



Replace 'London Dollar' with New Bretton Woods Before Currency Crisis Explodes

August 20, 2018—Ten years ago, with the global financial system in collapse, *EIR* Founder Lyndon LaRouche said in a webcast, "The present international monetary system cannot be rescued. If you try to rescue it, you will lose the planet."

Ten years later, central banks which have printed \$14 trillion in new bank-reserve money to try to rescue the monetary system, have thus effectively set off a new international "currency crisis" leading toward waves of defaults on corporate and even sovereign debt, bank failures, and worse — worse than 2008. This misnamed "Turkish crisis" masks a tripling of global corporate debt since 2010, with 75% of that corporate debt growth in the so-called "advanced" countries, whose real wages and living standards have fallen since 2008 across Europe and Ibero-America and in the United States. It's unpayable. As LaRouche said then, "You have to choose: Replace the system or get a new planet..."

Our aim must be to encourage the leaders of at least four great powers — the United States, China, Russia and India — to take the lead in returning to the Bretton Woods system initiated by President Franklin Roosevelt in 1944. This is, as LaRouche indicated in that Nov. 18 2008 broadcast, a credit system, not a monetary system.

What the "monetary system" has been, since Bretton Woods was abandoned in 1971-73 for a "floating rate" system, is clear: the creation of vast volumes of dollars in *London and London's "off-shores"*, through the eurodollar and petrodollar markets, even as the dollar has been supposed to be the international reserve currency. \$5 trillion/day in currency speculation transactions. London again the world's financial center.

Speculative activity emphasized over real eco-

nomie investment, and further falling living standards, both up to and after the 2007-08 crash.

What a New Bretton Woods "credit system" means is also clear: a fixed-exchange-rate, gold-reserve system which channels an international flow of credit from industrially developed to developing nations, and capital goods exports to the latter, "to assimilate technology, by what? By improving infrastructure ...

which is necessary to enable labor of a certain skill to improve its productivity."

This has been begun by China's Belt and Road Initiative, which has clearly demonstrated the difference between issuance of *credit*, and issuance of central bank money, bank reserves.

Now that the nations impacted by the crisis are discussing trade in national currencies, the four key powers' leaders must make the leap to a New Bretton Woods. The international petition just launched on the Schiller Institute website calls on them to do this: https://schillerinstitute.nation-builder.com/nbw_petition

As LaRouche said of this urgent project, "We can create a new credit system, among nations, which I think — if the United States, Russia, China, and India agree, most nations of the world will happily join us, especially considering the alternative. And therefore, we can create a new world system, a new money system, a credit system as opposed to a monetary system. And under those conditions, we can proceed to advance credit on a large scale, for physical reconstruction of the world's physical economy. We can organize a recovery of the same type, which we undertook with President Franklin Roosevelt, back in the 1930s and 1940s. And we won't change from that, I should think, once we've done it."