

## Financial meltdown, economic breakdown

Meantime, the facts and pace of the financial and economic breakdown are indisputable. Roger C. Altman, an investment banker who served in the both the Clinton and Carter Treasury Departments, wrote in the March 1 *New York Times Magazine* about “high anxiety” among central bankers and finance ministers who see the “chain reaction, global market meltdown.” The financial “markets have emerged as the ruling international authority, more potent than any military or political power.” He said they are “capable of overthrowing governments and their policies overnight.”

As a follow-on to the financial blow-out process in East Asia and elsewhere, physical production and trade in goods are shrinking drastically. In our *Economics* section this week, we provide reports on the situations in Korea and Mexico, and on the global pattern of commodities collapse.

In Indonesia and Thailand, the IMF’s Southeast Asia bailout victims, the second phase of the economic crisis that already collapsed currencies 30-80% since July 1997 has begun. The Indonesian rupiah has plunged from the rate of 2,600 to the U.S. dollar in early July, to its current level of around 9,000. On an annualized basis, Indonesia is experiencing nearly 32% inflation, hitting every household: food, up 16.07%; housing, 10.03%; clothing, 15.62%; essential services, 9.31%. In Thailand, the official rate of “growth” is □6.5%, that is, *negative* so far in 1998. Imports in Thailand were down 50% in January 1998, from a year earlier. The situation is summed up in the fact that in Indonesia, the world’s fourth most populous country, there is now a food crisis. The rice shortfall is close to 3-4 million tons for this year.

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## Documentation

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## Mexico must adopt LaRouche call for New Bretton Woods

*The following article by José Neme Salum, which was headlined “Washington Is Watching Mexico: ‘The Third Alternative,’ ” appeared in the Mexican daily Excelsior on Feb. 23. Subheads have been added.*

It is understandable that for purely cosmetic political reasons and future personal concerns, [Mexico’s President Ernesto] Zedillo and his ministers talk about an economic scenario far from reality. But it is inconceivable, unjustifiable, and intolerable that Federal deputies should show themselves to

be so incompetent, so inept, and so lacking in courage in the face of the criminal madness of keeping national policy tied to neo-liberal dogma, despite the evident damage to the economy and to the social order of the country.

What are these gentlemen waiting for? For people to rise up in rebellion, as is occurring, for example, in Indonesia?

Fifteen days ago, it became clear here that the people’s representatives, the politicians, and the citizenry in general would have to demand information, and to influence in whatever legal, possible, and necessary way, Mexico’s participation in the 22-nation meeting that William Clinton has convened for next April, in Washington. This is for the purpose of agreeing to a general reform of the world monetary system, currently in a meltdown phase, as has been recognized even by the authorities of the U.S. Treasury Department.

Mexico will be one of those 22 nations that will define, for better or worse, the immediate future of the world. And clearly, in view of such an important matter, there is a great dispute over what the real agenda should be, in terms of proposals, in every major country on the planet.

However, in Mexico, despite the fact that numerous deputies are informed of this crucial meeting, they are doing nothing. Last Wednesday, they invited Finance Minister José Angel Gurria to Congress, merely to waste time with foolish matters, already dwarfed by the critical nature of the ongoing disintegration of the current international financial system.

Are they still unaware of the situation? How can it be so simple for them? First they announce a cutback of 15 billion pesos, and then present a “definitive” cutback of 18 billion pesos . . . as if 3 billion pesos were nothing. . . .

## The financial system is going under

The financial system is going under, no matter what words are used to cover up the truth. . . . The only reality within the Zedillo government apparatus was publicly recognized last Friday in Guadalajara, Jalisco, by the deputy governor of the Bank of Mexico, Everardo Elizondo, who said, “Not even the Bank of Mexico has any idea of the impact of the current Asia crisis on our economy.”

. . . This is the case with Zedillo and his underlings: They don’t know what to do. These characters who, based on their servile willingness to use state power to impose the fascist conditionalities of the IMF model . . . and who are now the offspring of that perversity: They began bad, continue bad, and are heading for worse.

But what about the deputies and senators, like José Angel Conchello, who “already know,” as opposed to the pathetic cabinet members who keep committing one policy blunder after another?

Why didn’t they demand that Gurria . . . discuss with them what Mexico intends to present and defend at this important international financial summit?

How is the Mexican position going to be presented to society, and with the latter’s intelligent support—not the re-

sult of some badly done survey or sleight of hand—if no one even knows if they have, or intend to have, a position at all? . . .

### A defense of sovereignty

Gentlemen of the Congress: Mexico must be in Washington next April, at this crucial international conference, with the only position that dignifies those who fought, and are fighting, to make this an independent, sovereign nation, whose mission is to procure happiness for its inhabitants: a new Bretton Woods.

Not a “reformed” one, or where the perversities of globalization are shaped to fit their own regulatory structures. Because, from what we now know, thanks to last week’s report, and to *EIR*’s ever-more valuable service, the discussion at these meetings tends to be dominated by current global interests, with the idea of only controlling the fiend, rather than letting it come up with its own plan. This is the way things have been over the last 25 years, after the gold standard was abandoned.

And so they seek to “clean up” the IMF’s image and to trick the public. . . . And so that “structure of sin,” as Pope John Paul II defined the International Monetary Fund, is going around flirting with Russia, hoping to arrive at the April meeting with all the cards. . . .

But we are also seeing decent positions from people who value their humanity. . . .

The situation at this point was clearly explained last week in other statements from various Japanese and South Korean officials, who agreed that “it is becoming more and more obvious that the international financial system is not working, just as [U.S. economist Lyndon] LaRouche says,” and that the majority of nations “would surely support a New Bretton Woods Conference. But meanwhile, the IMF is pressuring us, and we should have some kind of short-term line of defense.”

More officials, those from Malaysia and Indonesia, have already said that it would be good if Washington were to propose a third option to the IMF and to the currency board.

In this respect, recent public memory is good: Late last year, the “third alternative” was presented in Mexico City, Guadalajara, and Monterrey, which views science and technology as the driver of the national economy, as was defined in the past century by the great German economist Friedrich List, in opposition to what was then known as the cosmopolitan system offered by the British Empire through its lackeys, such as Adam Smith and David Ricardo, and which 25 years ago was endorsed as globalization, the Aquarian “New Age,” or neo-liberalism—that is, “perfidious Albion’s” old game, in a whitewashed version. . . .

## DO YOU KNOW

- that the American Revolution was fought ~~against~~ British “free trade” economics?
- that Washington and Franklin championed Big Government?
- that the Founding Fathers promoted partnership between private industry and central government?

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