

LaRouche Organizes Dialogue For a New World Economic Order

by Helga Zepp-LaRouche

The chairwoman of the Civil Rights Movement Solidarity (BüSo) in Germany issued this statement evaluating the situation in the country following the Sept. 17 election in Berlin. It has been translated for EIR from German.

“We have lied in the morning, in the evening, and at night, but at least we have thus won the election! . . . I almost died, when for one and a half years we had to pretend to govern! . . .” These internal party confessions of Hungarian Prime Minister Ferenc Gyurcsany, of how he has systematically lied to the population about the state of the economy, led to a government crisis, when a tape recording of them became public. One can dare to presume that quite similar statements have been made in the meetings of the different party executives in Berlin. But the case of Hungary shows that lies, which have “short legs,” often catch up with you, and in times like these, the truth very soon places itself thunderously on the agenda.

After the disappearance of the Iron Curtain, the U.S.A. and the EU had imposed the so-called “reform policy” on Hungary and the other eastern European states—i.e., privatization of the previously state-owned companies, liberalization, service instead of production, and economy measures in the social domain. The relevant governments told their respective populations, that one only had to push through these “reforms,” and then somehow the “upswing” would arise. As the Budapest scandal reveals, at least the Hungarian government knew that this was all a lie, and that the national economy was sacrificed to the profit of a few.

Berlin After the Elections

One does not need a tape recording to know that with the just concluded elections to the Berlin House of Representatives and in [the state of] Mecklenburg-Prepomerania, the established parties have lied to the population about the financial state of Berlin, Germany, and the world financial system. Berlin has at least 500,000 unemployed, many poor people, and massive social problems, but also, profiteers of the banking and service city, which Berlin has become. The re-elected Mayor has also lied through his teeth with the assessment of the election results. For the electoral victory of Klaus Wowereit, who came in with 30% less than half of earlier SPD [Social Democratic Party] results, is not so great as he wants to make

the population believe; and 30%, with 58% voter participation, is less than 18% of the eligible voters. That even his anti-industrial program received the most votes, unfortunately means that the bankruptcy of Berlin will only be aggravated, and Berlin will be defenselessly exposed to the oncoming great crash, as long as Wowereit remains Mayor. The situation in the CDU [Christian Democratic Union] is no better: With 21% (and about 13% of the potential voters), it fell to an all-time low.

With 42%, the strongest party by far was the “party” of non-voters, and this reflects the increased loss of confidence of the people in politics. It is not good for the liberal constitutional order, that they have voluntarily given up their right to be “first-class citizens,” as the American Civil Rights activist Amelia Boynton Robinson has expressed it. The Left Party/PDS had to register substantial losses due to the policy of social cutbacks which they carried out above all—in the East, but also overall; and a final specious advancement of the Greens in Berlin cannot hide the fact that the paradigm of the Greens is an obsolescent model on a world scale.

The BüSo, with its lead candidate Daniel Buchmann, was assuredly not the victor according to the number of votes, but did very well in respect to the ideas it put forward, which represent the way out of the crisis. Accordingly, the resonance among the voters of the program of the BüSo, to create 1 million new productive jobs in Berlin through comprehensive reindustrialization, was much, much greater than was reflected in the election results. Five hundred thousand brochures, with a reindustrialization program for the future of Berlin as the gateway to Eurasia for the next 50 years, generated a clearly visible resonance. In many circles, the BüSo’s program was discussed as the only reasonable alternative. The election result was also not all bad; as with the first vote, the BüSo received up to 2.8% for its direct candidates.*

Even though most citizens are not aware of it, or would never admit it, the primary reason why many potential voters did not vote for the BüSo, despite greater appreciation of it than the last election, coheres with the fact that the German

* In the German system, a party requires 5% of the votes to enter Parliament. Therefore 2.8% for the BüSo, a party which has been given very little coverage by the media, is much better than this would seem in the United States—ed.



EIRNS/James Rea

The Civil Rights Movement Solidarity (BüSo) campaigns in Berlin, backing mayoral candidate Daniel Buchmann, with a banner that reads, "Reindustrialize Berlin—A Million Jobs—Vote BüSo."

population has stuck to the rules of the game of the oligarchical system longer than most people on this planet. Somehow the conception is still dominant with most citizens, that only the talking heads that are always to be seen *ad nauseam* on the talk shows, and only the parties that already have seats in the Parliament, belong to the democracy. And while the Hungarians go out on the street and, predominantly peacefully, demand the resignation of the government, because the government has been caught lying, the Germans stay at home as non-voters and demonstrate thereby the German national credo inculcated by the oligarchy: "But you can't do anything!"

But the BüSo will demonstrate, that precisely this alleged truism is false. For the state of the international financial system will manifest itself in the shortest possible time as the greatest crash in the history of the financial markets. And precisely for this reason, Lyndon LaRouche and the BüSo are now organizing an international alliance for the establishment of a new world financial system. An intensive dialogue between LaRouche and leading institutions of Eurasia, the American continent, and Africa concerning the principles on which a new world order must be based, is in full process and will be intensified in the coming weeks.

Financial System Before the Great Crash

The only unsettled question at present is whether international financial interests and the U.S. Federal Reserve will succeed in keeping the greatest financial casino of all time afloat, through a massive infusion of liquidity, until after the American elections in November, in which the entire House of Representatives and a third of the Senate will be elected.

For a Democratic victory, even in one of the two Houses, would place on the agenda the question of impeachment proceedings against Bush and Cheney, due to their deliberate lies as the pretext for the Iraq war.

But it may also be that all the manipulations of the financial system will not suffice to delay the crash until November. With the "accident" of the Amaranth hedge fund, which lost 65% of its capital, or \$5 billion, in one week, according to the *Neue Zürcher Zeitung*, we are on the verge of the greatest hedge-fund bankruptcy since the nearly worst-case scenario of the financial system through the LTCM crisis in September 1998 [see article in *Economics*]. But even the potential effects of involuntary liquidation of Amaranth would be only "peanuts" in comparison to the crash which has already begun in the U.S. real estate and mortgage market.

For this market was developed after the crash of the so-called "New Economy" in 2001, when \$16 trillion vanished into thin air, into one of the riskiest bubbles of the system. The so-called "nightmare-mortgages," with which "exotic financial instruments" have created an ever more insane system of expanding electronic values, are beginning to burst. For many purchasers of these mortgages, in the meantime, blithely spend the presumed (inflationary) increase in the value of their houses for their current consumption, only then to realize that the mortgages were sold by their bank long ago to other funds and investment companies. Now these mortgages must be serviced at much higher rates, which is often no longer possible. The victims of these operations are increasingly left without a home, and under a gigantic mountain of debt. But we are still only at the

beginning of this development.

As a consequence of the bursting of the real estate and mortgage bubble, the dollar—and with it the whole world financial system—will collapse, the exports of Asia and Europe into the U.S. will shut down. The effects on the Chinese economy, the European Monetary Union, the living standards of the population in the developing nations, to name only a few aspects, would be catastrophic. The breakdown could only be compared to a worldwide avalanche. A New Dark Age would be the result.

Dialogue on the Grand Solution

The most urgent strategic task consists therefore in putting the issue of a new international financial architecture on the agenda. Since at least the governments of the G-7 states are known up to now to have no intention of undertaking the urgent reorganization of the financial system, Lyndon LaRouche has put into motion an international discussion process about this necessity, which received its first expression in a webcast conference on Sept. 6, which was accessible worldwide on the Internet. The participants included leading institutions in Russia, China, India, and the Arab world, people who have become familiar with LaRouche's economic ideas over a long time and who, with questions and their own contributions, discussed the principles upon which the new

world order must be built.

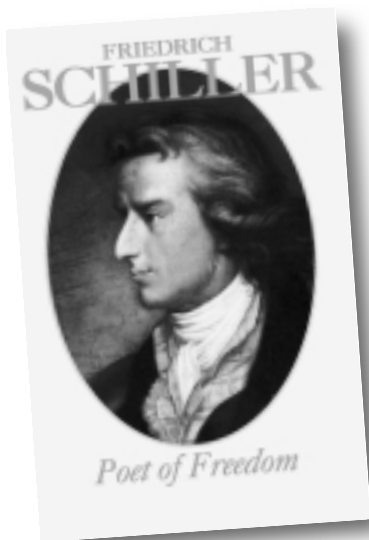
This international dialogue, which will be continued intensively in the coming weeks and which will be elevated to a still more intense level in a subsequent international webcast on Oct. 31, brings the indispensable conceptual dimension into the discussion. Various measures will be taken to attenuate the consequences of the looming crash or to demand a new financial architecture. For example, this would include the decision of the "ASEAN plus three" group to introduce mechanisms for joint crisis management, whereby, for example, the agreement between China and Japan represents a breakthrough.

Last but not the least, this also includes the momentous speech of the Argentine President Nestor Kirchner before the General Assembly of the United Nations in New York [see *Economics*], in which he demanded the immediate realization of a new international financial architecture. Kirchner called the IMF a washed-up institution, which instead of helping developing nations, has actually prevented their development. Therefore, new financial instruments are necessary to overcome hunger and poverty in these nations and achieve actual progress.

The dialogue begun by LaRouche with scientific and economic institutions, especially from the nations of Eurasia, should, among other things, influence the process in the

"There is a limit to the tyrant's power."

—Friedrich Schiller,
Wilhelm Tell.



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U.S.A., which, in this important time period before the November elections, will decide for the whole world whether there will be war. For only if we succeed in strengthening the institutional opposition in the U.S.A. to the danger of what, this time, would probably be a nuclear attack on Iran, can the descent of the world into an asymmetrical global war be prevented. And only if we succeed in getting the Democratic Party to commit itself once again to the tradition of Franklin D. Roosevelt, can the issue of a new world financial architecture be successfully resolved.

The high esteem, which LaRouche enjoys with many academies of science and scientific institutes of Eurasia, is the result of the fact that the theory of physical economy developed by him (which goes back to Leibniz, who formed this concept), and a scientific tradition based on Nicholas of Cusa, Kepler, Leibniz, Gauss, and Riemann, is highly valued by these scientists. Unfortunately, up to now, there has been nothing comparable in western Europe. Here, people in the economics faculties and institutes are instead still occupied with mechanistic formulae, according to which the casino economy of globalization allegedly functions—or just doesn't function, as was just emphasized.

All the more important, is the debate that LaRouche has initiated with his Internet conferences. For if the human species is to get out of this potentially existential crisis, it will only be possible if the new economic order is based on a completely different scale of values. Any conception of a "quick solution," with which, after the reorganization of the bankrupt financial system, everything proceeds just as it had before, and the wild hunt for profit maximization for a small privileged power elite begins afresh, while the masses of people fritter away their lives with unproductive jobs or unemployment and senseless entertainment, must be shelved.

The Renaissance as a Model

The new world economic order can only function, if it is organized according to scientific principles of physical economy—i.e., that the labor force must be educated accordingly. And it will only be successful, if mankind thinks about those periods in which we have already succeeded, a few times in the past, to overcome a dark age through a cultural and moral renaissance, as for example the Abbasid Dynasty in the 8th Century A.D., the Andalusian Renaissance in Spain, the Golden Renaissance of the 15th Century, the German Classic, and, on the political level, the American Revolution.

Because the long-term development of universal history absolutely gives us reason for optimism, that we can overcome severe crises very well, if we think about the humanistic image of man, and orient the political order based on the general welfare and the laws of the order of creation, the BüSo also repudiates the current German national credo: "But you can't do anything." Instead, we are organizing an alliance for a new world order and a new Renaissance, and we hope that every thinking citizen will help us in doing so.

El Salvador: Toward A New Dark Age?

by Christine Bierre

For over 30 years, Lyndon LaRouche and his associates have warned that the policies of deregulation and financial globalization will lead the world to a new dark age. How often have people accused us of exaggerating?

And yet, this is happening every day before our very eyes. Only a few stable, even though extremely poor countries remain in black Africa. Many others, like Somalia, Ethiopia, Liberia, Sierra Leone, and Central Africa have nearly broken down entirely; others such as the Congo Republic, Congo Brazzaville, and Ivory Coast are struggling to survive. In the last 30 years, African states weakened by the International Monetary Fund policies, have sold out their infrastructure (trains, ports, public companies) and ceased all subsidies to essential national production. As a result, epidemics are rampant, reducing age expectancy to 46 years (vs. 80 in Europe); insecurity is widespread; groups of gangs or unpaid soldiers live by attacking private citizens or charging them fees for crossing their property; roads are impassable; schools no longer function; and the jungle is taking over the cities.

Gangs Run Rampant

Similar destruction of civilization is now threatening some countries of Ibero-America, such as El Salvador. Developing rapidly in the 1950s, when a Central American market created the conditions for rapid economic growth throughout the isthmus, El Salvador went rapidly downhill. First there was the elimination of the common market, following a United Fruit-manipulated "football war" between El Salvador and neighboring Honduras. Then there was the protracted civil war opposing the left wing to a right-wing reaction which ripped the country apart for nearly 15 years, between 1975 and 1990.

The problems of survival of that country today are the sequels to that war, which ravaged the countryside, while nearly 1 million Salvadorans migrated illegally to the United States. Many went to California, where, imprisoned for petty or other crimes, they soon learned the lessons of the California gangs: Human life is worth nothing, not even \$10. Repatriated from the United States to their countries of origin, these extraordinarily violent youth gangs, having lost all sense of humanity, have invaded not only El Salvador, but many of the other Central American nations. Known as the Mara Salvatrucha, these youth gangs, their skin covered by tattoos, impose terror on their communities. Estimated at more than