

## I. Economics

# Global Economic Collapse Is Imminent: A New Peace of Westphalia Is Our Last Chance!

by Helga Zepp-LaRouche

March 12—President Putin has responded to the West’s tightening of sanctions with a combination of measures unprecedented in modern times, to defend the Russian economy against an attempt to “destroy Russia, Putin and the Russian system.” In a meeting with Russian Prime Minister Mishustin and a number of decision-makers, which could be considered a war cabinet, Putin, Mishustin and Finance Minister Siluanov announced nationalization measures and capital controls.

We are now in uncharted waters and—depending on how the West reacts—at the beginning of a development that will end in either a complete collapse of the global economic and financial system, or even a new world war, or it will instead establish a new paradigm in international relations. The publication of the Schiller Institute’s new [petition](#) calling for a new conference in the tradition of the Peace of Westphalia could not have come more at a more propitious time. Because every thinking person should be aware that continuing the spiral of escalation towards Russia, as is now being pursued by the U.S., Great Britain, and the EU, involves risks that can get completely out of control in a very short time.

### Dangerously Wrong Assumptions

NATO’s principal error was, and is, to assume that it can continue the eastward expansion and encirclement of Russia indefinitely without this leading to countermeasures. At the Munich Security Conference in 2007, Putin had



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*U.S. and NATO-allied central banks have confiscated more than \$300 billion in Russian assets and have announced sanctions of the sort used against Iran—extraterritorial application of U.S. sanctions against third countries. Here, headquarters of the U.S. central bank, the Federal Reserve Bank in Washington, D.C.*

already sounded the alarm that everyone but the deaf should have heard, that a unipolar world order was not acceptable to Russia. Putin justified Russia’s December 17, 2021 demand on the U.S. and NATO for legally binding security guarantees—after a total of five eastward expansions of NATO—with the fact that he no longer had any space to which he could retreat. Eight years of military attacks on the republics of Donetsk and Luhansk by Ukrainian forces, which killed 14,000 Russian-speakers, received almost no mention in the Western media. Putin received no response to the

core of his demand for security guarantees.

The economic equivalent of war, sanctions, are a form of warfare with the stated aim of the new sanctions against Russia being destroying not just Putin but also Russia and the “Russian system.” French Finance Minister Bruno Le Maire declared his agreement with this aim with such undisguised hatred that he was reined in by Macron and had to withdraw his statement. Similar statements had already been released on January 25 and then again at the end of February by two unnamed White House officials. The aim of American policy is to prevent Russia from any economic diversification away from oil and gas and to deny it access to advanced technologies. Ursula von der Leyen said the same thing.

The western central banks reacted to the beginning of the war by confiscating more than \$300 billion in Russian assets and announcing sanctions of the same sort as those used against Iran, i.e., extraterritorial application of

American sanctions against third countries, as well as the exclusion of Russia from the status of a “most favored nation.” In the U.S. imperial faction’s home organ, the Atlantic Council blog, “experts” Brian O’Toole and Daniel Fried, under the [headline](#), “What’s Left To Sanction?” indulge in speculation as to how economic warfare against Russia could be escalated. They say that the American and European sanctions “have exceeded many expectations;” by plunging the Russian economy into a depression in just two weeks. They further claim that the isolation means a disaster for the Russian people, but further escalations up to a full financial embargo and a total ban on all transactions, imports and exports may be approaching.

This is the West’s final move to isolate Russia from the global economy.

Do the authors of this policy really believe that all non-Western states, including China, will submit to this dictate in the same way that Iran did? The intention is evidently to create enough economic chaos in Russia to prevent Putin from continuing military actions in Ukraine, and to embarrass the Russian people to such an extent that people from the security apparatus will depose Putin, or that the “Russian system” will be shattered, as Le Maire put it.

### A Strategic Response

Putin has now reacted to this economically, in line with his strategic thinking. At the meeting cited in the opening of this article, President Putin announced a package of measures to defend the Russian economy, including that from now on, foreign companies which withdraw from Russia without any comprehensible reason will be taken over by an “external (i.e., Russian) management.” Strict capital and currency controls will be introduced. Furthermore, liabilities to other countries are to be paid only in rubles (which have meanwhile been massively devalued), which can then only be exchanged for Russian assets confiscated by western central banks. Foreign exchange generated through exports must be made available to the



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Vladimir Putin, President of the Russian Federation, has announced a package of measures to defend the Russian economy against escalating sanctions imposed by the U.S. Here he teleconferences with Russian government leaders, March 10, 2022.

Russian central bank. Likewise, a series of measures were enacted to defend the domestic economy, including a six-month payments relief in the agricultural sector to ensure uninterrupted production.

The White House spokesperson Jen Psaki acted surprised that these measures had brought us back to “1917,” i.e., the Russian revolution. In fact, however, the West, through its economic warfare, has managed to checkmate the Russian representatives of liberal economic theory, who have had a significant influence since the Yeltsin period. There is much to suggest that the West’s sanctions mania will prove to be an absolute boomerang for the trans-Atlantic financial system, which is already on the verge of implosion, and will instead promote the emergence of an alternative financial system.



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Economist Sergei Glazyev: “A new economic order will develop; ... the West is destroying itself through the sanctions it has imposed.”

Sergey Glazyev, former presidential adviser, economics professor and member of the Russian Academy of Sciences, was relatively calm about the impact of the sanctions. He recently wrote, “A new economic order will develop; after the collapse of the Soviet system, the collapse of the American system is now taking place;

the West is destroying itself through the sanctions it has imposed. You have to get rid of the dollar because a currency that you can’t work with and that can be frozen tomorrow is worse than useless. The situation is not easy, but Russians should not panic, because Russia has no limits to economic growth and with the right macro-economic policies today, economic growth of at least 10%

per year can be achieved this year.” Glazyev has written a book on the reasons for the success of China’s economic model and has long suggested that Russia should adopt its own version of that model.

The idea of completely isolating Russia and thus “destroying the Russian system” is rather the product of arrogant Western fantasies. A growing number of states are refusing to participate in new bloc formation and are more willing to act as mediators, such as Pakistan, India, Turkey, Israel, South Africa, and Argentina, just to name a few. However, in the short term, the consequences of the war in Ukraine and sanctions against Russia and Belarus, because of rising prices for energy, fertilizers, pesticides, etc. will have catastrophic effects on agriculture and thus on world hunger, which threatens about 400 million people this year.

### **Beyond Confrontation, A New International Architecture**

There is also a risk that the confrontation between the US and NATO—with the EU as an appendage—and Russia could escalate into a major war, including the possibility of a nuclear war. But even if there were “only” a worse financial collapse than that of 2008, the world could plunge into chaos which could be fatal for a large part of humanity.

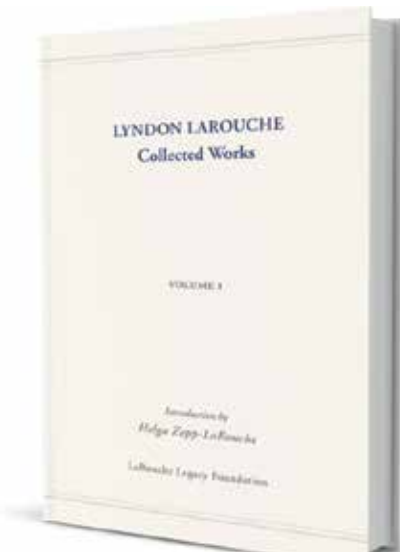
Only a complete departure from geopolitical confrontation, and instead, the establishment of a new international security architecture which takes into account the interests of every state on this planet, can finally overcome this danger. The new petition from the Schiller Institute that proposes a new conference in the tradition of the Peace of Westphalia, is beginning to bring together all the forces around the world that are committed to a new paradigm in politics. We urgently need a new model of relations between all nations of this world, which will make it possible to tackle the existential problems of humanity together including overcoming world hunger, the covid pandemic, and establishing energy and raw material security through the development of new technologies such as nuclear fusion and the space sciences.

The best thing you, dear citizens and readers of these lines, can do to regain world peace and overcome the global economic and financial crisis is to [sign this petition](#) and help spread it as widely as possible among your circle of acquaintances, on social media, and in all conceivable fora. Contrary to what the media and mainstream politics are trying to tell us, neither Russia nor China are our enemies, but we must take the standpoint of one humanity if we are to survive this crisis.

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