

## Figaro is singing a different tune

by Chris White

It is "indispensable that the big powers in the world put into place a new monetary system that forbids the jumping around of money." This was one of the conclusions drawn from present monetary and financial turbulences by Antoine-Pierre Mariano, in his Jan. 26 lead editorial in the Paris daily *Le Figaro*.

Entitled "A Dangerous World," Mariano's review of the current global situation was intended to support the view that, as he put it, "anything can explode at any time." His second conclusion was that a "fragile equilibrium" has been created through the early warning procedures of the world central banks, which are in permanent cooperation with each other. According to Mariano, this cooperation shows that crises "can be nipped in the bud." This "fragile equilibrium" might hold for some time. But the question, he asks, is for "how long?"

### Echoes of LaRouche

Echoes, then, from the banks of the river Seine, of American economist Lyndon LaRouche's Ninth Forecast, "The Coming Disintegration of the Financial Markets." Now being circulated nationally throughout the United States, LaRouche's Ninth Forecast proves conclusively that there are only two outcomes to the present, deepening world crisis: Either the present international monetary system is put through top-down bankruptcy reorganization by act of governments cooperating to that end, or that same international monetary system is doomed to collapse.

Strange it is, then, to find that the *Le Figaro* editorialist asserts that, since a new world monetary system would mean the end of the reign of the dollar, it cannot therefore be imposed on the United States. Since the dollar is, at first sight at least, the U.S. currency, it is straightforward for him to

assume that the United States would resist any reorganization of its own currency as a diminution of its own power.

Such a view might sound reasonable where such editorials are read. But the author is overlooking what might well turn out to be crucial. Yes, indeed, it can readily be conceded that, at present, there is no evident support from U.S. institutions for the kind of perspective he has introduced. There is, to be sure, a growing, panicked recognition that events, such as the crisis which erupted with the massive devaluation of the Mexican peso, in the week before Christmas, do have the potential to spin out of control, with worldwide, as opposed to local or regional consequences, and, that the mouth and ego of the Robespierre of the U.S. Conservative Revolution's fascist shock troops, House Speaker Newt Gingrich (R-Ga.), might contribute political impetus toward that feared eventuality.

But, what about the case that, under changed circumstances, what was previously unimaginable might not only be possible, but also do-able?

For example, why wouldn't the *Le Figaro* editorialist want to take up the question: How is it that, over the last 25 years and more, the loudest, clearest, and most consistent voice the world has had for what he now says is the desirable, but unfeasible, solution to the international crisis, has been that of Lyndon LaRouche? And that the included purpose of LaRouche raising his voice, consistently, in that way, has been to assist in creating the circumstances in which precisely the United States will be capable of contributing to the desired outcome?

### Cumulative authority

This record, the cumulative authority on which the Ninth Forecast is based, spans, actually, the period from 1959-60, when, in his Second Forecast, LaRouche projected the mid-to late-1960s monetary eruptions which would spell doom

for the post-World War II Bretton Woods system. This did come about, on that one day, Aug. 15, 1971, when President Richard Nixon, Treasury Secretary John Connally, and Assistant Treasury Secretary Paul Volcker decoupled the dollar from its gold-peg.

LaRouche's record continued to accumulate, through his subsequent six forecasts, from his Oct. 16, 1979 warning of what the same Paul Volcker, then Federal Reserve chief, would accomplish with his high interest rate policies, to LaRouche's Nov. 23, 1991 "mudslide," Eighth Forecast. "Many people have been looking for a definitive, one-day, two-day, three-day financial crash, perhaps on the markets, with the Dow Jones, sometimes called Davy Jones Index, crashing 500 or 1,000 points or more. What they are seeing is the Great Mudslide of 1991."

The Great Mudslide continued through 1994, through the bankruptcy of financial institutions in Venezuela, Germany, Spain, and elsewhere, to the collapse of California's Orange County and the effective bankruptcy of the Mexican republic at the end of 1994.

Why *Le Figaro's* editorialist would not want to take up such matters is reflected in another editorial, dealing with the same subject matter, from a slightly different standpoint. This one appeared the next day, Jan. 26, in Germany's leading daily, the *Frankfurter Allgemeine Zeitung*. Here we find the question posed from that standpoint of what ought to be done to rein in the "invisible hand" of the so-called free markets. Ought these markets to be re-regulated to eliminate their dangerous excesses? Won't regulation, or re-regulation lead to other problems?

For example, it is clear that some kind of credit facility is needed to overcome speculation of the sort that has surfaced in Mexico. But, might not the creation of such a facility bring into existence the monetary equivalent of a world policeman? These ruminations are set against the backdrop of a review of "bubble economy" debacles from John Law's Mississippi and South Sea companies of the early 18th century, to end-of-19th-century American railroad blow-outs, to the present round, whose epicenter appears to be Mexico, but which stretches worldwide, down to Argentina, across the Pacific to China, and the countries of the western side of the Pacific Rim, through Russia, Italy, Spain, Sweden, and back to Canada.

What both the editorialists are doing is making the matter of what happens or ought to happen to world monetary arrangements a purely technical one—as if action of some more or less enlightened group of bureaucrats or technocrats might come up with the kind of agreement desired. As if, to go further, technical action in the domain of money and finances per se might have some effect or consequence.

### **There are no technical solutions**

They ought to read the proof LaRouche develops in his Ninth Forecast. Because what they are looking for, does not

exist. There are no technical solutions to the dangers they describe as flowing from current potential breakdown conditions. There are only political solutions. Hence, Mariano's fallacy of composition in attempting to attribute a policy commitment to the United States, without considering what he must know, or could easily find out, that it is a U.S. politician, namely LaRouche, who has put forward the solutions Mariano says he is looking for, and who has fought for them, worldwide, as well as in a succession of U.S. presidential campaigns.

To insist on the technical is to miss the whole point. Wealth creation and money are not the same thing at all. Bankrupt monetary systems cannot be replaced except from the standpoint that the wealth-producing powers of the creative potential of human labor are primary, not money and prices per se. We now have a money or quasi-money bubble moving into an historical collapse phase, precisely because of the political insistence that those creative powers which make humans unique ought not to figure in such decisions, but that all such decisions ought to be made on the swinish basis of "buy cheap, sell dear," and that the way to attempt to preserve the financial order is by driving, for example, all labor costs down toward the level of the Chinese coolie labor employed in the sweatshops of Guangdong.

For example, what is the dollar, in the so-called global marketplace that the world's credit and financial system has increasingly become over the few years since the interval 1987-89? Can the dollar, employed one way or another, in the \$2 trillion-plus daily trading volume on currency bond and commodity markets, any more be properly characterized as the U.S. dollar? Is the emission of such credit, and therefore of future promises to pay (whatever other currency, instrument, or commodity), in the hands of any U.S. authority, never mind the matter of whether such emission occurs in ways mandated by U.S. constitutional law? Are dollars generated from often illegally derived deposits in offshore centers, like the Cayman Islands, Bahamas, Aruba, the Marshall Islands, Hongkong, Luxembourg, the Channel Islands, or the Isle of Man, to be treated the same as dollars generated within the United States?

Yes, indeed, the bubble is primarily denominated in dollars. But, why should the United States be forever committed to defending something which is both threatening its own very existence, and standing as an obstacle to the sovereign actions available to remedy the deepening mess? Is such a matter one of purely financial technicalities? Or is it not a matter of how the United States decides to govern itself? To put the matter of the needed new monetary system on the table, as it were, without mentioning the one figure who has done more to bring that about than anyone else, is tantamount to leaving the field clear to those who insist that the bubble they created on the wreckage of the U.S. dollar in 1971 be maintained at all costs. LaRouche's Ninth Forecast proves where that attitude will lead us all.