

New Alliances for a New World System

by Helga Zepp-LaRouche

Helga Zepp-LaRouche delivered the following address on Oct. 9 to the conference of the World Public Forum Dialogue of Civilizations in Rhodes.

The fuse of the powder-keg we're sitting on, is already burning. In order to prevent a chain-reaction disintegration of the world financial system and a plunge into chaos, an emergency, government-level conference must be immediately convened to decide on a new world financial and economic system. The most important thing which this conference in Rhodes can do, is to send governments an appeal that such a conference be held before the end of October.

The collapse crisis has been in full swing for the past 26 months, but during that time, governments have shown themselves unable to get the problem in hand. At last year's Rhodes Conference, there was widespread agreement that the neoliberal paradigm has been a failure. At that time, a few shocked heads of government called for a new Bretton Woods System; but since the G20 summits in April in London, and in Pittsburgh in September, at the very latest, it has been obvious that governments are being controlled by the financial oligarchy—and not the other way around. The devolution of the crisis has made one thing clear: We do not have democracies in the United States and Europe; rather, we have a bankers' dictatorship.

The banks, hedge funds, and the entire system of innovative financial instruments have brought about this crisis. For decades, neoliberalism has preached that the state should not interfere. But the moment that this system of global speculation was on the way down, suddenly the state and its taxpayers would have to make up for their losses. As if it were a matter of course, governments unhesitatingly assumed the role of bankruptcy postponers, in the interest of maximizing the profits of predatory capitalism, at the population's expense. The argument that their defense of certain banks has been systemic in nature, is indeed true, because the future of the casino economy is at stake.

In the United States alone, at least \$23 trillion in bailout money has been issued to save troubled banks and their toxic financial waste—which has only made everything worse. Every government involved has accumulated mountains of debt, while, at the same time, the real economy is in free-fall worldwide. High-risk speculation is continuing without let-up: The BIS is talking about a new \$426 trillion derivatives bubble, while, at the same time, the credit squeeze continues for medium-size factories and industrial firms. And if this hyperinflationary bubble explodes on top of an enormously shrunken real economy, there's a very immediate threat of inflation like that in Germany in 1923—only this time worldwide.

In the United States, government bankruptcy can no longer be concealed: Out of its 50 states, 49 are insolvent, while countless cities and counties are broke, and there is 30% real unemployment. Many people have lost everything—their jobs, their homes, their health insurance—and there's a drastic increase in the number of tent cities for the homeless popping up across the country.

A Mass Strike Phenomenon

In reaction to this collapse, since early August, a mass strike has been brewing in the United States—just as Rosa Luxemburg described this phenomenon in the early 20th Century. A large segment of the population has completely lost any confidence in the government and the Congress. Since April 11, when my husband Lyndon LaRouche, at his webcast forum, pointed out the parallels between the Obama Administration's health-care program and the Nazis' Tiergarten 4 policy, there has been growing popular recognition that the people are expected to shoulder the costs of the bank bailout packages.

In this highly dramatic situation, there is a distinct possibility that the Wall Street agents—people such as Larry Summers, Ben Bernanke, Tim Geithner, and others, who, it is now known, deliberately lied about the banks' conditions in order to get the government bailout package adopted—will be booted out of office, and that, in this predicament, the U.S. government will have no recourse but to return to the tradition of Franklin Roosevelt.

LaRouche has long proposed that only a combination of the world's four most powerful nations—the United States, Russia, China, and India—has the necessary combined power to put a new financial architec-

ture onto the agenda. Governments' total failure in all combinations heretofore—the G7, the G8, the G20—highlights the correctness of his thesis. These four nations should, of course, coordinate with other sovereign states, such as Japan, South Korea, Germany, France, Argentina, Nigeria, and so forth.

The emergency conference to be immediately convened, on a heads-of-state level, must decide to replace the bankrupt monetary system with a new credit system. Its first priority must be to take the toxic waste—i.e., unmarketable “securities,” the result of so-called innovative financial instruments which are estimated to be in the hundreds of trillions, or even a quadrillion dollars—and strike it all from the books. Second, governments must ensure that sectors dedicated to the general welfare, such as personal savings (below a set amount), social support programs, the continued functioning of chartered banks, and so forth, are protected by state guarantees.

Each sovereign nation should then create a national bank, based on the model of Alexander Hamilton's First National Bank in the United States. The right to create credit must remain exclusively with sovereign governments, and must be governed by clear physical-economic scientific criteria. The Glass-Steagall standard, introduced under Roosevelt, which was cancelled in 1999 by Larry Summers, must be reinstated.

Participating states must establish mutually agreed-upon fixed exchange rates, and long-term, multinational credit agreements must be made on the basis of low-interest-rate credit for well-defined industrial, infrastructural, and agricultural projects. The kernel of this world economic reconstruction could be the expansion of the Eurasian Land-Bridge, with development corridors extending over the Bering Strait, to North America and South America, and to Africa, via Egypt, Sicily, and Gibraltar.

The goal of this reorganization must, at the very outset, be to create capital-intensive jobs in the high-technology sector, thereby maximizing energy flux-density, so as to attain technologies such as nuclear fusion, and the greatest possible energy and raw materials security for every country, as quickly as

First and foremost, manned space travel must assume the role of “science driver” of the economic revival. The choice of what investments to make, must be aimed at achieving the best possible increase in the world economy's productivity, in order to repair, as quickly as possible, the damage wreaked by globaliza-



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In her address to the Rhodes conference, Helga Zepp-LaRouche called for an emergency conference, to be convened immediately, among heads of state, to replace the bankrupt monetary system with a new world credit system.

tion, and to bring industrial and agricultural capacity up to the level required to permit our currently almost 7 billion people to live with dignity. Since realizing most projects requires longer investment periods of 20, 30, or 50 years, these multinational agreements between nations already constitute the seed-crystal of the new credit system.

Why Europe Can't Lead

One of the questions which comes up most frequently, revolves around why the European Union (EU) is not mentioned in connection with this new system. The reason for this becomes clear when you examine the political motivations on which the now almost-ratified EU Lisbon Treaty, along with the previous Maastricht Treaty, are premised. None other than Roman Herzog, the former German President, already warned, back in 2007, that the EU is a threat to parliamentary democracy in Germany, and said that the Lisbon Treaty ought to be rejected on those grounds.

If it had not been for the intervention by the German Constitutional Court in Karlsruhe, on June 30 of this year, the EU, under the Lisbon Treaty, would have become an absolute, imperial oligarchy—an alliance in which there would be a gaping chasm separating na-

tional parliaments, and the citizens they represent, from the supranational bureaucracy in Brussels, which would have no accountability. The Lisbon EU is also a military alliance, which obliges members to engage in an arms build-up, whereby the so-called solidarity clause requires member-states to accede to whatever military deployments the majority decides on, and to join in those deployments, without any right to veto.

Given the current breakdown crisis, the EU Commission's insistence on maintaining the Stability Pact and the credit restrictions, even before the ratification of the Lisbon Treaty is finalized, is the straightest path to suicide. The fact that the EU is now imposing disciplinary proceedings against member-states which have surpassed the "permissible" maximum indebtedness—imposing stiff fines, and hence, even more debt—is absurd. Under these conditions, any productive credit creation for overcoming the crisis, in the tradition of Roosevelt's New Deal, or of the Lautenbach Plan, or the ADGB [German trade union federation]'s Woytinsky-Baade-Tarnow Plan in the 1930s, is an impossibility. As long as Europe sticks with this policy, no positive initiatives toward overcoming the crisis will be possible.

But, if, on the other hand, the proposed alliance of the United States, Russia, China, and India, comes about, then it is entirely possible that Europe's sovereign fatherlands (as de Gaulle termed them) can, as sovereign states, join up with the new system.

Documents recently released by the British government on the circumstances whereby Germany was forced to join the currency union as its price for reunification, supply irrefutable arguments in support of the right of every European nation, under international law, to cancel the Maastricht Treaty and all of its successor EU treaties. Margaret Thatcher and François Mitterrand's irrational Germanophobia was the motor driving the idea of transforming the EU into an oligarchical empire of British design.

The reality of developments in Europe since Maastricht, has demonstrated that governments have made precisely the political arrangements which the financial interests and the EU Commission had wanted them to make (e.g., the deregulation of the financial sectors via True Sale International in Germany, the privatization of health care, etc.). And then the parliaments rubber-stamp the requisite legislation, usually without even having read it through. The dupes are the citizens, who, for example, must now pay for the trillions that have been gambled away.

If Europe is to survive, it must liberate itself from this corset.

The very idea that Tony Blair could become the first president of Europe, highlights the imperial nature of this supranational dictatorship. Blair, the conceptual author of the Iraq War, which was built on lies, spoke during his infamous 1999 Chicago address, about a new "liberal imperialism," declaring that the era of the Peace of Westphalia, and of respect for national sovereignty which

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flows from it, is now finished, and that henceforth, world-wide NATO interventions on "humanitarian" grounds are necessary, "even if we are not threatened directly."

On the contrary: What we need, is to re-enforce the Treaty of Westphalia. The required peaceful order must be based on the most crucial principles of that treaty (which became the foundation of international law), namely, that all solutions must always give due consideration to the interest of the other. A multipolar world that lacks this principle, one in which the diverse axes merely pursue their own geopolitical interests, is a sure-fire recipe for a new world war.

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