

Supachai has called for lower interest rates, even if the value of the currency were to fall as a result, in order to enhance industrial production and exports. He also called for the government to take over some of the banks' non-performing loans, rather than push the banks to foreclose on the indebted companies.

A new bankruptcy bill rammed through the Senate at the end of March by Finance Minister Tarrin and the IMF, against vociferous opposition, allowed banks to foreclose on debtor companies and strip their assets to collect their debt payments. There were efforts to exclude those companies that were otherwise viable, but had been caught by the collapse of the baht, with extensive foreign debts. This was rejected by Tarrin in order to please the IMF.

### International ramifications

The conflict between Ministers Tarrin and Supachai has important international implications, in that Supachai is one of the two final candidates to become the new head of the World Trade Organization (WTO). A meeting on March 31 to make the final selection between Supachai and New Zealand's former Premier Mike Moore ended in a deadlock, and the decision was postponed to the week of April 12. Thailand, sensing that the United States was planning to strongarm other nations to go with the more IMF-compatible New Zealander, extracted a pledge from U.S. Secretary of State Madeleine Albright during her recent Asian tour that the United States would not block a consensus in support of Supachai.

Supachai has expressed support for Malaysia's imposition of selective capital controls, and is less sympathetic than Moore to slapping sanctions on countries over sovereign questions such as labor policy and the environment. These facts force one to consider whether Vice President Al Gore and his Principals' Committee, which is functioning within the U.S. administration to subvert President Clinton's policy of strengthening ties with Russia, China, and the rest of Asia, is also behind the effort to prevent Supachai's appointment (see *EIR*, April 9, pp. 58-62). Vice President Gore's infamous and disgraceful antics last November in Kuala Lumpur, where he declared support for anarchist riots against the Malaysian government taking place in the nation's capital, and Albright's equally insulting pandering to deposed Malaysian Deputy Prime Minister and Finance Minister Anwar Ibrahim, indicate that the Principals' Committee could be, once again, up to no good.

The decision on the WTO chief could also influence the crucial negotiations between President Clinton and China's leaders over China's entry into the WTO—another target of the Principals' Committee and their anti-China allies in the Republican Congress. President Clinton would do well to back Thailand's candidate over that of the British Commonwealth, and further his strategically crucial ties with Asia.

## LaRouche in Russian press, urges decisive action on economy

*Kommersant-daily*, the leading Russian business newspaper, has featured Lyndon LaRouche's call for joint action by the United States, Russia, China, and India to solve the world economic crisis. In February, the same paper had interviewed LaRouche on the prospects for Russian economic science, and on Jan. 26 its sister weekly, *Kommersant-Vlast*, carried a commentary by LaRouche under the headline, "Scrap the Foolish Policies of the International Monetary Fund."

In its April 13 issue, *Kommersant-daily* published answers from notables, to the question, "Can the ruble be stabilized with respect to the U.S. dollar?" The reply, provided by LaRouche to *Kommersant* on April 12, appears here in full:

### LaRouche's reply

"The question can be read in two ways: Is there a way in which the ruble's value can be defended against rapid erosion during the short term? The answer is that there are available emergency measures, including strict capital, exchange, and financial controls, which can minimize the undermining of the ruble during the short term. These kinds of measures are within the competence of Prime Minister Ye. Primakov and his distinguished advisers. For the medium to long term, more drastic measures would be required, which I, were I a Russian official, would be prepared and committed to taking as necessary.

"The long-term solution for Russia's present difficulties lies in the mobilization of the resources of the former Soviet scientific-military-industrial complex as the basis for a greatly expanded machine-tool industry. The new trends in cooperation among China, Russia, India, and others, point toward the possibility of the kind of revival of Russia's economy which is needed for a strong ruble during the medium to long term.

"My hope, is that President Clinton will refresh his options for cooperation with Russia. The world is in a crisis, which can not be overcome without cooperation among a leading group of nations including the U.S.A., Russia, China, India, and at least one or two nations of western continental Europe. Under those conditions, the vital interests of the planet as a whole can be defined in ways indispensable for solving the world's present economic crisis and avoiding the growing danger of a global spread of warfare. An agreement

in principle, under which the U.S.A. and at least one relevant nation of western continental Europe enters into an agreement in principle for global economic cooperation, based on cooperation with the emerging pattern of Eurasia cooperation among China, Russia, and India, would represent the most powerful concert of power imaginable on this planet at this time. The cooperation among the nations representing such a concert of power, becomes the instrument to resolve the increasingly dangerous pattern of conflicts confronting us today.

“Under such circumstances, what I have proposed as the principled form of a ‘new Bretton Woods agreement’ could be promptly established among the members of such a concert of cooperation. The new system of cooperation among perfectly sovereign nation-states, would put the existing world monetary and financial system through long-overdue bankruptcy reorganization, and launch a new system of international credit. The reorganization of existing currencies and national debts, through creating a new system of medium- to long-term state credits issued among and within nations. By coupling such new systems of credit with combinations of long-term development of basic economic infrastructure, and by cooperation in science-driven expansion of machine-tool sectors to create the machine-tool and related assistance needed for the development of such regions as the vast areas and populations of Eurasia, solid national currencies can be established and maintained.

“Within the potential of what was once the Soviet Union’s scientific-military-industrial sector, there exists Russia’s greatest source of economic strength for the decades to come. With that potential mobilized, the goal of a durable and strong ruble is within reach. I am confident that Russia has the available leadership which can meet such a challenge.”

### **From the Kommersant package**

In its April 13 package, headlined “Who Can Restrain the Dollar?” *Kommersant* published a summary of LaRouche’s reply, which it presented as direct quotations, under his by-line, as “Lyndon LaRouche, Economist (U.S.A.)” The paraphrase said, “This question is essentially within the competence of Primakov and his government, insofar as special measures are concerned. On the other hand, Russia still has a powerful industrial potential, which ought to be used. Finally, President Clinton could undertake certain efforts for this purpose. It is essentially a question, today, of revising the basis of the current economic system, known as the Bretton Woods agreements. An economic crisis is raging throughout the planet. Countries with rather developed economies may fall victim to it tomorrow. Therefore, the leading nations of our planet—the U.S.A., Russia, China, India—should create a new economic alliance, making it possible easily to endure the burden of the crisis. This also entails, by the way, the creation of a new international credit system.”

## **Argentine agriculture, industry in death throes**

by Gerardo Terán and Gonzalo Huertas

Between the international financial crisis and the Menem government’s killer economic program, the so-called “Convertibility Plan,” Argentina’s agriculture and industry are being destroyed. Facing “extinction,” as one industrialist put it, producers now are rising up against the government’s economic policy.

The “Convertibility Plan,” adopted in 1991, is a variation of the British Empire’s currency board scheme. The government set the value of the peso equal to the dollar, and decreed that every peso in circulation had to have a dollar in the Central Bank backing it up. Thus, the government renounced its sovereign right to issue credit, and tied the national money supply to the vagaries of international finance. The austerity which resulted brought down inflation, but killed production.

Many farmers, however, placed their bets on the success of the plan. Falling for the initial, illusory “monetary stability,” many went heavily into debt to import the technology that would allow them to “insert themselves” into the global economy upon which the Convertibility Plan was premised.

But the plan never backed up producers, for example, with investments in infrastructure which could have lowered transportation costs. Nor did it reduce the tax burden, to stimulate productive reinvestment. On the contrary, highway tolls in Argentina are among the highest in the world, fuel prices are at international levels, and public services are taxed by as much as 41%, by a government desperate to raise revenue to pay debt. The government also slapped a tax on farmers’ interest payments, on top of usurious rates on their loans.

As Rene Bonetto, president of the Argentine Agrarian Federation, said, this “competitiveness” led to the mortgaging of 70% of the countryside. This occurred despite the fact that 50-60% of Argentine exports are from the agricultural sector, earning about \$15.29 billion in 1998 on record production of 67 million tons of grains and vegetable oils. According to the Intercooperative Farming and Livestock Federation’s magazine, farm debt grew from \$3.899 billion in 1992, to \$7 billion in 1998. Debt service is projected to reach \$3 billion in 1999, and total losses for agriculture in 1999 are expected to reach \$3.4 billion.

Even the Argentina Rural Society (SRA), which represents the 10,000 biggest landowners—heretofore globalization loyalists—has begun to protest. In March, producers’ protests grew throughout the country, as protesters blocked roads, held province-wide strikes, and organized tractor-