

States' Rights, the British Empire, & the “Greenback” Credit Policy

“I propose... to show that the Government of the United States is in every deed a real, substantial power, ordained by the people, not dependent upon States; sovereign in its sphere; a union, and not a compact between sovereign States; that, according to its true theory, it has the inherent capacity of self protection; that its Constitution is a perpetuity, beneficent, unfailing, grand; and that its powers are equally capable of exercise against domestic treason and against foreign foes.” – Senator Edward D. Baker¹, January 2, 1861

“We say we are for the Union. The world will not forget that we say this. We know how to save the Union. The world knows we do know how to save it. We – even we here – hold the power, and bear the responsibility... We shall nobly save, or meanly lose, the last best hope of earth. Other means may succeed; this could not fail. The way is plain, peaceful, generous, just – a way which, if followed, the world will forever applaud, and God must forever bless.” – President Abraham Lincoln, Annual Address to the U.S. Congress, December 1, 1862

I – The American Constitutional Republic

The United States of America was created with a purpose, with an **intent**. Our national culture was not fashioned to be a valueless consumer delicatessen, peopled by humans who exist merely day to day, motivated by how much pleasure or entertainment they might derive from a chosen set of activities.

In the 15th century Cardinal Nicholas of Cusa and his allies had crafted the idea of a **Commonwealth**, a new type of society, intended to foster a new idea of human culture, to supersede and eliminate the oligarchical culture of Europe. In the early 17th century that intention of Cusa’s was brought to the shores of Massachusetts. The descendants of those colonists, with the issuance of the Declaration of Independence in 1776, brought into existence not merely a “new nation,” but a new **species** of nation-state, one never before seen in recorded human history.

Later, it was the genius of Alexander Hamilton who recognized that it was the system of monetarism which was the mechanism by which empire ruled, and it was Hamilton who devised a national constitutional credit system, a credit system grounded in the concept of increased human productivity, engendered through nationally directed advances in science and industry. Thus, it was Hamilton who **completed** the work of the Constitutional Convention and made possible the emergence of “**a more perfect Union,**” of a true sovereign republic.

The subject of this paper is the historic victory of Abraham Lincoln in rescuing, not only the national Hamiltonian credit system, but, by so doing, saving for future generations the actual Constitutional Republic.

The Hamilton Principle²

*“The original system of the United States Constitution, had actually relied on the principle of physical, rather than monetarist standards of valuation, as Treasury Secretary Alexander Hamilton had specified in his four-point standard for the United States: that respecting his January 9, 1790 **Report on Public Credit**; his December 13, 1790 **Report on A National Bank**; his February 23, 1791, **Opinion on the Constitutionality of a National Bank**; and, his, relevantly concluding, December 5, 1791 **Report on The Subject of Manufactures...***

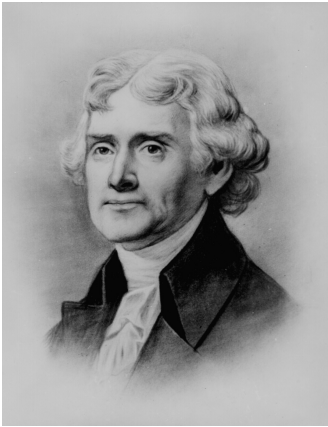
“All four of those prescriptions by him, as combined to a singleness of effect, have been, both explicitly and implicitly violated, repeatedly, with some relatively rare exceptions, as violated, repeatedly, by most among the elected National Presidencies of the United States—this far. In virtually all cases, the violations of those principles which had been set forth by Alexander Hamilton, have been, in effect, as, both, combined, must be considered as having been violations of the U.S. Federal Constitution, and, also, as a practice of incompetence which has been, in each instance, a de facto practice of treason against the sovereign intention of the United

1 Edward Baker was an intimate friend, and perhaps the closest political ally, of Abraham Lincoln. Lincoln named his second son, Edward Baker Lincoln after Edward Baker.

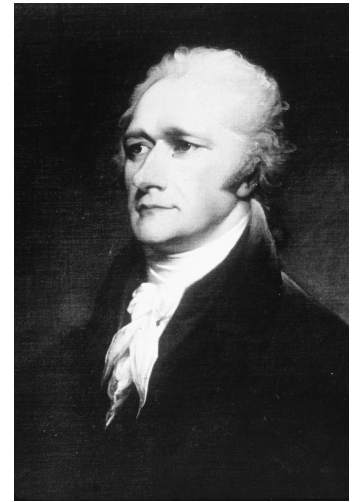
2 All of the following quotes are taken from: LaRouche, Lyndon H., *Return to the Actual U.S. Constitution*, and *Build the Real American Party*. See Bibliography for details

States Constitution's principle of a perfect union...

"There was never a common practice of Wall Street banking and related practices, which was not, by design, a treasonous violation of our Constitutional System of Government. All four principles of law established by Hamilton's office, hang, still,

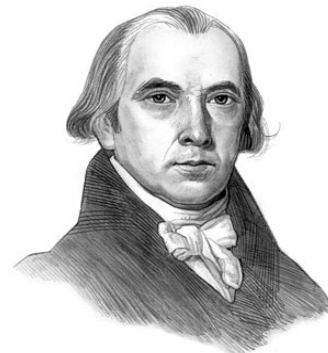


*commonly and interdependently, on the detailed elaboration of the argument at law presented in the **Opinion on the Constitutionality of a National Bank**. Every violation of that body of law presented by Hamilton's notion of a National Bank, has been the leading cause of those greatest follies of national economic and related social practice which have been self-inflicted upon or by the incumbent government of our United States...*



Alexander Hamilton

"The assassination of U.S. Secretary of the Treasury, Alexander Hamilton, was, in fact, not only an expression of efforts to destroy the sovereignty of the United States, that for the alleged benefit of "States Rights," or the like. It was, actually, more to the point, in defense of the alleged rights of foreign powers, chiefly those of the British Empire, to corrupt the United States. The assassination of the former Treasury Secretary of the United States, Alexander Hamilton, had been such a specific and direct attack against any threat to British interests, upon the United States; it was, therefore, no coincidence, that the British professional assassin and spy who had assassinated Hamilton, Aaron Burr, was acting on behalf of the "States Rights" hoax, a hoax by means of which the economy and citizens of our United States have been implicitly robbed, as they are being robbed by Wall Street, still today..."



Jefferson & Madison fought Hamilton on behalf of "States' Rights"

*"So, productivity is a result of human increase in the leveling of the human mind to higher and higher degrees of power in society, the increase of the productive powers of labor. The principle used to **ring** through the struggle of the United States. **The increase of the productive powers of labor**, that is the Hamiltonian principle..."*

"Hamilton's Principle is, therefore, to be recognized as at the kernel of our Federal Constitution: the perfectly unifying principle of eternal human progress."

II – Aaron Burr's Legacy

Beginning with Andrew Jackson's destruction of the National Bank and continuing with the actions of Martin Van Buren and James Polk, the Hamiltonian System – the system which defined and harnessed the nature and power of the American Republic – was extinguished.

What replaced it – technically – was the relinquishing of economic and financial power to the individual states and, with that surrender of sovereign economic power, the "opening of the floodgates" to the incursion of and dominance by the major financial powers in London and Amsterdam, i.e., domination of a fragmented and localized American economy by the monetary imperial power of Britain.

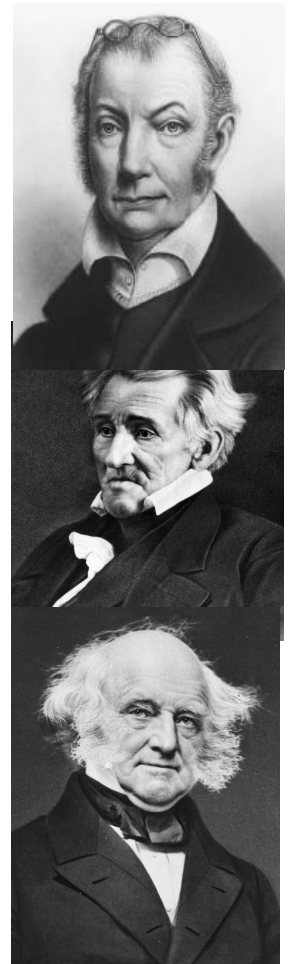
The national mission of the American Republic was abandoned, and the rallying cry of "States' Rights" was used to justify, not only the southern slave system, but countless other forms of economic looting and financial speculation. The population, reduced to the oligarchical outlook of "each against all," was turned against its own sovereign government, even to the point of seeing the constitutional institutions of the nation as their "oppressor."

Andrew Jackson's abolition of the National Bank was followed in 1836 by the issuance of his Specie Circular, which in turn was followed by several actions of his successor Martin Van Buren, including the Deposit and

Distribution Act of 1836, the Coinage Act of 1837, and the establishment of the Independent Treasury in 1840.³ This last action was singularly pernicious because, by establishing an “iron wall” separating the government-run “Sub-treasuries” (which merely kept specie on deposit and did not deploy it for productive investment) from the nation’s private banking houses, it shattered the system whereby the private banks could be harnessed to a national credit system.

With these actions Jackson and Van Buren murdered the Constitutional Republic, as their mentor, Aaron Burr, had murdered Hamilton. The national credit system was abolished. State governments chartered hundreds of institutions – most little better than counterfeiting operations – with the power to issue millions of dollars in paper bank notes (i.e., to print their own money). Meanwhile, all of the business transactions of the government in Washington were required to be conducted in “specie” (gold or metallic coin), and the Republic was left at the mercy of the London financiers. Henceforth, there was to be no national economic policy, no national mission, no true national sovereignty.

These policies plunged the nation into an economic abyss, greatly facilitated by British and Dutch bankers who both raised lending rates, so as to intensify the collapse, and then took advantage of the crisis to expand their control over near-bankrupt American financial institutions.



Burr, Jackson & Van Buren

III – Lincoln's election

It is a myth that the majority of Southerners were bent on secession. In the presidential election of 1860 the pro-slavery Democratic candidate John Breckinridge received less than half the vote in the South, and this despite the fact that the Republican Party did not even appear on the ballot in those states. The pro-Union Democrat Stephen Douglas and the Constitutional Union⁴ candidate John Bell together received 55 percent of the popular vote in the region that later became the Confederacy.

Nevertheless, six weeks after the election of Abraham Lincoln South Carolina seceded from the Union. Then, during the month of January, 1861, five additional states – Louisiana, Alabama, Mississippi, Georgia and Florida – followed suit. These six states were all in the deep south, and, together, they formed the backbone of the cotton/slave economy. In each of these states slaves comprised more than 45 percent of the population, rising to near 60 percent in South Carolina and Mississippi.

On February 4th, delegates from these six states, joined by representatives from Texas where a pro-secession coup had just overthrown the pro-Union Governor Sam Houston, met in conference at Montgomery, Alabama, and four days later they collectively founded the Confederate States of America. Records from the proceedings of that conference show conclusively that the overriding issue in the minds of the majority of the delegates was the defense of slavery.

But then, for months, nothing happened. In 1861, there were 15 slave states in the United States, and outside of the seven which had gathered in Montgomery, none of the other eight rushed to join the rebellion. Actually, in case after case – for more than two months – in both the “middle” and “upper” South, attempts at secession were repeatedly voted down, either by the individual state legislatures, by statewide conventions, or by popular vote.⁵

Unlike the original six states which seceded, what characterized the remaining upper and middle Southern states was both their independence from the cotton economy of the deep South and the much lower slave population. In almost all of these states, slaves comprised less than 25 percent of the population, with several states having a slave population of under 10 percent. Throughout this region, “free labor” was the norm, and most of the population was unwilling to fight to defend the slave system.

What they would fight for was “States’ Rights.” On March 9th, 1861, delegates to the Virginia State Convention, which was meeting to consider secession, issued a Majority Report, which stated, *“The people of Virginia recognize the American principle that government is founded in the consent of the governed. ... They*

3 This latter was repealed by the next Whig administration but then reestablished in 1846 under President Polk.

4 A short-lived political party, comprised primarily of former southern Whigs, and strong particularly in the upper South.

5 Chaitkin, Anton, *Treason in America*. See bibliography.

concede the right of the people of a state to withdraw from ... the Federal Government... Our people will never allow 'federal power' to subjugate 'the people of such States.'"

This sentiment – a declaration of treason against the Constitutional Republic – was echoed again and again at conventions and meetings throughout the middle and upper South in the early months of 1861.

On April 12th, Confederate forces in Charleston, South Carolina – unprovoked – opened fire on Union troops at Fort Sumter. After 34 hours of continuous bombardment, the fort was surrendered. Two days later, the newly inaugurated President Abraham Lincoln issued a call for 75,000 troops to suppress the rebellion. These troops were to be raised, proportionally, from all of the states which had not seceded, including the remaining eight slave states. Lincoln's proclamation read, in part,

WHEREAS the laws of the United States have been, for some time past, and now are opposed, and the execution thereof obstructed, in the States of South Carolina, Georgia, Alabama, Florida, Mississippi, Louisiana, and Texas, by combinations too powerful to be suppressed by the ordinary course of judicial proceedings, or by the powers vested in the marshals by law.

Now, therefore, I, ABRAHAM LINCOLN, President of the United States, in virtue of the power in me vested by the Constitution and the laws, have thought fit to call forth, and hereby do call forth, the militia of the several States of the Union, to the aggregate number of seventy-five thousand, in order to suppress said combinations, and to cause the laws to be duly executed...

I appeal to all loyal citizens to favor, facilitate, and aid this effort to maintain the honor, the integrity, and the existence of our National Union, and the perpetuity of popular government; and to redress wrongs already long enough endured. I deem it proper to say that the first service assigned to the forces hereby called forth will probably be to repossess the forts, places, and property which have been seized from the Union..."

Throughout the middle and upper south, howls went out, denouncing Lincoln's "aggression" against the "sovereign states" of the deep South. Governor Isham Harris of Tennessee stated in a telegram to Lincoln, "Tennessee will furnish not a single man for the purpose of coercion." Governor Beriah Magoffin of Kentucky declared that they would not send volunteers to a Northern army intent on subjugating their Southern brethren. Governor John Letcher of Virginia replied to Lincoln that since the latter had "chosen to inaugurate civil war, he would be sent no troops from the Old Dominion." Governor Henry Rector of Arkansas stated, "The people of this Commonwealth are freemen, not slaves, and will defend to the last extremity their honor, lives, and property, against Northern mendacity and usurpation."

Two days after Lincoln's proclamation Virginia voted to secede, followed by Arkansas on May 6th, North Carolina on May 20th, and Tennessee on June 8th.

In London and Amsterdam, the financiers and aristocrats observed these events with glee. Already, between 1857 and 1861, the British government had manipulated financial markets – including steep increases in international lending rates – such that, by the time of Lincoln's inauguration, the United States was in a deep economic depression, and the American Government was near bankrupt. From the vantage point of Buckingham Palace and Lombard Street, the moment had arrived to rid the world of the American Union.

IV – Copperheads

London's plan was to eliminate Abraham Lincoln,⁶ or, failing that, to force the North to accept the dissolution of the Union. Beginning in 1861, a massive pro-Confederacy 5th column – a "fire in the rear" – was unleashed throughout the northern states. The rallying cry for this treasonous upsurge was "States' Rights," and as Lincoln began the process of reasserting national constitutional government, violent denunciations of his "tyranny" were echoed again and again throughout the North.

The network of Copperhead⁷ traitors included prominent newspaper editors, Congressmen, Senators, local

6 Including the plot to murder Lincoln in Baltimore on the way to his inauguration, and likely earlier assassination plans in Illinois.

7 Copperhead was the term used for pro-Southern and/or anti-Union northern Democrats.

officials, many of the initial military commanders of the Union army, bankers, and others. Newspaper editorials in Chicago, Indianapolis, New York City, Baltimore, Dubuque and elsewhere denounced Lincoln's military mobilization and defended the South's right to secede. Speeches on the floor of Congress vilified Lincoln as a dictator and called for resistance to his policies.

The first blood that was shed in the Civil War occurred not at Fort Sumter – where the Confederate bombardment and subsequent surrender of the Fort transpired without the loss of life – but one week later in the city of Baltimore. On April 19, 1861, Copperhead mobs in Baltimore attacked Massachusetts troops on their way to Washington, D.C. Local city officials then ordered the burning of the main railroad bridges out of town, thereby cutting off the nation's capital from the rest of the Union. The Maryland legislature, meeting in emergency session, declared Lincoln's war mobilization to be unconstitutional. Lincoln responded by suspending *habeas corpus* from Washington, D.C., to Philadelphia. Federal troops occupied Baltimore, and dissenting editors and citizens supportive of the Confederacy were clapped in jail. When Chief Justice Roger Taney ruled that the president could not suspend *habeas corpus* and that the military could not arrest civilians for violating federal law, Lincoln ignored him.

Denunciations of Lincoln's "tyranny" escalated. Thomas Seymour, the former governor of Connecticut toured the northeast, demanding that Lincoln let the South go. Fernando Wood, the mayor of New York City, proposed that New York secede from the Union rather than support the war against the South. U.S. Senator Jesse Bright (D-Indiana), who had served as Acting Vice-President of the United States from 1854-1857, entered into a conspiracy to run guns to the Confederate Army after the first Battle of Bull Run.⁸

Other leading Copperheads included Congressmen George H. Pendleton and Clement Vallandigham,⁹ both of Ohio; the pro-slavery Samuel F. B. Morse who founded the New York City-based Copperhead group, the Society for the Diffusion of Political Knowledge; Horatio Seymour, the governor of New York; Congressman Alexander Long (D-Ohio),¹⁰ Manton Marble, publisher of the New York World (owned by Rothschild's U.S. agent August Belmont); and Congressman James Guthrie of Indiana, a close personal friend of Jefferson Davis.

The pre-war "States' Rights" paramilitary group, the Knights of the Golden Circle, was reorganized as the Order of American Knights, and tens of thousands of northerners were recruited into its military arm, the Sons of Liberty, to conduct sabotage, assassination, and insurrection against the Union war effort.

When the Lincoln Administration instituted a military draft in 1863, armed Copperhead groups killed dozens of U.S. Marshals and other federal agents charged with implementing the draft. In New York, the Governor of the state Horatio Seymour denounced the draft as unconstitutional, and when the draft riots erupted on July 13th, Seymour traveled to New York City where he gave a speech exonerating the murderous rioters as defenders of the Constitution. Peace was not restored in the city until U.S. Army troops arrived from Pennsylvania on July 17th.

California & the West

In an 1861 intelligence report sent from California to the Lincoln Administration, the U.S. Army's General Edwin Sumner¹¹ estimated that there were 32,000 armed secessionists in California, congregated in Los Angeles and the surrounding area, in addition to other secessionist para-military groups in both Oregon and Nevada. According to Senator James Blaine, "*Jefferson Davis had expected, with a confidence amounting to certainty, it is believed, on personal pledges, that the Pacific Coast, if it did not actually join the South, would be disloyal to the Union.*"¹²

California's pro-Union Democratic Senator David Broderick was murdered in 1859, and the majority of California's other elected officials were rabidly pro-South; however, the manner in which their treason manifested itself was not by attempting to join the Confederacy, but rather a scheme for the establishment of an independent

8 Bright was expelled from the Senate in 1862 after he called for recognizing Jefferson Davis as the legitimate president of an independent South

9 Vallandigham was later convicted by a military tribunal for making treasonous statements. Exiled by President Lincoln to the Confederacy, he later made his way to Canada, from where, in exile, he ran for Governor of Ohio in 1863. He also became the supreme commander of the Sons of Liberty, and, from Canada, organized the armed uprising against the United States government.

10 Long was a fervent supporter of "States' Rights," often quoting Thomas Jefferson and James Madison in their *Kentucky and Virginia Resolutions of 1798*.

11 On January 7, 1861, Sumner had written to President-elect Abraham Lincoln, advising him to carry a weapon at all times. Later, Gen. Winfield Scott assigned Sumner as the senior officer to accompany Lincoln from Springfield, Illinois, to Washington, D.C., in March 1861

12 Blaine, James, *Twenty Years of Congress*, available at <http://www.gutenberg.org/ebooks/21128>

Pacific Republic.¹³

Three weeks after Abraham Lincoln's election, the *San Francisco Herald* editorialized on November 28, 1860 that California should secede from the Union and form a separate Pacific Republic, inviting Oregon to join with them. California U.S. Senator William Gwin was a fervid supporter of such a move. In 1860 California had two members in the U.S. House of Representatives. On Jan. 3, 1861, one of them, Congressman John Burch, published a letter, stating that the dissolution of the Union was now “a fixed fact,” and he called for California, Oregon, Utah, Nevada, Washington and New Mexico to form an independent Pacific Republic. On January 18th, the *Herald* published a letter from California's other Congressman, Charles Scott, also urging the secession of the West. Later that year Scott would resign from Congress and enlist in the Alabama infantry.

After the War broke out, Senator Gwin left California, returned to his plantation in Mississippi,¹⁴ and in 1864



1862 rally in San Francisco led by Thomas Starr-King; the banner reads "The Union, the Whole Union & Nothing but the Union"

entered into negotiations with the French Emperor Napoleon III for the establishment of a Confederacy-allied independent slave state in Sonora, Mexico. His California ally (and the murderer of David Broderick), California Supreme Court Justice David Terry, fled California and enlisted in the 8th Texas Cavalry Regiment of the Confederate Army.

The fate of California was so tenuous that, on August 28, 1861, an appeal was sent by many prominent pro-Union Californians to the Secretary of War protesting a plan to send California troops to fight against the Confederacy in Texas. In their plea, they warned that such a withdrawal of troops would leave

California defenseless against the secessionists in the state.

Ultimately, it was the heroic pro-Union political crusade led by Thomas Starr-King and the arrival of the Russian fleet in San Francisco in 1863, that kept California in the Union.

V – Canada

In 1861 Canada was not one nation (or a nation at all). It was comprised of five separate British colonies in the east and a vast unorganized area in the north and west, much of which was ruled by the privately owned Hudson's Bay Company. The five colonies were “Canada” (basically modern Ontario and Quebec), New Brunswick, Nova Scotia, Newfoundland & Labrador, and Prince Edward Island. These were separate colonies, each ruled by a Lieutenant Governor or Governor General, each of whom was appointed by – and only answerable to – Queen Victoria, in London.

The vast majority of Canadian newspapers, businessmen and elected officials were pro-South. Southern military victories were often welcomed with public celebrations, such as the one in Saint John in 1862, when hundreds of people gathered to enjoy a large and boisterous parade, with the flying of Confederate flags and a band playing “Dixie.” When news of the Confederate victory at Bull Run reached Ottawa, a spontaneous cheer went up from the members of the colony's legislature. In French-speaking Quebec (Lower Canada), this pro-Southern sentiment was greatly encouraged by agents of Louis Napoleon, as well as representatives from the pro-Confederate Pope Pius IX.

In 1867, after being released from two years in federal prison, the first thing Jefferson Davis did was to visit Toronto (where he remained for five months). Upon arriving in Toronto, Davis was met with a standing ovation at

13 This was the same secessionist model attempted, in 1863-1864, in the mid-west states bordering the Great Lakes. See below.

14 On his voyage leaving San Francisco, one of Gwin's shipmates was the Russian anarchist Mikhail Bakunin.

the dock. He greeted the assembled crowd with the words, *“I thank you for the honor you have shown me. May peace and prosperity be forever the blessing of Canada, for she has been the asylum of many of my friends as now she is an asylum for myself... May God bless you all.”*

Under British protection, during the Civil War, Canada became the base for an extensive Confederate operation – known as the **Confederate Canadian Cabinet** or the **Confederate Secret Service** – based largely in Montreal and Toronto. Representatives of the Confederate government shuttled back-and-forth from Richmond to Canada, using blockade-runners to get from Southern ports to either Bermuda or the Bahamas, where they transferred to British ships which took them to Halifax, Nova Scotia. **At the same time, several of these Confederate agents also made frequent war-time trips between Halifax and London, to confer with their imperial sponsors.**



The British Empress Victoria I

Numerous military attacks against the United States were launched from Canada, including: the military raid on St. Albans, Vermont, as well as attacks on Buffalo, Chicago, Sandusky, Ohio, Detroit, Erie, Pennsylvania, and the attempted torching of New York City, using devices containing “Greek fire” (a mixture of phosphorous and carbon bisulphide).

All of these operations were conducted under the full diplomatic protection of Royal Canadian authorities. Only once – the St. Albans raid – were any of the Confederate agents arrested, and they were quickly freed on orders from a Canadian Court, which ruled that the attackers were operating under the authority of a “sovereign state,” i.e., the Confederacy, and thus not subject to Canadian treaties with the United States.

The Prime Minister of Canada (i.e., the united colony of Quebec and Ontario) was Sandfield Macdonald, whose brother-in-law was a colonel in the Confederate army. The real power in the colony was wielded by Viscount Stanley Monck, the Governor General. Monck was an Irish manor lord who had served as Lord of the Treasury in London under Prime Minister Palmerston from 1855 to 1858. When the pro-Confederate Palmerston returned to power in 1860, he appointed Mock as Governor General of Canada. The official representative of the British Royal Army to Canada was Colonel Garnet Woolsey. In 1862, en-route from England, Woolsey spent a month in the South with the Confederate Army, and after arriving in Canada, he called upon Britain to recognize Confederate independence.

The Confederate Secret Service

Confederate operations in Canada were organized under the commands of several individuals sent from Richmond. These included:

Jacob Thompson, former Secretary of the Interior under President James Buchanan and a wealthy plantation owner from Mississippi.

Clement Clay, former U.S. Senator from Alabama and Thompson’s partner in the Canadian operations.

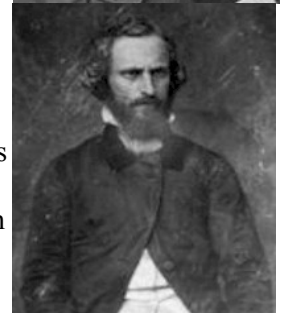
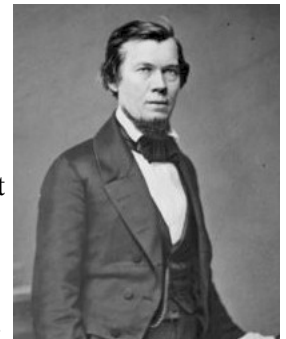
George N. Sanders, former United States Ambassador to London, and one of the founders of the “Young America” movement. A personal friend of Giuseppe Mazzini, Sanders publicly stated that assassination of enemy leaders was a legitimate method of warfare. During the Civil War, Sanders made repeated trips to London.

Clement L. Vallandigham, directed the activities of 300,000 Sons of Liberty, in an effort to to produce armed uprisings in Ohio, Indiana, and Illinois. Vallandigham was also on intimate terms with the English banker Edward Watkins.

Colonel Edwin Gray Lee, first cousin of Robert E. Lee and official Commissioner of the Confederacy in Canada. He became deeply involved with John Wilkes Booth in 1864-1865.



Confederate agents Tucker & Sanders



Confederate agents Thompson & Clay

Robert Edwin Coxe, a wealthy Georgian who had lived many years in France and England. He met with John Wilkes Booth in Newburgh, New York, in October, 1864.

Nathaniel Beverley Tucker, the U.S. Consul to Liverpool in the 1850s. He was very close to George Sanders and Robert Edwin Coxe.

Thompson, the overall leader of the network, had been sent from Richmond to Canada with the sum of \$1 million to bankroll the Canadian operation. Much of this money was used to finance the planned uprising in the north-west, including \$10,000 paid to the Kentucky grand commander of the Knights of the Golden Circle.

The Northwest Conspiracy

In the late spring of 1864, Jacob Thompson sent a letter to the Confederate Secretary of State Judah Benjamin, stating, *“The belief was expressed that by a bold, concerted movement, the three great Northwestern States of Illinois, Indiana & Ohio could be seized and held. This being done, the states of Kentucky and Missouri could easily be lifted from their prostrate position, and this in 60 days would end the war.”*

According to a report by the United States Judge Advocate, there were at least 340,000 armed members of militias under the command of the Order of American Knights by the spring of 1864, primarily in Ohio, Indiana, Illinois, Michigan, Missouri and Kentucky.

The danger was most intense in Indiana, where the newly elected State Legislature was controlled by Copperheads who were, *“rampant, furious – crazy, almost, in their opposition to the War and to the National Government,”* according to one observer. In March, Daniel Voorhees, an Indiana congressman, charged that the federal government had, *“invoked the storm which has since rained blood upon the land. They courted the whirlwind which has prostrated the progress of a century in ruins. They danced with hellish glee around the bubbling cauldron of civil war and welcomed with ferocious joy every hurtful mischief which flickered in its lurid and infernal flames.”*

But the danger was not limited to the Northwest. Copperhead New York Governor Horatio Seymour, together with former New York Mayor Fernando Wood, and Ben Woods, the owner of the *New York Daily News* were involved with Jacob Thompson in a scheme to secretly purchase weapons to arm Copperhead military units. In Connecticut the Copperheads ran one of their own, Thomas H. Seymour (no relation), for governor. In a public statement, this latter Seymour wrote that the idea that the North could reunite the Union by attacking the cities of the South was a “monstrous fallacy.” Seymour came within a hairs-breadth of being elected, losing by fewer than 3,000 votes.

Jefferson Davis predicted that the Northwest would soon leave the Union, saying, *“And thus, we see in the future the dawn – first separation of the north West from the Eastern States, the discord among them which will paralyze the power of both; – then for us future peace and prosperity.”*

On August 12th, a Copperhead “war council” met in Chicago to finalize the plot. The plan was to begin with an armed uprising in Indiana, combined with a series of raids on Detroit, St. Louis, Cincinnati, Pittsburgh, Rock Island, Louisville, and elsewhere, aimed at freeing thousands of Confederate prisoners-of-war. These prisoners, together with Confederate soldiers based in Canada and militia members from the Sons of Liberty, would attempt to seize control of the governments of Illinois, Indiana, and Ohio. Simultaneously, the Confederate Government would send troops into Kentucky and Missouri. Jefferson Davis authorized \$500,000 to finance the total effort.

In the end, the plan failed. In Indiana, at the moment of decision, the local Copperhead leadership canceled the attack. Numerous cross-border attacks were made against Chicago and other cities, but none were successful due to the prompt aggressive actions of Union troops. Additionally, the fantasy that the Confederate Army could move into Kentucky and Missouri was made impossible by the realities of the military situation in those areas.

VI – Greenbacks

The Union armies bore the brunt and the sacrifices of the day-to-day battle to suppress the rebellion. Nothing can or should detract from their heroism. Nevertheless, the strategic initiatives of President Lincoln were the key in crushing the heritage of “States’ Rights,” saving the Union, and reestablishing the Constitutional Republic with the necessary Hamiltonian credit system.

The first step was the passage of the Morrill Tariff,¹⁵ which facilitated the pursuance of a national industrial policy. This was followed by the Legal Tender Act of 1862 (authorizing the issuance of Greenbacks¹⁶) and the National Banking Acts of 1863 and 1864.

These actions – adopted at the personal insistence of President Lincoln – were not financial or monetary “reforms,” and it would be a grave mistake to discuss them – as almost all historians do – simply from the way in which they changed the banking system, affected the circulation of money, or impacted the international credit-rating of the United States Government.

Rather, it is crucial to grasp the two strategic dangers which threatened the nation in the spring of 1861. First was the thirty year process – under Jackson, Van Buren and their successors – which had destroyed the Constitutional Economic System of the United States, replacing it with “states rights” local control over banking and money. Even before the secession of the southern states, the United States had come near to vanishing as a national Union.

Second, was the reality that, by 1861, the London imperial power exercised monopolistic control over global financial markets, international lending, and also held the puppet strings over the major Wall Street institutions. They were positioned to financially bludgeon and blackmail the U.S. Government and to force Northern acquiescence to the independence of the South.

The Nadir

Between 1829 and 1861 there was no national economic policy for the United States. What this meant was a complete absence of any overriding commitment to a continual upgrading of the physical economy of the nation and a failure to encourage improvements in the skills and cognitive productivity of the American people. The development of the physical economy, as defined by Alexander Hamilton – as well as the necessary sovereign Constitutional Credit System – simply ceased to exist.

The Jackson/Van Buren system of state banking – a banking system controlled top-down from London by the British control over gold and the international lending markets – spread like a cancer, catering not simply to speculators and thieves, but engendering an entire culture based on local interests, money, and, as Adam Smith defined it, “the pursuit of pleasure and avoidance of pain.”

The international financial affairs of the United States government were completely at the mercy of the British gold standard, and the American government was reduced to borrowing from London and Wall Street to finance its operations. The government issued no currency of its own, and there were no federally chartered banks. Hundreds of barely regulated private state-chartered banks issued their own bank notes, which passed as “money.”

Under this system, individual “property rights” were paramount, even taking precedence over the sovereign power of the national government, and from there it was only a short step to defining any attempt by the government to assert national control, as “tyranny.”¹⁷ Today, we think of Abraham Lincoln as “progressive” and the slave owners as reactionaries, but it is important to realize that in 1861, it was the the radical secessionists, in the South and elsewhere, who saw themselves as the champions of decentralized Jeffersonian democracy against federal domination.



State Bank “money”

1861

The Panic of 1857, a financial convulsion brought on by the manipulations of the Palmerston government in London, plunged the United States into a deep economic crisis, lasting all the way up to the outbreak of the Civil War. The United States government, dependent almost entirely on usurious loans from Wall Street and Europe, was forced to pay as high as 12 percent on government bonds.¹⁸ In 1861, the British Empire then attempted to

15 The 1861 Morrill Tariff immediately doubled the tariff rates on manufactured imports, eventually raising the rate to 45 percent.

16 Greenbacks were government-issued “legal tender” paper currency, independent of the London-controlled international gold standard.

17 As the murderer John Wilkes Booth proclaimed, “*Sic semper tyrannis*”

18 The U.S. Treasury Secretary during those years was Howell Cobb. In 1860 Cobb was elected the President of the convention in

deliver the *coup de grâce*.

On Dec. 28, 1861, the New York banks suspended payment of gold owed to their depositors, and stopped transferring to the United States Government the gold which they had pledged for the purchase of government bonds.¹⁹ On December 30th state banks all over the country followed suit.

In January a delegation of bankers, led by Rothschild agent James Gallatin, traveled to Washington and held two meetings with officials of both Congress and the Lincoln Administration. The bankers demanded a complete surrender of national sovereignty to the financial cartel, including demands for, 1) immediate increases in taxation on basic industry, 2) no government paper notes or currency, 3) the deposit of all U.S. government gold in private banks for use of the bankers, 4) the war effort to be financed by the sale of high-interest bonds to European banking syndicates.

Secretary of the Treasury Salmon Chase was ready to accept the ultimatum,²⁰ but the intervention of President Lincoln compelled Chase and the Congressional leaders to send the bankers empty-handed back to New York. Six weeks later President Lincoln signed into law the **Legal Tender Act**, which authorized the issuance of \$150 million in United States Notes (Greenbacks), the nation's first sovereign paper currency, legal tender for all debts public and private.²¹ At the last minute an amendment was added to the bill prohibiting the use of Greenbacks to pay duties on imports or to pay interest on government bonds, and this was to create problems later on, but the triumph was genuine.

Later, with the passage of the National Banking Acts of 1863 and 1864, the Greenbacks would play the crucial role in the creation of a national credit system, but their first, most urgent, use was in forestalling the dissolution of the Union. Militarily, the Union Army was ill-prepared to put down the southern rebellion, as was vividly demonstrated in First Battle of Bull Run. On July 1, 1861 Lincoln called for the enrollment of 300,000 Union soldiers. These numbers grew until, by the end of the war, two and one-half million northerners were in uniform. Without the Greenbacks, there would simply have been no way to pay them; neither would there have been any way to purchase supplies, guns, food or ammunition, and the South would have won its independence.

Throughout 1861-1863, the London, Amsterdam, and Paris financial houses attempted to strangle the U.S. government by refusing to buy American bonds or to extend loans. One pro-empire historian blames this on Lincoln's Greenback policy, stating, "*Without the greenbacks we could have borrowed money in London... If we had had English money, we should have had English sympathy... , London's attitude would have been different if we had eschewed legal tenders and borrowed money in Lombard Street.*"²²

Precisely! If Lincoln had accepted the surrender of the nation's Constitutional Economic System to the masters of the British Empire, perhaps those London oligarchs would have thrown America a few crumbs.



U.S. Legal Tender Currency

VII – National Banking

The Banking Acts of 1863 and 1864 had shortcomings, and the financial system they established can be

Montgomery, Alabama that drafted the Confederate constitution, and then later served as President of the Confederate Provisional Congress.

19 It usually goes unmentioned by historians that this action by the New York banks was illegal under U.S. law.

20 Chase regarded paper money as "unconstitutional, immoral, and destructive," and after 1865, he was to play a leading role in forcing the withdrawal of the Greenbacks, i.e., "Specie Resumption."

21 The issuance of additional Greenbacks was authorized in January of 1862 and again in March 1863 (both opposed by Treasury Secretary Chase). By the end of the war \$450 million were in circulation.

22 Powers, Fred Perry, *The Greenback in War*, Political Science Quarterly, Vol. 2, No. 1 (Mar., 1887)

described as an incomplete revolution; **nevertheless, combined with the power of the issuance of Greenbacks and the way in which the two initiatives were deployed as one strategic policy, it was very much a real and profound revolution.** Its paramount accomplishment was in the crushing of the hegemony of the state (states' rights) banking system. The independent power of the privately-owned state-chartered banks was shattered, and hundreds of these banks were simply driven out of existence.

In their stead was erected a network of nationally-chartered banks, tightly regulated by the federal government. A new position, the Comptroller of the Currency, was created, empowered to enforce their compliance with federal regulations. Interest rates that the banks could charge were limited by law; measures were taken to prevent real estate speculation; and every bank director had to be an American citizen.

According to several contemporary reports, President Lincoln pushed harder for passage of the National Bank Acts, using more of his influence in Congress, than on any other issue.

With the canceling of the state banking system, the vast bulk of their banknotes were withdrawn from circulation. Henceforth, only Greenbacks and National Bank notes could be issued as money, and in order to obtain these, the national banks had to deposit securities with the U.S. Treasury, thus integrating the entire banking system into a unified federal credit system. Greenbacks, together with the National Bank Notes, then became the basis for a uniform circulating national currency.

Banks and speculators were no longer free to "do their own thing." National policy was to be directed in ways that enriched the physical economy of the nation as a whole. A policy coherent with the intent of the Constitutional Union was enacted.

London and Wall Street did everything in their power to destroy this emerging national credit system. Attempts continued to prevent the issuance of more Greenbacks, and after the last issuance in 1863, Salmon Chase sabotaged any further printing of the new currency. At the same time, there were continuous speculative attacks in the gold market and against U.S. Treasury notes. In 1864, William Fessenden, the individual who replaced Chase as the U.S. Treasury Secretary charged in his annual report, *"It is quite apparent that the solution of the violent fluctuations of gold may be found in the unpatriotic and criminal efforts of speculators, and probably of secret enemies, to raise the price of coin, regardless of the injury inflicted upon the credit of the country, or desiring to inflict."*

VIII – 1864

The increasingly bad military situation facing the Confederacy in the spring and summer of 1864 convinced Jefferson Davis and his allies that the only remaining hope for the South was to force the North to abandon the war. In addition to the (already discussed) Confederate/British operations run out of Canada, two additional efforts were unleashed. The first was an in-depth "peace offensive" by northern Copperheads; The second came from among the ranks of the Boston and Wall Street-connected radical "abolitionists" inside the Republican Party, who mounted a campaign to drive Lincoln from the Presidency.

In January of 1864 a pamphlet which vilified Lincoln as being both unelectable and soft on the South appeared in Washington D.C. It was possibly written by – and certainly circulated by – Republican Senator John Sherman of Ohio. One month later a second pamphlet was released, which became known as the "Pomeroy Circular." These two widely read documents called upon the Republican Party to deny Lincoln a second term and to nominate Salmon Chase in his stead. The Pomeroy Circular read in part: *"We find united in Hon. Salmon P. Chase more of the qualities needed in a President during the next four years than are combined in any other available candidate; his record is clear and unimpeachable, showing him to be a statesman of rare ability, and an administrator of the very highest order, while his private character furnishes the surest obtainable guaranty of economy and purity in the management of public affairs."* The pamphlet went on to echo, almost word-for-word, much of the anti-Lincoln rhetoric emanating from among the "Peace Democrats." Leading operatives of the anti-Lincoln clique in the Republican Party included Sen. John Sherman of Ohio, Sen. Samuel Pomeroy of Kansas, Sen. Ben Wade of Ohio, Representatives James Garfield and James Ashley, also from Ohio. These men formed the nucleus of the effort to oust Lincoln in favor of Treasury Secretary Salmon Chase.

It is important to note that, after Lincoln's death, all of these anti-Lincoln Republican conspirators would become vocal proponents of "Specie Resumption," i.e. abolition of the Greenbacks.

Some contemporary reports estimate that, by the spring of 1864, three-quarters of the Republicans in the U.S.

Senate were lined up against Lincoln, and when Lincoln vetoed the vindictive Wade-Davis Bill in July (which Republican Senators had voted for 14 to 4), the anger against Lincoln only intensified.

In August the attacks escalated, and Horace Greeley, editor of the *New York Tribune*, stated, “*Mr. Lincoln is already beaten. He cannot be elected. And we must have another ticket to save us from overthrow.*”

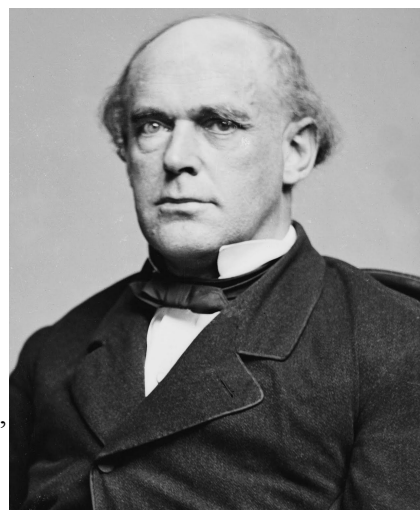
The Democrats

In July of 1864, the leaders of the Canadian Confederate delegation organized a “Peace Conference” which was held in Niagara, New York. Both wings of the anti-Lincoln apparatus came together at this conference, including leading Copperheads such as New York Governor Horatio Seymour, as well as anti-Lincoln Republicans such as Horace Greeley. On the floor of the conference they rubbed shoulders and chatted with the likes of Clement Clay and George Sanders, the controllers of the assassin John Wilkes Booth.

This anti-Lincoln coalition tried to create a national drumbeat that the war was “unwinnable,” and despite the previous year’s victories at Gettysburg and Vicksburg, renewed Confederate military victories together with mounting war casualties fueled this “peace offensive” going into the spring and summer.

In March of 1864, George B. McClellan, later chosen as the Democratic nominee, stated that, he intended to call an immediate armistice if he were elected, bring together a convention of all the states, and “insist upon exhausting all and every means to secure peace without further bloodshed.”

In the end, the efforts to oust Lincoln all failed. Chase’s candidacy collapsed amid scandal and with key Republicans rallying to Lincoln’s support, and the final threat to Lincoln from within the Republican Party vanished when John Frémont, another radical Republican presidential wannabe, withdrew from the race on September 24th. In November, 1864, the Democrat McClellan went down to defeat, with millions of Union soldiers voting overwhelmingly for their Commander-in-Chief over their former military commander.



Salmon Chase -- opposed Lincoln & the Greenbacks

The Potential Future

By the summer of 1864 any remaining hopes for the Confederacy rested on the attempt to spread defeatism throughout the North, and, by so doing, to overthrow the Lincoln government. It might possibly have worked, except for:

On June 9th, 1864, the months-long Overland Campaign of General Ulysses Grant succeeded in forcing the army of Robert E. Lee into a purely defensive position as the Siege of Petersburg began. Lee’s Army of Northern Virginia was finished as an offensive fighting force.

On August 5, 1864, Admiral David Farragut won the Battle of Mobile Bay, closing the South’s last major port.

On September 2, 1864, the City of Atlanta fell to the army of General Sherman, eliminating the Confederacy’s most important logistical and supply base south of Virginia.

On October 19, 1864, General Philip Sheridan won his final victory over Jubal Early, driving the Confederate Army from the Shenandoah Valley, a crucial source of food and supplies for the South.

Suddenly, the end of the War was in sight, the armies of the South battered, beaten and retreating. Suddenly, all of the rhetoric of defeat – all of the claims that the war was unwinnable – were recognized as not merely hollow and false, but as expressions of war-time treason.

Later, on February 17, 1865 Sherman captured Columbia, the capital of South Carolina and actual birthplace to the Confederacy. Then the Confederate capital of Richmond, Virginia fell to Grant’s army on April 2nd, followed seven days later by the surrender of Robert E. Lee at Appomattox.

A month prior to Lee’s surrender – with victory in sight – the reelected Abraham Lincoln had delivered his second inaugural address, wherein he vowed, “*to finish the work we are in, to bind up the nation's wounds... to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations.*”

* * *

The doctrine and the decades' long practice of "States' Rights" had been crushed. The Constitutional principle of Alexander Hamilton had triumphed over the disease fostered by Jefferson, Burr, and Jackson.

The British Empire had suffered its most profound strategic defeat since 1783, and the implications of the Union victory together with Lincoln's reelection posed a threat to that Empire far more deadly than the original victory of the American Revolution.

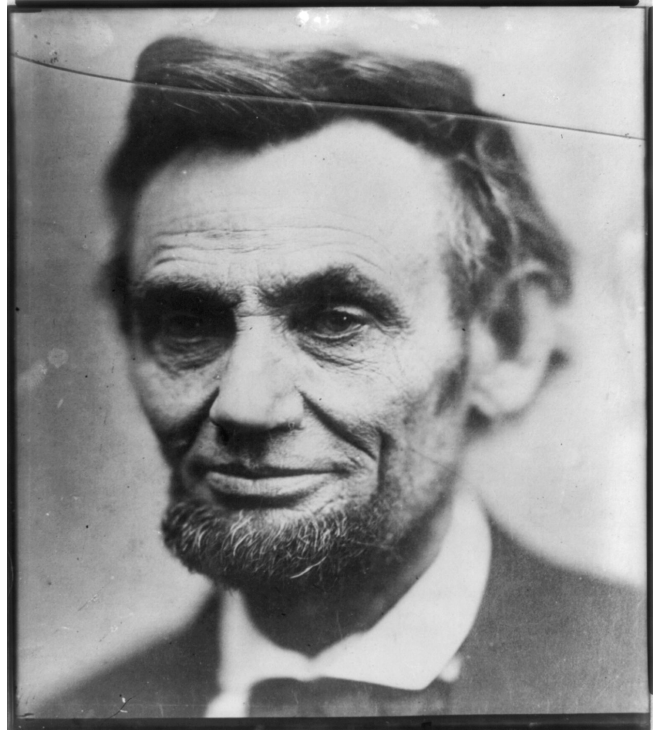
The United States emerged from the Civil War as the greatest industrial and military power on earth, surpassing the British Empire in both respects.

Already, on November 4, 1864, President Lincoln had approved construction on the first 100 miles of the Transcontinental Railroad, unifying the entire nation, and that great task was rapidly moving forward.

For the first time in almost forty years, America was unified within a national Hamiltonian Credit System, and President Lincoln was positioned to deploy the power of that system during his second term in office.

April 14th, 1865: the moment was pregnant with the potentials for the future of the American Republic – and for the future of the world...

John Wilkes Booth



The last photograph of President Abraham Lincoln

On May 4, 1865, only three weeks after the assassination of Abraham Lincoln, President Andrew Johnson issued an executive order for the arrest of Nathaniel Tucker, George Sanders, Clement Clay, and Jacob Thompson – **the key leaders of the Canada-based Confederate Secret Service** – as the instigators of the assassination. Evidence existed, in the hands of federal officials, that the entire assassination plot had been run out of Canada.²³

Ultimately, military prosecutors made the decision to limit their case to the immediate inner circle of Booth's U.S.-based collaborators, but, years later one of the members of that military commission, Gen. Thomas M. Harris, wrote the book *Assassination of Lincoln: A History of the Great Conspiracy*, wherein he states "that the assassination of President Lincoln was the result of a deep-laid political scheme to subvert the government of the United States in aid of the rebellion; that it was not merely the rash act of Booth and his co-conspirators, to whom the work was entrusted; but that behind these stood Jefferson Davis and his Canada cabinet."

John Wilkes Booth visited Montreal for ten days from October 18 to October 28 in 1864, and he returned for a second brief visit in January, 1865. During the first visit he was seen to be constantly in the company of George Sanders, the advocate of political assassination. It is likely that he also met Jacob Thompson and Clement Clay who were both in Montreal during those same ten days. Both Robert E. Coxe – a man on intimate terms with the Court of St. James – and Edwin E. Lee are also known to have had personal contact with Booth and/or his close associates in the months prior to the assassination, and Booth is also known to have met with Canadian agents in both Boston and New York City during that same time-span.

The claim that Booth acted on his own, or that he alone changed the plan from one of kidnapping Lincoln to murdering him, is preposterous. John Wilkes Booth was a highly disciplined Confederate agent, who acted only on direct orders from a superior. Beginning with the fall of Atlanta and culminating with the surrender of Robert E. Lee on April 9th, the South faced inescapable military defeat. If Lincoln, together with Vice President Johnson, Gen. Ulysses Grant, and Secretary of State Seward had all died, as the assassination plan intended, the North would have been plunged into chaos. Perhaps the Confederacy might have salvaged something, or so they hoped.

²³ None of these men were ever brought to trial. George Sanders fled to Europe. Jacob Thompson fled to England and later returned to Canada. Nathaniel Tucker fled to Mexico and also returned to Canada. Clement Clay was arrested on suspicion of involvement in the assassination but never brought to trial.

* * *

As to the British Empire, they had no illusions about the fate of the doomed Confederacy in 1865. Some historians claim that Booth killed Lincoln out of revenge – “retribution” – but for the Queen and the oligarchs of London, revenge was never a motive. **Fear was the motive.** One has to appreciate the **dread** which haunted the palaces, courts and banking houses of London in April of 1865.

Abraham Lincoln had a full four years yet to serve. He commanded the the respect and admiration of the American people, and he stood at the helm of a restored National Constitutional Republic, one which had the means to free itself financially from the control of the London banks, and one which possessed unlimited potential for advances in the productive powers of its citizenry. And Lincoln was determined to move forward.

This the British Empire could not allow.

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Robert Ingraham
May 20, 2014

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