

Editorial

Time to return to sanity

In April, the finance ministers and central bank heads of 21 nations and officials from Hong Kong will meet to discuss what U.S. Treasury Secretary Robert Rubin called “changing the global financial architecture.” There is no more urgent matter facing us, as the world braces for the next gusts of the financial typhoon that hit Southeast Asia starting last fall, and will soon slam into Europe and the United States.

But, there are two totally contradictory agendas for that meeting, and a ferocious political battle between them, behind the scenes.

On one side, you have those who want to cook up some new regulations to control international currency and financial flows, while holding on to the system of “globalization” and free trade. This is the approach of the group which Lyndon LaRouche dubbed “The Belshazzar’s Feast Committee”—a large roster of U.S. political and business personalities who, as *EIR* reported last week, took out a two-page ad in leading newspapers on Feb. 11, calling for the U.S. Congress to support the International Monetary Fund.

On the other side, the side of sanity, is the LaRouche plan for a New Bretton Woods System.

In 1944, President Franklin D. Roosevelt launched the process leading to the creation of the Bretton Woods System, a gold reserve system, with fixed exchange rates for the world’s currencies. Although it had flaws, the system worked, particularly in the 1950s and into the Kennedy era; it protected the economies of nations from speculative assault, and provided the basis for stable trade—until President Nixon decoupled the dollar from gold, in 1971.

Today, we must go back to such a protectionist system. Protection of national economies has always been the hallmark of the American System of economics, as against the British System of free-trade looting. And, contrary to what the British say, it is not protectionism that causes depressions.

We require an emergency international meeting, centered around the United States and China, with whatever nations in Europe and elsewhere might wish to participate. It must forge a new system which takes into

account the fact that the strategic balance has shifted from the Atlantic to the Pacific, and that the U.S. relationship with China, and with the most populous part of the world in East and South Asia, is now the strategic axis of the planet. Such a meeting must establish a set of ground rules for a new, just financial and monetary system. Five steps must be taken, in the context of such a New Bretton Woods arrangement:

1. Governments must not attempt to bail out the speculators. Let the derivatives market and other paper values collapse as they may: It’s only paper! The only necessary action of government on this account, is to protect people, productive enterprise, and useful trade in hard commodities and science-related services.

2. The credit and issued public Treasury debt of national governments must be protected at all costs; otherwise, the necessary measures of economic recovery and growth would not be possible.

3. There must be no mass evictions, or breaks in continuity of operations of essential production and distribution of goods and essential services. During the 1929-31 Depression, terrible blunders were imposed upon the Hoover administration by Andrew Mellon et al. This must not be repeated today, in any country.

4. The President of the United States must act in concert with other governments, to put the existing financial and monetary system into bankruptcy, and to put a new world monetary system into place.

5. A global recovery program must be adopted to foster immediate recovery in world hard-commodity trade, and to provide an urgently wanted general stimulant for the private economies of the participating nations. The core of such a recovery program is the Eurasian Land-Bridge, creating corridors of high-technology infrastructural and industrial development, with “spiral arms” extending to Africa and the Americas.

By adopting such measures, and accepting LaRouche’s leading role in policymaking, those who are responsible for the fate of nations can respond to problems as they come up, and deal with them effectively. And with sanity, for a change.