



Call for an Emergency International Conference to Reorganize the Bankrupt Financial System

By Helga Zepp-LaRouche

March 14, 2023—The tremors in the financial system felt around the world triggered by the run on Silicon Valley Bank (SVB) in the United States, its subsequent closure and being put in receivership, are the clarion call for all governments in the world to act quickly to prevent a repeat of the 2008 crisis on a larger scale—larger and more deadly, because all the so-called “tools” of the central banks have been exhausted.

Given the extreme over-indebtedness of the financial system coupled with a derivatives exposure of two quadrillion dollars, the “Everything Bubble” is threatened with the fate of what Wall Street-guru Bill Gross compared to a supernova—a bright shining star that suddenly burns out. Between the Scylla of financial tightening triggering growing margin calls and a run on the banks, as occurred before the trouble of SVB, and the Charybdis of reverting to QE—letting hyperinflation eat up the debt—there is no solution within the system. In either case, be it a sudden collapse of the entire system, or hyperinflationary devaluation destroying people’s life’s work, the potential damage to billions of people and the likely death of millions is unacceptable.

The failure to address the root causes of the systemic crisis of the financial system in 2008, and the 15 years since of reckless creation of liquidity by Quantitative Easing (QE)—zero and even negative interest rates at the disadvantage of the physical capacities of the economy—in combination with geopolitically motivated economic madness, such as sanctions hitting the Western economies in a gigantic blowback, is resulting in a blowout of the system. Neither Schachtian austerity, nor “bailouts” or “bail-ins” will remedy the situation. Only an end to the casino economy and a return to sound investments in the real physical economy, aimed at increasing the productivity of the economy through capital intensive and energy-flux dense economic production, will do.

If FDR were alive, he would declare a bank holiday, implement a Glass-Steagall banking separation, a New Deal and offer American participation in a New Bretton Woods system according to his original intention to supply massive credit to increase the living standard of the people of the Global South. Unfortunately, it can’t be expected that the current U.S. Congress has the stature or wisdom to do likewise.

While the efforts of the EAEU (Eurasian Economic Union), the SCO (Shanghai Cooperation Organization) and the BRICS-Plus to create a new commodity-based currency and a new financial system may not have progressed sufficiently, given all kinds of restrictions and remnants of previous approaches, the drama of events could force the realization of existing intentions to be sped up. Since the very real possibility of an uncontrolled collapse of the financial system could accentuate the danger of the present proxy war between NATO and Russia, with China in the background, to escalate by accident or miscalculation, urgent action is required.

There must be an immediate emergency conference, whereby governments signal to the world that they will act together with good will to move to a new global security and development architecture, taking into account the interest of every nation on the planet. The first expression of such a new architecture should be the implementation of the Four Laws proposed by Lyndon LaRouche: a global Glass-Steagall system, a system of national banks, a new credit system, and international cooperation in the next generation of scientific and technological investments, such as thermonuclear fusion and space science.

This emergency conference must take place either as a conference of the UN General Assembly, or the G20. If these institutions are unable to respond, then other sponsors must be found, such as the BRICS-Plus, the SCO, or a combination of representative institutions. When the well-being and possibly existence of the human species is at stake, all ideological obstacles must be overcome.

Stay in touch with the LaRouche Organization (202) 968-2893