

NEWS

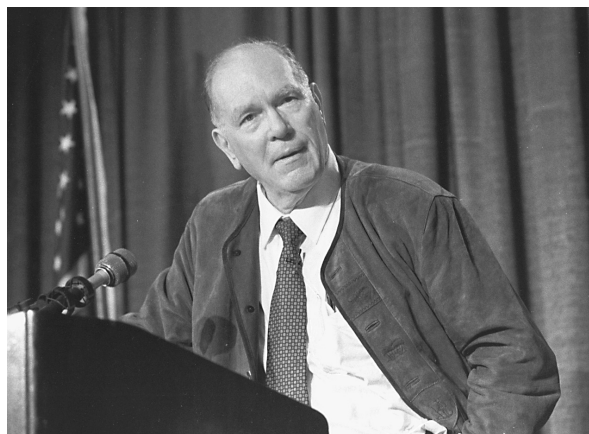
LaRouche Assesses 'New Bretton Woods' at D.C. Meet

Representatives from twenty nations, including significant Asian media outlets, plus policy makers and political activists from the United States, jammed into a meeting room in Washington, D.C. March 18, for a major presentation by economist and statesman Lyndon H. LaRouche, Jr., on the prospects for implementing a New Bretton Woods System. LaRouche led the audience through a two-hour lesson in history, economics, and politics, which concluded with the following assessment.

We have two alternatives before us. If we stick with the current I.M.F. policy, we are headed toward a New Dark Age. If we cooperate with Asia to build a new just world economic order based on development, and bring justice to Africa, the Twenty-first century can be the realization of the universal principle of building a society based on man's being made in the image of God. The decision is up to us in 1998—whether we take the leadership to do what appears unthinkable under current conditions, or, by minimizing risks, maximize the misery of the human race for generations to come.

LaRouche began with a discussion of the financial crisis, as it is beginning to spread from Asia to Europe, and then, inevitably, on to the United States. What is being implemented is a Versailles-style policy that is literally destroying the nations of Asia.

Under these conditions, LaRouche urged the then-upcoming meeting of the Group of 22 nations, convened by U.S.



Lyndon H. LaRouche, Jr.

sure, and the outlawing of markets that speculate against currencies.

Third, the representatives must understand that the world economy is currently operating at *negative* growth levels, below the *per capita* physical output levels required to support the world's population, and thus they must agree that a forced-draft physical economic recovery, analogous to that carried out by President Franklin D. Roosevelt in the U.S., must be carried out on a global scale.

New Dark Age, or 21st-Century Renaissance?



Schiller Institute campaigns for a "New Bretton Woods System" at G-22 Finance Ministers meeting, Washington, D.C., April 16, 1998.

Treasury Secretary Rubin on April 16, to agree to deal with three crucial topics:

First, the nations, led by the U.S., must acknowledge the global and systemic nature of the crisis, and realize that the abandonment of Bretton Woods measures of stability actually caused the crisis.

Second, the nations must agree on a radical reorganization of the monetary system, effectively carrying out a bankruptcy reorganization, and re-imposing fixed exchange rates, forms of capital controls, necessary protectionist mea-

sure, is the argument that a sudden change in policy is impossible. If that argument is right, we're headed toward a New Dark Age. LaRouche described the models of leadership given by the German General von Schlieffen, and the French scientist-general Lazare Carnot. These men knew that you had to take risks (although they were well thought-out) to win, but President Clinton's plan of minimizing risk, to achieve consensus, will maximize defeat.

There is already a shift away from

The Question of Leadership

LaRouche moved to the question of leadership, contrasting that of FDR, to the political norm today, and locating FDR's genius in the tradition of the United States's unique commitment to a constitutional principle of governing according to man's being made in the image of God.

The obvious objection to doing what needs to be done, La-

the post-industrial I.M.F. paradigm, LaRouche pointed out, and if President Clinton showed leadership, he could get support. We see the shift in the Asian nations' rejection of the I.M.F., and in a turn by the U.S. population toward bread-and-butter issues (i.e., performance orientation). The I.M.F. is murdering the nations of South Asia, and this truth must be faced.

LaRouche then pointed to two examples of the institutional approach to dealing with this crisis. He cited Roosevelt's Economic Stabilization Act policy, and the example of the Listian Wilhelm Lautenbach, who outlined the principles of a recovery program for Germany which could have stopped Hitler. Above all, Lautenbach said, you can not cut production, and credit must be mobilized selectively to save the productive economy, not the private financial system.

The problem, LaRouche emphasized, is that Americans have lost their institutional memory of what the U.S. represents. This he returned to later, in elaborating the model which Abraham Lincoln and his economist Henry Carey established in the 1861-1876 period, and which was copied by Japan, Germany, and many other nations.

It is important to understand the difference between previous cyclical economic crises, and the current systemic



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crisis, LaRouche said. The cyclical crises were the result of the conflict between social forces of national economy, who support industrial progress, and the parasitical financial oligarchy. When the parasite wreaked too much damage, depressions would result. But, in the post-1962 period, we have had the concerted destruction of the national economy forces, as the utopians moved to destroy the nation-state. Unless we destroy the post-industrial paradigm, there is no way to reassert policies of national growth.

LaRouche presented ten colorful animated graphics showing the physical-economic concomitants of the post-industrial paradigm, which contrasted developments of 1946-1966, to those of 1966 to the present. What was made clear, is that the decline in physical-

EIR U.S. editor Debra Freeman (left) and New Federalist editor-in-chief Nancy Spannaus (below) give introductory remarks at the March 18 seminar.



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goods production has created the problems in increased taxation, and budget deficits. He concluded this section by illustrating the unpayable derivatives bubble, and elaborating how such obligations, estimated at \$140 trillion, will have to be written off, in a financial reorganization.

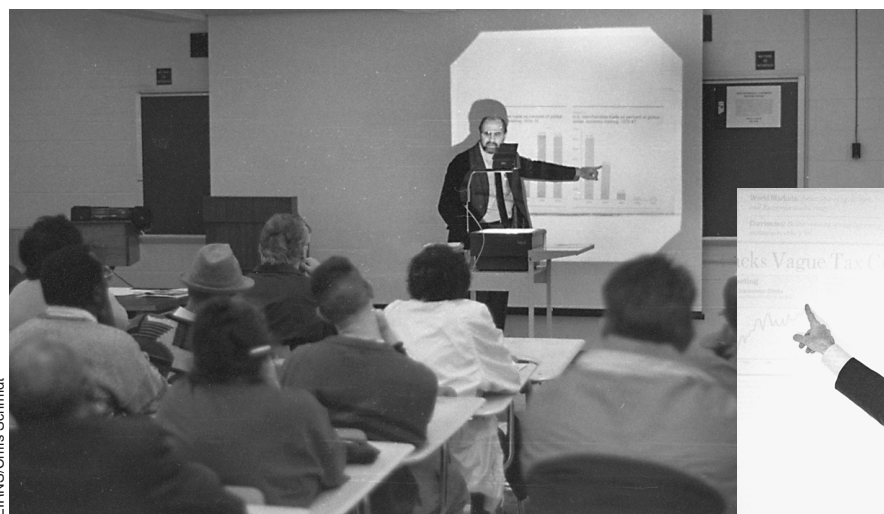
The touchstone of policy, he emphasized, is to use credit to keep people alive, and, while so doing, build a recovery.

The Machine-Tool Principle

LaRouche concluded his speech with a discussion of the "machine-tool principle," which is indispensable to a recovery program. The machine-tool principle makes scientific and technological progress possible, he stressed, and such progress is the secret of a modern economy.

The development of the machine-tool design industry, however, requires govern-

ment intervention, both to fund the industry, and then to make sure it gets into the production process. LaRouche concretely described how it was in the strategic economic interest of the U.S. and Japan to provide access to the



EIRNS/Chris Schmidt

U.S. regional conferences organize for 'New Bretton Woods System.'
Schiller Institute spokesmen Lawrence Freeman (above) and Harley Schlanger (right) address meetings in Norfolk, Va. and Houston, Tx.



EIRNS/Debra Jambor

machine-tool industry (including the ability to develop their own), to China, India, and the rest of the South Asia. We need a global partnership, including Germany and Russia, and others, to develop the machine-tool capacity in this most populous, Asian region of the world.

LaRouche then described how the Eurasian Land-Bridge, a concept he helped develop, would provide the projects that would revolutionize the economies of Asia and Africa, and create projects equivalent to a mobilization for general warfare, but for development instead.

LaRouches Mobilize in Italy For a ‘New Bretton Woods’

On April 2, Lyndon LaRouche and Helga Zepp LaRouche addressed a meeting held at Rome’s Hotel Nazionale, a few steps from the Italian Parliament. Their presentations were attended by Members of Parliament from both houses, economists, journalists, and diplomats.

Introducing the speakers, Paolo Raimondi, President of the Italian Solidari-

ty Movement, reminded the audience that one year ago, at a conference in Rome, the LaRouches had warned of the financial crisis, and had presented the alternative to it, in the shape of the Eurasian Land-Bridge program for massive infrastructure development.

As LaRouche explained at the outset of his remarks, “Some years ago, I presented to various places, including the government of the United States, a proposal for a plan of action in response to a crisis of the type we experienced first since last October, and now we will experience with much greater force during the second quarter of 1998.

“I propose,” LaRouche continued, “that we base our actions on an historical precedent, that we take the 1950’s as a period in which the postwar reconstruction efforts had demonstrated that they were going to be successful, which is under the Bretton Woods arrangement. It wasn’t the Bretton Woods formula that did it alone; it was that the Bretton Woods formula was adapted, to provide a climate favorable to plans for successful physical reconstruction of war-torn and other economies.”

Which was more successful—the postwar Bretton Woods system, or what



EIRNS/Christopher Lewis

European organizing for a ‘New Bretton Woods System.’ Helga Zepp LaRouche addresses seminar in Stuttgart, Germany, March 20, 1998.

‘New Bretton Woods’ Seminars Held in Warsaw

Only a few days after the April 16 monetary conference of the Group of 22 in Washington—at which conference the moral and policy bankruptcy of the I.M.F. was widely acknowledged, but decisive action was not taken—the Schiller Institute organized seminars in Warsaw, to bring to the Polish capital and Polish government the discussion of a “New Bretton Woods” reorganization of the world financial system.

On April 21, some one hundred people attended the New Bretton

Woods seminar in the Polytechnicum Warschawski. Present were representatives of four of Poland’s Ministries: the Ministries of Economic Affairs; Transportation; Agriculture; and Education, Science, and Research. Also attending were representatives from Polish academic institutions and media, and diplomats from several Eastern European and Asian nations.

Elisabeth Hellenbroich of the German Schiller Institute outlined the strategic world situation and

elaborated Lyndon LaRouche’s proposal for scrapping the I.M.F., and reorganizing the global financial system in a fashion modelled on the best aspects of the postwar Bretton Woods system. The next day, the Schiller Institute representatives addressed ninety students at the Warsaw Catholic Academy. A meeting also took place April 22, in the Polish Parliament, the Sejm, attended by nine members of the Parliament, along with other financial/economic experts.