the company went bankrupt, ruining many, not only in France, but throughout Europe. As a consequence of this failure, confidence in many colonial schemes collapsed, forcing many companies into bankruptcy, including the English South Sea Company and a number in the Netherlands, prompting this satire."

Figure 3. A John Law 100 Tournois pounds note from his Banque Royale. The note says: "The Bank promises to pay the bearer one hundred Tournois pounds in coins for value received. Paris 1 July, 1720."

The Mississippi Bubble burst at the end of 1720 when masses of people gathered at the Banque Royale to convert their bank notes into species. The amount of notes in circulation totaled 2,600 million pounds, while the amount of coins was less than half that total. Law was dismissed by the Duke of Orleans and he was forced to flee France disguised as a woman. The ultimate stupidity of John Law is that he believed in his own folly. He ended his days gambling in Venice until he died, miserable and destitute, in 1729.

In 1803, it was Napoleon Bonaparte who took the last winds out of ***The Mississippi Bubble*** by selling French Louisiana to the United States at the ridiculous price of $15,000,000, in order to raise funds for similar new bubbles known as European military campaigns. That "bold imperial action" had the effect of more than doubling the United States in size overnight. The American Republic had made one of the best deals in history by buying 828,000 square miles of land that included all or parts of fifteen new states notably all of present-day Oklahoma, Arkansas, Missouri, Kansas, Nebraska, Iowa, and South Dakota, in addition to parts of Minnesota, North Dakota, Montana, Wyoming, Colorado, New Mexico, Texas, and Louisiana, the total at the cost of 3 cents an acre. (**Figure 4**)

Figure 4. The Louisiana Purchase from Napoleon Bonaparte nearly doubled the size of the United States.

CONCLUSION: CREDIT IS THE ECONOMIC NAME OF CREATIVITY

No amount of explanation is required to explain the monetarist evil committed by the Duc d'Orleans and his central banker, John Law, in the execution of their Mississippi project. It was simply criminal. It was not as if their system had failed because of some miscalculation. It was designed to fail because it was based on a deliberate and evil intention. It was a planned failure to financially and morally corrupt and bankrupt France, because the aim of the British East India Company was to destroy the very soul of the nation by turning its population into irrational beasts. To put it bluntly, British monetarism is criminal. What was fundamentally evil about it is that the Law system reduced human beings to a purely animalistic state of greed; that is, into the bestial conditions where human beings became either predators or victims.

From the standpoint of history, this modern form of financial criminality has been instituted in order to destroy the Peace of Westphalia principle of the ***Advantage of the other*** and replace it with the shareholder principle of ***taking advantage of the other***. Here the underlying assumption is that if someone is ignorant or is acting stupidly, it is legitimate to take advantage of it. This is the underlying fallacy of the John Law system: ***It made believe that everyone was going to become rich, yet it was designed to exclude the one ingredient necessary for that to succeed: love of mankind.***

There is, however, a useful lesson that can be learned from such financial catastrophes as ***The Mississippi Bubble***, and it has to do with understanding the LaRouche idea of credit. In his historical account of John Law, Adolphe Thiers had the following valuable insight. He wrote: "***Credit always anticipates the future, by employing values yet to be produced and using them as already existing."*** (Adolphe Thiers, ***The Mississippi Bubble: a Memoir of John Law***, W. A. Townsend & Company, New York, 1859, p.211.) What is the significance of that? The point is that the future of humanity depends on the fact that credit is understood properly as the opposite of usury. If, on the one hand, usury diminishes the power of mankind, credit, on the other hand, increases that same power. I remind the reader of this important difference which Lyn made between a monetarist system and a credit system:

> "To come directly to the point, the prevalent, might we say, 'traditionally popular' notion of money, is associated with the widespread, misleading belief that money has an intrinsic value, in and of itself, as distinct from the value of use-in-process of currency by society. In reality: *the required value is not that of money, but of its use as credit invested in the increase of the effectively physical wealth of society. Since the founding of the U.S. Federal Constitution, value must be defined, as our first U.S. Treasury Secretary demonstrated the point, in a productive process of change, change essentially in the physically-efficient increase of the per-capita, physical value, of what is produced in net excess of that which had been consumed by production.*" (Lyndon LaRouche, ***The End of an Imperial System***, EIR, July 20, 2012, p. 5)

Credit is directed to great development projects for the benefit of the general population as opposed to private investors. However, any private enterprise connected to such public credit should become successful, because the intention is to secure the future of mankind. That is the difference between a monetary system and a credit system, between British oligarchism and American republicanism.

This is also the conclusion that Thiers drew from his study of John Law, when he wrote: "***But blind confidence must soon lead to a blind despair. It is well founded confidence, based upon the real success of labor, slow in its progress, which alone is exempt from these sudden reverses which resemble tempests***." (Thiers, Op. Cit., p. 212) Thiers' insight into the future is extremely important: thoughtful confidence must be based on the anticipated success of future labor. It is only toward the power of future labor that credit must be directed, because it is only from human labor that real tangible technological progress can be created. In other words any form of credit is bound to lead to a disastrous outcome if it is not based on the improvement of the future creative powers of mankind. This is why credit is the economic name of creativity.

Since credit is a form of well founded confidence in the future which anticipates the next step in the economic progress of the world, and since that progress must always be based on values which are not yet in existence, but are considered as already accounted for, because they are earmarked for the improvement in the labor force of the next generations, then, why should wise men and women risk such a future to the arbitrariness of a predatory system which will always turn confidence into despair?

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