

so complicated. It's just a mega-Las Vegas. There are great dangers here. If NAFTA is passed, we'll be promoting the second-largest mega-Las Vegas."

Earlier in the hearing, Gonzalez announced his intention to hold further hearings on NAFTA, to question the negotiators about who was involved, and how.

"I have found it very difficult since President Bush announced the agreement last December, to find out exactly what are the procedures, and who participated in what were really secret negotiations," Gonzalez said.

The difficulty of getting straight answers was exemplified by the elusive Guenther.

"Mr. Guenther, were you or any other Citibank personnel involved directly or indirectly in negotiations; that is, in these processes involving the financial services chapter of NAFTA?" Gonzalez asked. "Did you advise negotiators or did anyone from your bank? Did you review drafts of the agreement? And if so, would you be able to share with us the substance of your comments and advice, and to whom they were given? See . . . we in the Congress don't have the names of the individuals participating in these negotiations. We don't even know who is in there, and I think that that's a very important factor, and that's the only reason why we're going to have the second hearing."

"I don't think I could give you the answer that should really be the definitive answer on that," Guenther weaseled; he then admitted, "All through the past year or so, I've been attending weekly meetings" on the subject. "Mr. McDonough from the Fed would be there. . . . Our Washington office here has been working on this throughout . . . and I'm sure the answer is, yes, we participated in some indirect way. But I think I should undertake to get you a more precise description than that."

The financial community is also worried about a blowout of the derivatives market, which was made evident in an opinion column in the *Wall Street Journal* by Wendy Lee Gramm, entitled "In Defense of Derivatives," which appeared the same day as the Banking Committee's hearing. From 1988-93, Wendy Lee Gramm was chairman of the Commodity Futures Trading Commission, and promoted the burgeoning market in derivatives by exempting them from regulatory procedures. Her husband is Texas Republican, Sen. Phil Gramm, whose free market nostrums for the economy give cover to the "mega-Las Vegas" that Gonzalez referred to.

Wendy Lee Gramm's article complained that derivatives have been unfairly "characterized as purely speculative instruments" that "pose grave risks with potentially dire consequences for the whole financial system." But her article reads more like a plea not to blame *her* for the coming catastrophe. "Most important," she concluded, "if another major default or market shock occurs, we must all resist the urge to find scapegoats, or to over-regulate what we just do not understand."

## The Time Has Come for A New Bretton Woods

The dramatic collapse of the mainstays of U.S. productive capability, General Motors and Ford, and the looming monster crash of the financial markets leave no doubt that the time is now for a New Bretton Woods architecture. One nation's lawmakers have collectively voted up a resolution calling for an international meeting of heads of state "to create a new and more just global monetary and financial system." Italy's resolution, crafted in collaboration with the LaRouche political movement in Italy, emphasizes the problem of the huge speculative and predatory bubble economy crushing millions of people, while the real productive economy lies in ruins.

Now the call for a New Bretton Woods, re-issued by Schiller Institute president Helga Zepp-LaRouche in April, has already gathered top-level signatories from around the world, including many parliamentarians and government officials (see below).

The fight for a New Bretton Woods was launched eight years ago, on Jan. 4, 1997, when economist-statesman Lyndon LaRouche addressed a political forum in Washington, D.C., and laid out a policy orientation for the second Clinton Administration. LaRouche made two proposals: first that the U.S. President convene an international conference to establish a New Bretton Woods system, to put the world economy through bankruptcy proceedings and to reorganize it for productive development; and second, that the United States join in global projects of benefit to all mankind, with a special focus on the Eurasian Land-Bridge project.

Within a month, Italian Sen. Publio Fiori, a leader of the opposition National Alliance party and former Transport Minister, took up the fight, and introduced a parliamentary question to the government, asking whether, in view of the ongoing disintegration of the international monetary and financial system, Italy should take emergency measures, such as a New Bretton Woods conference, and a tax on derivatives speculation.

In February 1997, Helga Zepp-LaRouche, along with Ukrainian economist Natalia Vitrenko, a member of the Ukrainian Parliament, initiated an "Urgent Appeal to President Clinton to Convoke a New Bretton Woods Conference," which was circulated around the world and endorsed by public figures. Both LaRouches addressed meetings in Rome on the New Bretton Woods in April 1997, attended by members of Parliament, economists, journalists, and diplomats. A year later, in April 1998, the issue had become so prominent, that

when *EIR* asked Italian Prime Minister Romano Prodi a question on the economy, he answered, "I personally believe that we must move toward a New Bretton Woods."

Italian parliamentarians continued to push forward the call for a New Bretton Woods, introducing a resolution in the European Parliament in Strasbourg in March 2000. A new call for an Ad Hoc Committee for a New Bretton Woods was issued by the Schiller Institute, which included the text of the European Parliament resolution, and an introduction that stated, "We the signators, refer to Lyndon LaRouche, as the economist, worldwide, who has analyzed the causes of the systemic crisis in greatest depth, and over the longest time, and who, at the same time has elaborated a comprehensive package of measures to be taken to overcome it; the anti-crisis program for a New Bretton Woods."

Over the next year, the statement was signed by more than 500 parliamentarians from 40 countries, and several hundred civil rights leaders, trade unionists, industrialists, and representatives of social organizations. The signers included two former Presidents, José López Portillo of Mexico and João Baptista Figueiredo of Brazil.

The battle for a New Bretton Woods continued in Italy, and the Chamber of Deputies passed a resolution in 2002, calling for "a new financial architecture." There was a motion in both houses in 2004, but this effort did not reach the floor for debate. This year, however, the fight was successful, and the resolution drafted by Deputy Mario Lettieri, and introduced in February 2004 (in the midst of the Parmalat scandal), was debated and passed the House of Deputies with support from almost all parties.

The latest New Bretton Woods call, issued by Helga Zepp-LaRouche is being circulated worldwide, and will appear, with the signatories' names, both on Internet sites and in newspapers. It reads in part:

"The paradigm shift of the last four decades, a period in which the world economy increasingly abandoned manufacturing and gave itself over to untrammelled speculation, is now drawing to an end. The world financial system is about to implode. Gross production worldwide stands at a mere \$40 trillion, over which looms a gigantic debt bubble 50 times that size, *viz.*, \$2,000 trillion worth of financial liabilities. . . .

"The following measures must be implemented if we are to alter the mistaken course that we have followed since President Nixon did away with fixed exchange-rates in 1971, a course that has led to the present upsurge of a grotesque and predatory form of capitalism, thanks to unchecked 'globalization,' after the fall of the U.S.S.R. The New Bretton Woods Conference shall decide as follows.

"1. There shall immediately be re-established fixed exchange rates.

"2. A treaty shall be enacted between governments, forbidding speculation in derivative products.

"3. The debt shall either be cancelled, or reorganized.

"4. New credit lines shall be opened by the State, to create full employment by investing in critical infrastructure and technological innovation.

"5. The building of the Eurasian Land-Bridge, as the keystone for rebuilding the world economy, is the vision that will bring about not only a new *Wirtschaftswunder* [economic miracle], but peace in the 21st Century.

"6. A new Peace of Westphalia will ensure that for no less than the coming half-century, raw materials shall be extracted and processed for the benefit of every nation on this planet.

"We, the undersigned, believe that so-called 'globalization,' this predatory form of capitalism, has shown itself beyond all doubt to be bankrupt on every front. . . . It is Man who must stand at the center of the economy, and accordingly, the economy must serve the common weal. The purpose of a new world economic order is to guarantee the inalienable rights of Man."

Among the signers to date are: Hon. Mario Lettieri, Member of the Italian House of Deputies and Secretary of the House Finance Committee; Hon. Alfonso Gianni, Member of the Italian House of Deputies, (opposition party "Rifondazione Comunista"), member of the Committee of Labor Affairs; Hon. Sando Delmastro Delle Vedove, member of the Italian House of Deputies (Alleanza Nazionale), Member of the Committees of Culture, and of Transport in the House of Deputies; Sen. Oscar Peterlini, South Tyrol People's Party (Italy), Member of the Committee of Labor Affairs in the Italian Senate; Dr. Claus Noéa, economist, former German Deputy Finance Minister, Berlin; Dr. Nino Galloni, economist, General Director of the Italian Welfare Ministry, official auditor of INPDAP (public employees pension fund); Hon. Antonio Parlato, former Undersecretary in the Italian Budget Ministry, former member of the Italian House of Deputies (Alleanza Nazionale); Prof. Sam Aluko, former chief economic advisor to the Nigerian President, Akure (Nigeria); Jean Gahururu, advisor on foreign policy for the Rwandan opposition in exile, Germany; Dr. Giovannino Santilli, Department Director for the Far East, Italian Ministry of the Productive Activities; Wolfgang Hoderlein, member of state parliament (SPD-MdL) in Bavaria, Germany; Heidi Lueck, member of state parliament (SPD-MdL) in Bavaria, Germany; Avv. Giuseppe de Gori, lawyer (representing the Christian Democrats in the historic Moro-Red Brigades trial), Rome; Dr. Jacopo Venier, Member of the National Secretariat of the Partito dei Comunisti Italiani, Rome; Fritz Hermann, president of the Danish United Farm Organization (LFO), Karup (Denmark); Erling Svendsen, president of the Danish Wheat Growers, Hvalsoe;(Denmark); and Dr. Tibor Kovats, economist, former president of the Hungarian Association of Political Refugees, Budapest.

*The full call and the daily growing list of signators can be found at [www.bueso.de](http://www.bueso.de).*