

Call by the Ad Hoc Committee For a New Bretton Woods

Following up the previous calls of 1997, 2000, and 2006, in which thousands of prominent personalities from all over the world, among them former heads of state, members of parliaments, unionists, entrepreneurs, civil rights activists, church members, members of the military, and so forth, demanded a reorganization of the world financial system, the Chairwoman of the Schiller Institute, Helga Zepp-LaRouche, has written the following call, which will be circulated worldwide by the Schiller Institute. It will be presented to the U.S. Congress and the parliaments of the world.

The systemic crash of the world financial system is in full swing. Shaken loose but not caused by the collapse of the subprime mortgage market in the U.S. and the end of the inflationary yen carry trade in Japan, the house of cards of “creative financial instruments,” as Alan Greenspan has dubbed various credit derivatives, has thereby caved in. Because the

takeover craze on the part of the hedge funds and private equity funds has been rising higher and higher over the recent years and months with ever wilder predatory raids, the investment banks which have financed the majority of these takeovers, are now left sitting on these worthless credits. More U.S. mortgage financiers will declare insolvency, more banks will go under in the vortex of the credit crisis. In the U.S. there are currently almost \$10 trillion in mortgage loans, over a third of which are bad credit risks. In Germany the examples of the IKB bank and the Westdeutsche LandesBank have shown that boards of directors are finding it hard to admit the quantity of their losses.

The myth that the central banks have an endless number of possibilities to always bring a crash under control, is exploding: They now find themselves between the Scylla of the fight against inflation with higher interest rates—which is urgent in the face of the obvious inflation of food, raw materials,

and oil, but would lead to bubbles like that of the U.S. mortgage market, and the like, bursting even more—and the Char-ybdis of the credit crisis, which has been unleashed by the reversed-leverage collapse. If the central banks try to stop a chain reaction by infusing liquidity in the range of hundreds of billions of dollars, as just occurred within 24 hours during the second week of August, this only means that there will be a hyperinflation like that in Weimar Germany 1923—only this time not in one country, but worldwide.

It is a dilemma from which there is no way out: The system is finished.

Catastrophic consequences are threatened for the world population. If countries can no longer finance their functions, societies threaten to sink into chaos. The model of so-called globalization is today totally bankrupt, just as the communist model was in 1989-91. All the principles which are associated with it, such as “outsourcing” (that is, the shifting of highly qualified jobs into cheap-production countries), “shareholder value” society, “money-makes-money,” “just-in-time” production, “benchmarking,” etc., have been rejected. The condition of collapsing infrastructure in the G-7 countries is the best indicator of the wreckage of the unregulated free-market economy.

In order to stop the intolerable suffering which an uncontrolled collapse of the world financial system threatens to unleash on the population, we, the undersigned, demand the immediate convoking of an emergency conference which must decide on a new global financial architecture in the tradition of the Bretton Woods System initiated by Franklin D. Roosevelt in 1944.

We, the undersigned, also point out, that the Italian Parliament has taken up Lyndon LaRouche’s proposal, and in a resolution on April 6, 2005, called on the Italian government to convene “an international conference at the level of Heads of State and Government, to globally define a new and more just monetary and financial system.”

The necessity for such a fundamental reorganization is all the more urgent today, but the potential for its realization has also grown. For an irony of history is responsible: Because when the Soviet Union began to unravel in 1991, the neo-conservatives in the government of President George Bush, Sr., saw to it by their policy of preemptive wars and regime change, that the process of cooperation among the nations of Eurasia and Latin America, which normally would have taken decades, has accelerated, under the influence of the American unilateralist policy. An array of heads of state of important countries have made it clear, that they have decided to defend the general welfare of their populations against the encroachment of the financial institutions associated with globalization. Therefore, the chances of putting the question of a just new world economic order on the agenda, have enormously increased. Many projects which the LaRouche movement has demanded for decades, with the construction of the Eurasian Land-Bridge as the kernel of reconstruction of the world economy, are today on the agenda of many countries.

But it would be a dangerous illusion to believe that a successful reorganization of the bankrupt world financial system could succeed without, or against, the United States. Therefore, we, the undersigned, declare ourselves in favor of cooperation with the “real” America, in the tradition of the American Revolution and the Declaration of Independence, that America which is connected with names such as Alexander Hamilton, John Quincy Adams, Abraham Lincoln, Franklin D. Roosevelt, and Martin Luther King, and which is inspired by Lyndon LaRouche today. America must be a part of the new community of principle of sovereign republics, which is bound together through the common interests of mankind.

In recent months Lyndon LaRouche has pointed out again and again that only the combination of a transformed America, together with Russia, China, and India, would be strong enough to put the question of a new monetary system on the agenda. But that does not mean that other nations could and should not participate as partners with these four large nations.

In order to correct the failures of development, which have occurred due to the paradigm shift of the past 40 years, and above all, since the abandonment of the system of fixed exchange rates by U.S. President Richard Nixon, in 1971, and which led, after the dissolution of the Soviet Union, with unrestrained globalization, to today’s brutal vulture capitalism, we must implement the following measures:

The emergency conference for a New Bretton Woods must immediately thus resolve:

1. The current world financial system must be declared hopelessly bankrupt and be replaced by a new one.
2. A system of fixed exchange rates must be agreed upon immediately.
3. Derivatives speculation must be prohibited through an agreement among governments.
4. There must be put into effect a comprehensive reorganization, or, as the case may be, a cancellation of debts.
5. There must be put in place new credit lines, through state credit creation, in the tradition of Alexander Hamilton and the American System, which will make possible productive full employment, through investments in basic infrastructure and technological revival.
6. The completion of the Eurasian Land-Bridge, as the kernel of the reconstruction of the world economy, is thus the vision which will not only bring about an economic miracle, but also can become a system of peace for the 21st Century.
7. A new “Treaty of Westphalia” must guarantee the opening up and development of raw materials for all nations on this Earth, for at least the next 50 years.

We, the undersigned, are of the belief that the system of “globalization,” with its brutal vulture capitalism, has economically, financially, and morally failed. In its place, man must again be put in the center, and the economy must serve the general welfare first and foremost. The new economic order must guarantee the inalienable rights of all mankind on this planet.