

We Need a New World Economic Order, Now!

by Helga Zepp-LaRouche

The author is the founder of the Schiller Institute, which has branches in many countries, and its president in Germany. She issued this open call, titled “World Financial System Faces a Meltdown; Call for a New Bretton Woods System; We Need a New World Economic Order!” on July 17. It is being distributed as a leaflet in Germany, and has been translated from German for EIR.

Inflation is gobbling up the income of the so-called “little people”: 56% of German citizens don’t make enough to be able to save anything. And now, as the result of speculation, prices for food, gasoline, heating oil, electricity, and raw materials are exploding. But the people do realize that a much bigger catastrophe is hitting us.

The fact is, the financial system has collapsed. The so-called subprime mortgage-market crisis in the U.S.A., which broke out a year ago, is now exploding with the insolvency of the mortgage-lenders Freddie Mac and Fannie Mae, which reportedly are holding or backing \$5.3 trillion in mortgages—that’s 5,300 billion dollars—which is 70% of the American real estate market! But both of these giants were at the core of the “creative financing instruments” that former Federal Reserve chairman Alan Greenspan bestowed upon the world, by means of which, debts were miraculously transformed into assets, and sold throughout the entire globe as so-called structured financial packages, without the slightest control by governments or central banks.

The Federal Reserve’s attempt to put practically unlimited financial infusions at the disposal of both giants will only accelerate the hyperinflationary explosion of the system. The patient—the world financial system—has already died; it’s only the burial that hasn’t yet occurred. The dance around the Golden Calf that made the speculators super-rich, but the majority of the world’s population poorer and poorer, has come to an end.

It is deplorable that the summit of the G8 countries—that is, the seven most powerful Western industrial nations plus Russia, which recently took place in Japan—unfortunately proved itself incapable, as was to be expected, of finding a solution for the systemic collapse that is playing out so dramatically before the very eyes of the world public. The heads of state of the G5—China, India, Brazil, Mexico, and South

Africa—who were also in attendance, were not seriously incorporated into the search for a solution. A number of governments will soon be voted out, since, during their term in office, they did not meet their obligation to take care of the common good of their populations.

The hyperinflationary disintegration of the world financial system has already led to hunger riots in 40 nations, as more and more people are threatened with the loss of their livelihoods. If even more, unforeseeable, harm to the world’s population is to be prevented, an emergency conference must be called, at the level of heads of state, to establish a new financial architecture, in the tradition of the Bretton Woods system initiated by Franklin D. Roosevelt.

Lyndon LaRouche has reiterated in recent months, that only the combination of the four most powerful nations—the U.S.A., where the election remains open, as well as Russia, China, and India—is strong enough to take a stand against the international financial oligarchy. Other nations should then join these four to bring about a solution.

This emergency conference for a New Bretton Woods system must resolve that:

1. The present world financial system must be declared hopelessly bankrupt, and replaced by a new one.
2. It must promptly set up a fixed-exchange-rate monetary system, so that long-term investments in international infrastructure projects are possible, under predictable conditions.
3. Derivatives speculation and speculation in food, energy, and raw materials must be banned by treaty among governments.
4. There must be an immediate reorganization, including, for example, cancellation of debts.
5. In a New Deal for the world economy, in the tradition of Alexander Hamilton, Friedrich List, Henry Carey, and FDR, new credit lines must be made available for investments in basic infrastructure and technological renovation.
6. Building the Eurasian Land-Bridge, as the core project for reconstruction of the world economy, is therefore the vision that can not only bring a new economic miracle, but also bring peace to the 21st Century.
7. Food production must be doubled worldwide in the coming years.
8. A new “Peace of Westphalia” must, within at least 50 years, secure the availability and development of raw materials for all nations on this planet.

We, the undersigned, maintain that the system of “globalization,” with its brutal, predatory capitalism, is economically, financially, and morally wrecked. Instead, man must be placed at the center again, and the economy must serve the common good. The new world economic order must guarantee the inalienable rights of all men on this planet.