

Business Briefs

Financial Crisis

Al-Arab International prints LaRouche article

The London-based Arabic daily *Al-Arab International* published, in its Oct. 11 issue, an Arabic translation of the full text of a memorandum by Lyndon H. LaRouche, Jr., "What Each Among All Nations Must Do Now" (see *EIR*, Oct. 9, p. 4). The article was introduced on Oct. 9, in an editorial titled "LaRouche and the Ninth Forecast," by *Al-Arab's* economics editor, Mustafa Al-Bazargan.

Bazargan states that "only two years ago, no one could predict that economic catastrophe which has infected the misnamed 'Tigers' of Southeast Asia." He describes the "blooming" markets which provided a great meal for international speculators. When these "investors" suddenly withdrew their investments off the Asian markets, Bazargan continues, "the Tigers entered the cage of recession, and to be tamed by the World Bank and the IMF following the dictates of the U.S. administration according to what it sees appropriate, even if that was at the expense of the other nations of the world."

"The only thinker and economist who foresaw what is currently happening in the international markets and stock exchange was Lyndon LaRouche, Jr. who, in 1994, issued his forecast for the collapse of the international financial and monetary system within a few years, due to its divorce from the real economy. He called that forecast, the 'Ninth Forecast,'" adds Bazargan.

"LaRouche, who has been known internationally as a fighter against imperialist policies, is concentrating his efforts to create an international economic order aimed at raising the living standards in the Third World through the introduction of modern technology and building of basic economic infrastructure. He proposes the creation of a 'New Bretton Woods System,' and to abolish the bankrupt IMF system and to put international speculators under control in order to save the world economy."

Bazargan concludes: "LaRouche introduces a detailed program for action to revive the world economy. The memorandum is

valuable, important, detailed, and worth paying attention to by economists and professionals in finance, as well as citizens who are affected by the changes in the economy for the better or the worse."

This newspaper is one of the three largest Arabic dailies that are produced and printed in London and distributed in all European capitals and major cities.

Gold

German newsletter reports LaRouche plan

The weekly newsletter *Goldmarkt*, published by Martin Siegel, on Sept. 30 states in its report on the collapse of the Long-Term Capital Management hedge fund, that the present world monetary system, based on paper money and the promises of governments and central bankers, is doomed, while "feverish preparations for a new world monetary order" have already started.

One example is British Prime Minister Tony Blair's proposal for a new "Bretton Woods." Blair, states the article, "is making use of the terminology of the American economic scientist Lyndon LaRouche (party: Bürgerforum Solidarität [sic], newspaper: *Neue Solidarität*), who for many years has been calling for a new Bretton Woods. The basis of the LaRouche proposal for a new Bretton Woods is gold."

Mixing up statements by international figures ranging from International Monetary Fund Managing Director Michel Camdessus to German Social Democrat Oskar Lafontaine, the article concludes that "the establishment of a new world financial system, based on fixed exchange rates and on a gold standard, could already happen in September 1999." Meanwhile, "the international financial markets are disintegrating" and the "private demand for gold is exploding." Therefore, the reader is advised to buy as much gold as he can in the coming months.

The article is a wild concoction, mixing up LaRouche's proposals with the 19th-century "gold standard," in order to support the

single message of the newsletter, which is "buy gold." Reports from *Goldmarkt* recently have received considerable coverage in the German media.

Speculation

'People's Daily' in China invokes de Gaulle

In a commentary on Sept. 24 on the proposed "Tobin tax" against speculation in financial derivatives, China's leading newspaper, the *People's Daily*, reports that Prof. James Tobin of Yale University, who was an adviser to President Kennedy in the early 1960s, said that the main aim in establishing such a tax was to "throw sand into the gears of market economy."

"In fact," *People's Daily* reports, "the 'Tobin tax' is only one form of administrative intervention in the financial market; it can be followed, or other suitable counter-measures can be found. . . ."

"The fact that the 'Tobin tax' is being mentioned again shows that people are understanding ever more clearly that allowing market forces to do whatever they like leads to disaster, and countries must appropriately constrain them.

"In past years, General de Gaulle, founder of France's Fifth Republic, said that 'market economy has its positive aspect,' but 'it also brings unfairness,' therefore 'markets cannot override nations and states but must be regulated and controlled by them.'

"French Prime Minister Jospin recently said: 'The financial crisis has reminded us that capitalism has impetus, but it does not know where it is going.' There is undoubtedly great truth in these remarks."

While economic globalization "is an objective trend and objectively exists," this is the one-sided view of the industrialized countries. "Just after the end of the cold war, some people publicized 'the end of history'; afterwards, as globalization developed, there was talk of 'the disappearance of geography (state boundaries).'

"In fact, history has not ended, and geog-

raphy will not disappear. Amid the main trend of the continued development of globalization, every country, especially the developing countries, should use its own sovereignty to pursue benefit and avoid harm.”

Nuclear Energy

Chinese official sees cooperation with U.S.

Speaking before the Washington chapter of the American Nuclear Society on Oct. 6, Dr. Wei Jiang, First Secretary of the Science and Technology office of the Embassy of China, outlined China's ambitious plans for nuclear power plant construction, and its plan to “continue to open up for increased nuclear cooperation.”

Dr. Jiang said that later this month, a Chinese government delegation will be coming to the United States to meet with representatives of nuclear suppliers General Electric, Westinghouse, and ABB/Combustion Engineering. The purpose is to discuss the “potential application of American nuclear technology,” specifically in preparing bids for the nuclear units China plans to build in Guangdong Province.

Right now, Dr. Jiang explained, China has a large diversity of nuclear technology, from France, Canada, and Russia. Each supplier has its own rules and regulations, which has left China without overall standards, including for safety. Early in the next century, he said, China plans to chose one design that it will standardize.

Expressing the view of many Chinese representatives, Dr. Jiang said that the American technology is the most advanced, and would be their choice. But he made clear that China “does not want an agreement that is linked to political policies, like human rights,” that could stop work on a power plant.

In answer to questions, Dr. Jiang said that China is planning to reprocess its spent nuclear fuel (not bury it, as the United States is planning to do), and that an experimental, second-generation gas-cooled nuclear reactor of 10 megawatts is under construction at

a university in Beijing. U.S. nuclear representatives will travel to China in October to start to work out the framework for a financial and legal liability agreement between the government and U.S. suppliers.

Financial Warfare

Malaysian paper hits role of foreign media

Malaysia's leading newspaper, the *New Straits Times*, wrote on Oct. 5 and 6 that it is time to play “hardball” with foreign press, especially Dow Jones assets, for its biased and incendiary coverage of Malaysia, since the imposition of capital controls and the sacking, and subsequent arrest, of former Deputy Prime Minister and Finance Minister Anwar Ibrahim.

The newspaper concluded that maybe Malaysia should take a page from Singapore's Senior Minister Lee Kuan Yew, who, from time to time, banned or severely restricted foreign newspapers and magazines, and hauled editors and reporters into court, even detaining some under the Internal Security Act. Lee's “hardball” policy apparently works, since the Western press rarely has anything but praise for Singapore.

The particular target of *New Straits Times*'s editorials are the Dow Jones-owned or co-owned CNBC, *Asia Wall Street Journal*, and *Far Eastern Economic Review*, although the *Times* doesn't identify *FEER* as a Dow Jones asset. The Oct. 5 article ticks off a timeline of articles blackballing Dr. Mahathir and whitewashing Anwar, written both by foreigners and Malays writing for the cited publications. The Malay *Utusan Malaysia* also ran an article in its Oct. 5 edition, by the press secretary of former Deputy Prime Minister Tun Ghafar Baba, who slams the Singapore *Straits Times* for sharing the same view as those foreign press out to “destroy” the Malaysian government. The article singled out the *Straits Times*'s recent publication of Lee Kuan Yew's memoirs, which denigrate Malaysia's first two prime ministers.

THE ISRAELI SHEKEL is falling against the U.S. dollar as well as the basket of currencies it has been pegged to. It depreciated 2.01% on Oct. 7, reaching NIS4.096 to the dollar. It can fall theoretically another 16% before the Central Bank will be obligated to intervene. Finance Minister Yaakov Ne'emman is quoted as saying, “This is in fact a window of opportunity, as long as we refrain from indulging in a campaign of wailing and lamentations.”

NIGERIA has had to shut down 400,000 barrels a day of oil production, as a result of what are described as armed “community activists” attacking Shell oil installations in the Niger Delta, BBC's Hillary Anderson reported from Lagos. Shell is claiming the attacks are “coordinated.” The “activists” are demanding more autonomy and a greater share in Shell revenues.

NEWSWEEK blares the headline: “The Crash of 1999,” in its Oct. 12 issue, citing economist Robert J. Samuelson that it doesn't have to happen, but it could. The article contains few startling revelations, but its importance is that—finally—the word “Crash” is blazing on every American newsstand.

MALAYSIA'S Second Finance Minister Datuk Mustapa Mohamed told a meeting of the International Monetary Fund and World Bank on Oct. 7 that “a complete overhaul of the international monetary system is required and required soon.” He underscored that Malaysia's capital controls are neither radical nor unique, but absolutely necessary.

THE CHINESE government allowed the Guangdong International Trust and Investment Corp., a government investment firm, to go bankrupt on Oct. 7. The decision was taken directly by the central authorities at the People's Bank of China. GITIC was unable to repay foreign debts, the *China Daily* reported.