

## New Bretton Woods Signers

Helga Zepp-LaRouche issued a call in April to form an “Ad Hoc Committee for a New Bretton Woods,” which is drawing supporters worldwide. Since mid-May, a few of the new signers include:

**Austria:** Prof. Dr. Ernst Florian Winter, former Director of the Diplomatic Academy in Vienna. **Argentina:** Congressman Eduardo Macaluse, ARI party. **Denmark:** Asger Baunsbak-Jensen, chairman of the Social-Liberal Party. **Germany:** Wolfgang Hoderlein, Social Democrat, Member of State Parliament, Bavaria; Heidi Lueck, Social Democrat, Member of State Parliament, Bavaria; Dr. Claus Noe, Social Democrat, former Deputy Finance Minister; Steffen Reiche, Social Democrat, former Minister of Science in the state of Brandenburg, now a deputy in the state parliament of Potsdam. **Italy:** Sen. Gigi Malabarba, Rifondazione Comunista party. **Panama:** Eduardo Rios, labor lawyer.

various countries involved. There is a crisis of the entire financial system, in which hedge funds, that are beyond any sort of rules or control, are taking on an ever-larger role. In fact, it is estimated that the entire financial bubble, counting all financial derivatives and all other forms of existing debt, is equal to about \$400 trillion, compared to a worldwide GDP of slightly more than \$40 trillion.”

### Economy Gap

Citing the most recent data officially reported by the Bank for International Settlements [BIS] in Basel, the Italian parliamentarians warned of the “widening of the gap between the real economy and the purely financial economy,” that is manifested in the “true explosion of the financial derivatives bubble and other forms of debt.” They added that the exponential rate of growth of these financial and speculative figures is a further source of concern. The BIS report “OTC [Over the Counter] Derivatives Market Activity in the First Half of 2003,” published on Nov. 12, 2003, admits the following notional values of OTC derivatives, in billions of dollars: June 2002: \$127,500; December 2002: \$141,700; June 2003: \$169,700; that is, an increase of \$42 trillion in 12 months! And the BIS report for 2004 indicates the notional value of OTC derivatives as reaching \$220 trillion as of June 2004, thus representing an increase of \$50 trillion in only 12 months.

“In addition to the main Italian banks involved in the Cirio and Parmalat cases, the three American banks involved in the Parmalat matter, JP Morgan Chase, Bank of America, and

Citigroup, are themselves most responsible for this dizzying growth, as can be seen from the reports of the American government institution known as the Comptroller of the Currency: In June 2003, JP Morgan reached the level of \$33.3 trillion in derivatives, with an increase of \$4.5 trillion in only 6 months; Bank of America reached \$14.3 trillion, and Citigroup \$13 trillion. A year later, JP Morgan Chase alone brought the total of its derivatives operations up to \$43 trillion, an increase of \$10 trillion in only 12 months.”

This is quite a distortion, they said, if we consider that U.S. GDP is about \$11 trillion.

The Italian Parliament Resolution committed the Italian government to the following:

1. To act in the relevant international venues in order to create a new financial architecture, aimed at avoiding future financial crashes and the repetition of speculative bubbles, and thus dedicated to the main objective of supporting the real economy; and

2. To take all necessary initiatives to reach, as soon as possible, together with other nations, the convocation of an international conference at the level of Heads of State and Government, to create a new and more just global monetary and financial system.

As a lawmaker, I share the views of the Italian parliamentarians to protect the welfare of our respective constituencies. I, therefore, suggest that our Congress can do no less but support the call for the establishment of a new Bretton Woods monetary system to protect and ensure the security of the financial dealings and other economic activities of peoples worldwide.

I find the proposal of the Italian lawmakers reasonable in that “given the internationalization of financial markets, one nation by itself, or even Europe alone, is not able to guarantee the control and application of stronger rules in a decisive manner.”

### A Vast Housing Backlog

In the context of our country’s needs, where we have a backlog of over half-a-million housing units a year, loans for housing governed by a stable, transparent, and accountable international financial system with a fixed interest rate would go a long way towards addressing our nation’s development, even in this area alone.

I understand, however, that even if we can construct 500,000 new houses a year with foreign or local funds, it would still take some ten or so years to wipe out the national backlog on housing. Be that as it may, I submit that it is still in the national interest that we go into a massive housing program. The beneficial consequences to the nation in general from such an activity would be tremendous and incalculable. Housing starts would certainly animate the economy in a positive manner; bring employment to a lot of people; and, as a bonus, security to the lives of millions of the homeless in this country. . . .