

Can We Establish a New Bretton Woods?

by Prof. Dai Lunzhang

The following comments and questions were posed by Prof. Dai Lunzhang, former chief economist of the Central Bank of China, first vice president of the China International Economic Relations Society, and one of China's leading experts in banking and finance, presently manager of an investment company in Shanghai. He was joined in his remarks by Dr. Zhang Yun and Mr. Dai Jun, MA in International Relations. Their comments and questions were summarized at the Sept. 6 webcast in Berlin by moderator Jonathan Tennenbaum. In responding, Lyndon LaRouche noted that these, and other similar remarks, all "converge on the same point. . . . Money has no intrinsic value," and advised that economic questions had to be viewed "in terms of generations."

Comments

1. The world we live in today is undergoing complex and profound changes. Steady economic growth, rapid progress in science and technology, the accelerated relocation of industries and the movement of production factors worldwide, have created a dynamic international market. However, such processes, widening the gap between rich and poor, underscore the increasing imbalance in global development, and therefore, incur two dangers; as Mr. LaRouche has stated, *they are: 1) the danger of uncontrolled conflicts and wars; 2) the danger of a general breakdown of the world financial and monetary system.* Those two dangers are the biggest threats to human society. So, I believe his point of view is accurate and significant.

2. Thanks to its exploration and practice, the international community has arrived at a deeper understanding that it must secure peace and promote development through cooperation, which is the tendency of world growth. As for China, Foreign Minister Mr. Li Zhaoxing stated last year: *"China's period of strategic opportunities that we talk about is nothing but an international environment and evolutionary process where world peace is maintained and common development promoted. It is only under this strategic premise that we can achieve the grand goal of building a moderately prosperous society in an all-around way."*

Peace and development conform to the human being's wish. Wars and armed conflicts are contradictory to the main-

stream, disturbing and undermining these basic values.

3. Therefore, human beings should utilize their wisdom to restrain wars and economic crises to maintain the tendency of peace and development. From my view, disputes among countries should be resolved through diplomatic methods such as contact and negotiation. At the same time, we should distinguish the resolution of bilateral disputes from the fight against terrorism. As we can see, terrorism is the most destructive factor in the 21st Century, and it should be eliminated to the core.

However, the disputes between countries could not be resolved simply by means of war. For example, Palestine and Israel have not reached a peace agreement through four rounds of the Middle East war. So I believe the only way to settle the conflicts is diplomatic means, which requires the disputing parties to take calm and reasonable positions.

4. Nowadays, the ongoing economic globalization has increased the level of economic interdependence on the one hand, and aggravated by the unevenness of development on the other hand. So, it's time to reform the timeworn international economic systems, and members of the international society should fully cooperate to correct the unreasonable parts of the current system. As Mr. LaRouche has mentioned many times, a new round of the Bretton Woods Meeting should be held, and a new international economic system should be established.

As a saying goes, "Reducing pressure could avoid a crash," so the best way to prevent a particular currency from collapse is to avoid its being an internationally core currency.

Questions

1. Mr. LaRouche has mentioned many times on various occasions, that a new round of the Bretton Woods Meeting should be held to establish a fresh international currency system. In my opinion, going back to a fixed-rate system is surely not a feasible solution. We may enhance the function of IMF special drawing rights, which could finally be a dominant currency at the international monetary market.

So my question is: What is your concrete thought of this "New Bretton Woods System"? And how could a new international economic system be established?

2. It is well known that the political bases for the Bretton Woods system are to be found in the confluence of several key conditions: the shared experiences of the Great Depression, the concentration of power in a small number of states, and the presence of a dominant power willing and able to assume a leadership role. Unfortunately, these conditions are hardly true in today's world.

Do you think a new international economic system could be founded on different political bases than those of the Bretton Woods system?

3. Eurasian cooperation includes Western and Central Europe, Russia, China, India, and other nations. It is a good

proposal, but I think this new cooperation should not exclude the U.S.A., the only superpower today and in the future, and the U.S.A should play a critical role in the reform of international politics, economics, and currency system.

What do you think of this view? Would you please give some comments on it? If your comments are positive, then how could the U.S.A. play a constructive role in this regard?

4. Mr. LaRouche mentioned the necessity for the United States to change its present destructive policies, and to support such a development perspective. We know the upcoming mid-term election in the U.S.A. in November is an important one.

So, my question is: How much will it [the election] affect the prospect for a political change in the U.S.A.? And furthermore, what impact will the 2008 Presidential election have on the political landscape of the U.S.A.?

5. Mr. LaRouche has talked about the role of the Shanghai Cooperation Organization (SCO) in Eurasian cooperation. The SCO just celebrated its fifth anniversary in Shanghai this year. I believe its role and influence will continue to grow.

How to handle the relationship between SCO and the U.S.A. remains very delicate and essential to further cooperation. So, what is your suggestion? Would you comment on this topic?

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