

Committee for a New Bretton Woods Financial System Is Formed in Colombia

Twenty-eight people gathered in Bogotá, Colombia on Aug. 17 to found the Colombian chapter of an Ad Hoc Committee for a New Bretton Woods, inspired by the ideas and proposals of U.S. economist Lyndon H. LaRouche, Jr. The meeting was convoked by former Colombian Labor Minister Jorge Carrillo, and included participants ranging from university deans and labor leaders, a city council candidate, a bishop's delegate, a representative of the Colombian Federation of Townships, journalists, the president of the Colombian Association of Economic Consultants, a member of the Center of Higher Studies of the Society of Economists, and students. It was held at the University Gran Colombia, through the good graces of the dean of that facility.

Internationally, an Ad Hoc Committee for a New Bretton Woods is also circulating a call, which has been signed by hundreds of elected officials, economists, and other prominent persons. The statement notes the breakdown of the 1944 agreement at Bretton Woods, which had contributed to monetary stability and postwar economic reconstruction. It points to the growing discrepancy between the real, physical economy and financial speculation, ever since the decoupling of the dollar from the gold reserve system in 1971; the failure of "globalization" to secure benefits for all the world's nations; and the increasing disparity between rich and poor, both on the national and the international plane. "Considering the increasingly accelerating systemic crisis," the statement concludes, "we, the signators, have decided to constitute the Ad Hoc Committee for a New Bretton Woods." (The full text of the statement is in *EIR*, July 28, 2000.)

In Colombia, before the event began, Carrillo read a letter which Catholic Archbishop Msgr. Pedro Rubiano Saenz had sent, greeting the assembly and apologizing for being unable to attend. He also read the speech of Bogotá City Councilwoman Elsa Valbuena, who, although unable to attend, had spent hours in interviews with several radio stations that morning, announcing the formation of the New Bretton Woods Committee. As a result of her actions, several students came to participate in the event. (See *Documentation* for a report on her speech.)

In his speech to the gathering, Carrillo called on the Presidents of Colombia and of other nations to embrace the concept of the sovereign nation-state, and to stop being the simple administrators of the destruction of the nation on behalf of foreign interests. He gave a brief description of the Colombian

economic crisis, stressing the enormous domestic and foreign debt, and noted that there are already calls for a moratorium on the internal debt.

Journalist Octavio Quintero embraced LaRouche's policies and his warnings about the coming death of the financial system. Economist Gabriel Turbay discussed how high interest rates were preventing the real productive sector from surviving, and how globalization is out to destroy the nation-state, a situation which is leading to war.

At the conclusion, Max Londoño of the Ibero-American Solidarity Movement (MSIA) read a Bogotá Manifesto for a New Bretton Woods, and proposed a committee to lead it, to include Carrillo, Quintero, Turbay, and Londoño. The manifesto was signed by all participants and which will be widely circulated to the media and throughout the country.

Documentation

The Bogotá Manifesto

The following signers, without distinction of political belief, have decided to found the Committee for Reform of the International Financial System, for a New Bretton Woods, with the conviction that if the method and policies associated with the International Monetary Fund and similar institutions continue to be applied, the very survival of the human species will be in question. The monetary, financial, and administrative policies which have become the norm in the past 35 years, represent the deliberate abandonment of the commitment to scientific, technological, and industrial development that was characteristic, despite all its imperfections, during the 1945-63 period, when the original Bretton Woods System was still in force. It is necessary for the nations of the world to recover their monetary, credit, and exchange sovereignty, currently alienated by supranational entities.

Definitely after August 1971, when President Nixon established the system of floating exchange rates to replace the kind of relatively fixed exchange rates that existed until then, a paradigm shift was effected that has brought the world to the economic and financial bankruptcy that exists today. The

fixed, or relatively fixed, exchange rates generated monetary stability, which in turn produced the stability and expansion of world trade. After the process of “competitive devaluations” inherent in floating exchange rates began, a vast speculative bubble began to build, which today surpasses \$400 trillion, while the world’s Gross Domestic Product is barely 10% of that.

What gave relative strength to the Bretton Woods System in its first two decades, was the solvency of the U.S. dollar, which in turn was sustained by the high rates of technological and industrial renewal achieved thanks to the dirigist policies of Franklin Delano Roosevelt, inspired in the first place in the ’30s, when it was necessary to reactivate the economic apparatus following the Great Depression; this effort continued with the economic mobilization during the Second World War, and finally, despite the death of Roosevelt, who had promised to wipe colonial empires from the face of the Earth, the high rate of capital goods formation took off with Kennedy’s encouragement of the aerospace program. That is, the system of gold reserves (in contrast to the classic gold-based system, which limited monetary emission to the possession of physical gold, and which was always manipulated by the British Empire) and the dollar, which served as the currency of international exchange in 1945–63, was based in reality on a basket of tangible goods: the solid U.S. economy of the time.

With the 1963 assassination of President Kennedy, the retirement of German Chancellor Konrad Adenauer that same year, and the intensified harassment and threats against Charles de Gaulle which culminated in his resignation as France’s President in 1968, politics was defined as the abandonment of the industrial era based on science and technology, and the era of uncontrolled financial speculation was launched. Today, debt service grows more rapidly than the production of useful tangible wealth, and yet to honor as sacrosanct the cancerous debt service, savage “adjustment programs” are imposed, which contract the depressed economic base even further. This looting of both consumption levels of populations and of necessary technological and industrial reinvestment and renewal, has created the conditions in which the Four Horsemen of the Apocalypse begin to plague the nations of the world. Starvation, disease, social chaos, and war are the logical result of the application of IMF conditionalities. Most serious is that the magnitude of the human holocaust will surpass even the infamous Black Plague, which in the mid-14th Century, wiped out half of Europe’s population. Humanity could only begin to breathe again with the emergence of the Golden Renaissance and its fruit, the sovereign nation-state. Globalism is a simple attempt to return humanity to what it was five centuries ago, with the exception that now, it will be a world empire based on a technetronic financial oligarchy, and not on a landed feudal oligarchy as before. To prevent the debt from becoming an eternal debt, all forms of debt should be subject to a restructuring that establishes which portion is legitimate. Illegitimate debt should be forgiven.

American statesman Lyndon H. LaRouche is the most

outstanding statesman who, in the past 40 years, has prepared proposals for replacing the bankrupt IMF-based system. The New Bretton Woods, as he has called it, should generate enormous flows of new credit to channel into industrial modernization, the mechanization and technical upgrading of agriculture, and the construction of great infrastructure projects that humanity requires, so that there can be lasting peace among nations. We call on our compatriots to join our efforts to give life to the Committee for a Reform of the International Financial System, as a strategic forum that can offer solutions to the grave crisis facing humanity, and in particular, our beloved Colombia.

— Santa Fe de Bogotá, August 17, 2000

Jorge Carillo Appeals to Colombians To Join

Former Colombian Labor Minister Jorge Carrillo sent a letter to several distinguished Colombians, seeking their endorsement of the Colombian branch of the Ad Hoc Committee for a New Bretton Woods, whose founding meeting was held Aug. 17. Here are excerpts.

The economic and social situation in Colombia is deteriorating daily, creating a highly dangerous situation for the stability of democratic institutions. Official unemployment is 20.4%, but the reality is that the level is higher. The joint effect of unemployment, industrial bankruptcy, generalized penury, and loss of security, is driving the Colombian people to desperation and to lose faith in the ruling class of our country.

The economic situation in Colombia is very similar to that of the majority of Latin American countries; the directors of the international financial agencies are largely responsible for our critical situation. As long as there is no change in entities like the IMF, World Bank, and so forth, the recovery of nations, the improvement of our populations’ living standards, and respect for human rights will not be possible. It is indispensable to create a new and just international monetary and financial system that can guarantee long-term, low-interest credit to finance industrialization, modernization of agriculture, and the construction of great infrastructural works, that nations need for there to be a lasting peace. What is required is a New Bretton Woods, that can take what was positive in the original Bretton Woods system, that is, fixed exchange rates, which allowed for relative monetary and trade stability for nearly the first two decades in which it operated.

In many international circles, there is great concern about the imminent collapse of the international financial system. At the end of this year, the Catholic Church plans to assemble nearly 5,000 world leaders in Rome to study the problem facing humanity over the cancerous increase in debt service,



Former Colombian Labor Minister Jorge Carrillo is one of the founders of the Colombian chapter of the Ad Hoc Committee for a New Bretton Woods. He is shown here at a meeting in Germany in 1993.

and the conditionalities imposed on nations. On a world scale, prestigious economist Lyndon H. LaRouche, who has been making alternative economic proposals for more than 40 years, is promoting urgent changes in the international financial system. Convinced of both your patriotic sentiment and your knowledge of Colombia's economic and social situation, permit me to send you this invitation to form a Committee for a New Bretton Woods, to whose first meeting I cordially invite you.

Speech by Elsa Valbuena, Bogotá City Councilwoman

The following are excerpts from the speech delivered to the Bogotá founding meeting of the Ad Hoc Committee for a New Bretton Woods, on behalf of City Councilwoman Valbuena.

Last April 7, Amelia Boynton Robinson, U.S. civil rights activist and collaborator of Martin Luther King, Jr., together with Helga Zepp-LaRouche, German political leader and

wife of U.S. economist and statesman Lyndon H. LaRouche, and other prominent individuals of various nationalities, announced the formation of an Ad Hoc Committee for a New Bretton Woods. Since then, thousands of leaders from every nation and continent have subscribed to the manifesto convoking the Ad Hoc Committee. Various Colombian leaders, notwithstanding our different political persuasions, have strongly supported this initiative. Why replace the current international financial system, a system based on the infamous International Monetary Fund (IMF), and with what?

As an individual and as a member of the Bogotá City Council, I must state that I am highly responsive to any cause that advocates the successful survival of humanity. What is currently at stake, if we should continue the policy of draconian adjustments decreed by the IMF, is the unleashing on a world scale of something perhaps more terrifying than the bubonic plague that eliminated half the European population of the mid-14th Century. It should suffice to offer as an example, the uncontainable expansion of the AIDS pandemic that is threatening to extinguish, first, the population of Africa.

As I speak, there is currently an ongoing, indefinite strike in Bogotá of three top-level hospitals—Kennedy, Victoria, and Perseverancia—which serve 4 million people—and others, such as La Granja, Fontigon, Bosa, Simón Bolívar and Tunal, which are on the verge of suspending operations, because they have been financially abandoned by the Pastrana government, on the pretext of reducing public expenses to supposedly “balance the budget,” according to the guidelines that are established quarterly by the IMF mission that monitors Colombia. However, last year, the government spent 9 trillion pesos rescuing the financial sector. How are there going to be any funds for health, education, or public investment, if 40% of the new national budget that is being approved, is allocated to debt service payments?

I have called on Finance Minister Juan Manuel Santos—the same one who during his acceptance speech announced for us “more blood, sweat, and tears,” as if we haven’t shed enough—to abandon his loyalty to Wall Street and to the IMF, and respond to the legitimate interests of Colombians. The problem with the current international monetary and financial system, is that the debt service is growing more rapidly than the production of tangible wealth, and to guarantee continued payment on debt service, the IMF is imposing measures that still further contract production and employment. Before this produces a vast biological and human holocaust, on a planetary scale, it is necessary to bury for all time the usurious IMF-based system.

We need to mechanize agriculture, modernize industry, establish pilot centers dedicated to scientific research and its technological and industrial applications, and all this can be achieved if we can establish fair trade, not free trade. The world financial system is collapsing under the weight of its own evil; let us give it a quick burial, and build a viable new alternative without delay.