

Editorial

No Controlled Descent for Dollar

Treasury Secretary John Snow's wild shows of public incompetence are setting the stage for him to join the line of exiting Bush Administration officials. His brief Treasury employment may later be known as a "Snow job" for his attempts to convince Americans that the dollar's collapse will help the U.S. economy (and punish the firms of ungrateful anti-Iraq war allies to boot). The claim that Snow, and some U.S. media and economic "experts" are advancing—that American exports will be helped—ignores the painful fact that the United States is no longer capable of exporting the sinews of economic development as it once did; it requires an FDR-style credit policy to revive the industries that were once an arsenal of democracy, and Snow would have to be fired for such a policy to be adopted.

His implied claim that the dollar's decline will be graceful and controlled, is already clear nonsense to the rest of the world, which is thinking about ways out of the dollar system. As with the U.S. airline carriers and the rest of the bankrupt economy, there is no controlled descent or soft landing available for the dollar. It has had a breathtaking slide of 25% in less than a year, and that slide is now *accelerating*. With the new, desperation interest-rate cut that Fed Chairman Alan Greenspan is promising for June, the accelerating slide will turn into an all-out plunge. The United States has become a consumer importing economy over recent decades, looting from the world what it no longer produces, with the "strong dollar." A 50%-or-more dollar collapse, combined with the new wall of money-supply pumping Greenspan has underway against the depression tide, will set off real hyperinflation. And then, as former President Bill Clinton pointed out on May 23, the Fed will turn around and start to raise rates to stop the dollar's falling—and as Clinton warned, Americans will then lose to high interest rates, every dollar they think they're getting from President Bush's tax cuts, and then some. Nor will the dollar itself cease its fall; as our Economics columnists have shown in recent weeks, the real U.S. budget deficit this year will be near \$500 billion, tax revenues are down 25% in

two years, the real trade deficit will be near \$600 billion, and no country or sane group of investors in the world really wants to stay in the dollar any longer. The major exporters of goods to the United States, desperate at the fall of their "importer of last resort," are buying dollars only in a (vain) attempt to save their exports, while seeking plans to shift their investments out of the dollar.

There is only one way back from this bankruptcy—a new international monetary system which returns to fixed currency parities, to currency and capital controls, above all to agreements among nations and regions for long-term technology-export, and infrastructure credits; LaRouche's policy of a New Bretton Woods conference. This idea, circulated by the Presidential candidate since the currency crises of 1997, cannot be put off any longer, or the dollar crash will cause monetary and currency chaos.

Thus is it extraordinarily important that at this moment, a major move is underway in Italy's Senate, to do what its Chamber of Deputies has already done, and call on its government to organize a New Bretton Woods conference now. The initiative can quickly gain momentum, because throughout Eurasia there are governments or strong opposition forces proposing to shift regional trade off the dollar; and more important, because the great public projects of transport and other infrastructure investment across Eurasia are the basis on which the new monetary system will succeed.

It is no coincidence, that LaRouche's New Bretton Woods policy is also the only *effective* response which European, Asian, and other nations which opposed the Iraq war, can make to the disastrous global imperial power grab Washington and London just made, and which their opposition could not stop. Thus, Italy is moving to take the uniquely right action, and the right time—recognizing LaRouche's leadership.

A New Bretton Woods is also the only international move that can stabilize the U.S. dollar—though at a significantly lowered rate, which will measure the United States real potential to contribute exports and technology to a recovery from the global depression.