

What Is the Real New Bretton Woods?

by Lyndon H. LaRouche, Jr.

This article, dated Sept. 24, 1998, originally appeared in a New Federalist pamphlet.

At a March 18, 1998 conference in Washington, D.C., I presented a formal statement of my proposal for the adoption of a “New Bretton Woods” policy. This was presented as an action to be initiated by the President of the U.S.A. It represented then, as now, the only feasible alternative to the continuation of a then already ongoing process of disintegration of the world’s financial and monetary system.

Later, during late August of this year, following fresh, thunderously ominous escalations of Japan’s and Russia’s ongoing financial and monetary crises, a limited, but significant number of prominent figures and institutions began to echo my “New Bretton Woods” proposal; the proposals from these bankers and others were more limited in scope than my own, but were otherwise competent. Among sane bankers, there was general recognition of the urgency of four crucial facts which I had stressed in my proposals:

1. That, despite the dead-headed ideologues who refuse stubbornly to face the overwhelming evidence: the era of “globalization” has come to a screaming collision with long-looming reality. Either we reverse the process of “globalization,” and return immediately to international economic relations premised upon the sovereign nation-state as the highest authority, or there will be no recovery from the present process of disintegration of the international financial and monetary system.

2. That the model of economic policy, of nations, and among nations, must be a return to nothing different than the spirit and methods of protectionism employed throughout post-war reconstruction, measures modelled closely on the protectionist actions prevailing through 1958.

3. That strictly enforced capital and exchange controls must be instituted by the authority of sovereign

nation-states, with no substitution for the sovereign authority of the nation-state by old or new international agencies of any kind.

4. That there must be a strictly protectionist policy of large-scale, but highly selective expansion of credit for production and trade in tangible products of agriculture, infrastructure, and manufacturing, a protectionist policy which boosts production and trade in these areas, but sharply constricts credit-flows in other areas. Financial speculation, above all, must be put out of business, and the unpayable masses of so-called “derivatives” obligations simply cancelled as if they had never existed.

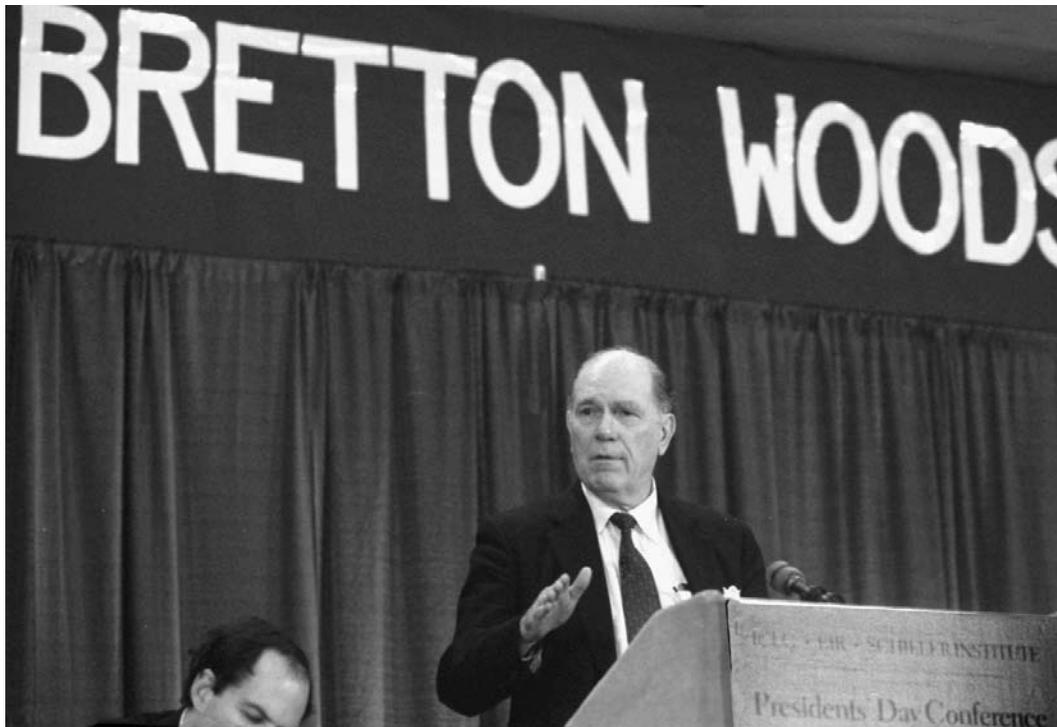
More recently, as might be expected, a number of fakers jumped in, notably Britain’s fading Prime Minister, Tony “Cheshire Cat” Blair, claiming themselves to be the authors of proposals for a “New Bretton Woods.” What the latter have presented, like Blair, is pure deception and dangerous incompetence. Meanwhile, all competent authorities agree that the required specifications for a “New Bretton Woods” are precisely those which I presented officially, from Washington, this past March 18.

Unfortunately, some persons, who ought to have known better, have been taken in by charlatans such as Blair. Such duped persons have said of my “New Bretton Woods” proposal: “Yes, you were the first to propose it, but, now, many others have taken over the proposal, squeezing you out of the picture.” If such persons had thought before speaking, they would not have been duped by such foolish, and potentially dangerous, false propaganda.

What Tony Blair, for example, could never seem to understand, is, that “God is not prepared to negotiate the laws of the universe with the kind of financier-oligarchical interest which Blair represents.”

The essential fact of the present situation, is, that during the period from the 1962 Cuba Missile Crisis through the 1972 establishment of the foolish “floating exchange-rate monetary system,” and also the “new world order” which Britain’s Thatcher, France’s Mitterrand, and the U.S.’s Bush put into effect during 1989-1992, the hegemonic governments and other monetary authorities of this planet installed a series of fundamental changes in direction of policy-shaping. All of these changes have combined to produce the global financial, monetary, and economic catastrophe now in its final phases.

To cure that sickness, you must remove the cause of



EIRNS/Stuart Lewis

An upsurge of support internationally for Lyndon LaRouche's New Bretton Woods is increasing the pressure on the U.S., which, up till now, has bowed to British imperial demands. LaRouche is shown here addressing a conference in Northern Virginia, in February 1997.

that disease. Either, all of the fundamental changes in economic and related policy of the past thirty-odd years must be reversed, and that abruptly, and now, or else the planet as a whole will be plunged into a “new dark age,” echoing Europe’s mid-Fourteenth Century “new dark age,” but, this time, on a global scale. Such are “God’s laws.” Against such laws, sane governments will not quibble. That disposition for quibbling between right and wrong, for demanding that God behave “more democratically,” is the reason Tony Blair’s political career is on the way to the garbage-dump; similar penalties await those who delude themselves that Tony Blair is proposing “a New Bretton Woods” reform.

What the Self-Doomed Lunatics Suggest

From among those fools who demand that God respond “democratically” to the expressed reluctances and other sensibilities of Blair and other politically suicidal types, there are certain objections raised, which are so typical that it is useful to identify and address them here.

Objection Number One: It was John Maynard Keynes who designed the Bretton Woods system; therefore, “New Bretton Woods must mean that we

are going back to Keynes.”

Objection Number One is essentially false. The policy which President Franklin Roosevelt revived for the U.S. recovery from the Great Depression of the 1930s, and the 1939-1945 mobilization for war, was modelled upon two precedents: the 1861-1876 mobilization launched by President Abraham Lincoln, and the U.S. revival of the methods of the 1861-1876 mobilization for conduct of World War I. These were what are known to all competent economists as the “American methods” of U.S. Treasury Secretary Alexander Hamilton and the world’s leading Nineteenth-Century economist Henry C. Carey. These are methods directly opposed to the versions of “free market” doctrines of both Adam Smith and Keynes.

Admittedly, after the untimely death of Franklin Roosevelt, the Wall Street gang joined with London in a policy of systematic undermining of every policy which Roosevelt had launched prior to his death. Nonetheless, the dominant features of the Bretton Woods system, through 1958, were predominantly based upon the anti-“free trade,” “American methods” associated with the U.S. economic mobilizations of 1861-1876, 1914-1917, and 1934-1945.

Objection Number Two: “Obviously, no one

would suggest actually going back to the Bretton Woods policies of the 1940s and 1950s.”

Why not? Every deviation from those policies of the 1940s and 1950s has resulted in nothing but a long, accelerating process of decline of the post-Kennedy U.S.A., a decline which has produced no net effect to date, but the present global catastrophe. Any sensible person would consider nothing different than returning to policies which were proven successful, to replace subsequent changes which have proven cumulatively disastrous.

Objection Number Three: “The world has changed since 1958. We have to start from perpetuating those changes. We can not turn back the clock of history.”

When, in 1819, the reactionary Holy Alliance of Clement Prince Metternich imposed the fascist-like Carlsbad Decrees on Germany, the Prussian court philosopher who defended these reactionary measures was a fellow known as G.W.F. Hegel. Hegel typifies those immoral creatures who blame society’s changes for the worse upon some occult authority which they identify by such terms as “the World-Spirit,” the “Spirit of the Times,” or “Popular Opinion.” The fact of the matter is, that those things which a Tony Blair,

for example, says we must not change, are precisely those post-1962 changes which are the cause for the downward spiral of the world’s economy up to the present verge of total disintegration. It was those who made these changes, who, in fact, “turned back the clock of history”; it is our responsibility to re-set the clock.

Objection Number Four: “Obviously, no changes can be made without the consent of all of the nations.”

Why not? That sort of nonsense was what apologists for Chamberlain’s and Daladier’s Munich Pact with Adolf Hitler called “Peace in Our Time.” When the issue is survival, the principle is, that those who can and will, must do; let the rest learn their lesson, and catch up later. I have pointed out, repeatedly: if the Presidents of the U.S.A. and China can reach agreements with a crucial minority of other nations, on a new financial, monetary, and economic relationship among themselves, those nations must act, whether other nations object to this, or not. Some nations, like some individuals, seem to learn only from the hard knocks of experience. No patriotic American, for example, has ever waited for assent from the British monarchy or Commonwealth.

The fact is, that if the U.S.A., together with China, India, Russia, and also Germany and [France], can reach a suitable relationship among themselves, the majority of the world will support such a partnership. A partnership, including key nations of the developing sector, a partnership representing the majority of the population of this planet, is the needed, winning combination. Those who refuse or are simply reluctant, will perhaps have to learn the hard way: perhaps that is real democracy in action.

Objection Number Five: “The New Bretton Woods must be a new supranational authority which decides whether or not individual nations will have the right to use temporary measures such as capital and exchange controls.”

No workable agreement will subvert the sovereign rights of any nation-state to sovereign measures such as protectionism in general, or capital and exchange controls in particular. Sovereign partners will, rather, agree to coordinate their sovereign decisions, and will set their sovereign policies according to a principle of informed mutual advantage. They will never alienate their sovereign rights and powers to a supranational authority. . . .

THE EURASIAN LAND-BRIDGE

An *EIR* Special Report

‘The New Silk Road’—
locomotive for worldwide
economic development

(1997) 260 pages \$100
(EIR 96-007)

Available from

EIR News Service

P.O. Box 17390 Washington, D.C. 20041-0390

Phone: 1-800-278-3135

or www.larouchepub.com