

tions in Southeast Asia. The rupee is devalued to 44.05 to the dollar, from 40.52. Government spokesmen indicate, unofficially, that the devaluation was a condition for the IMF to grant Pakistan a loan (\$1.6 billion for three years). The Pakistani devaluation now puts pressure on the Indian rupee; a year ago, the two currencies were on a near par.

**Thailand:** Government increases the excise tax on gasoline and diesel fuel, raising pump prices 1.21 baht (\$0.034) per liter. Gasoline prices have risen nearly 50% since the July

2 de facto devaluation of the baht. Public utility rates have increased, as well as excise taxes on luxury goods. The consumer price index increased 7% in September, up from the average 5% increase per month since the beginning of the year.

## Oct. 16

**New York:** Dow Jones index drops 119 points.

**Thailand:** Prime Minister Chavalit Yongchaiyudh re-

## New vs. old monetarism: a tale of two diseases

A fight is raging between the “New Age” and the “Old Age” schools of monetarism. The “New Agers” insist upon an “information society,” a New Era economy of growth, where crises never occur and people are “wired” together by computers. The “Old Agers,” whose most notable political force is Federal Reserve Board Chairman Alan Greenspan, aver that people and governments will have to suffer greatly in order to keep the world financial bubble afloat, although they concede that there may be some problems in the financial markets. The Oct. 11 *Washington Post*, in the lead article in its business section, “Debating Myth or Miracle Behind a ‘New Economy,’” presents this as the leading economics debate of this century. In fact, this is a dispute between two diseases, sharing the same etiology. The informed person, seeking mental and physical health, will stay away from both schools.

The “New Agers,” like Alvin and Heidi Toffler, hold that the ages of agriculture and of manufacturing represented the first and second waves of society, respectively, but that both agriculture and manufacturing have become obsolete. Now, society will embark on the “third wave,” which will have hardly any factories and farms. This is the shimmering world of “the information age,” bedecked with computers, audio head sets, and virtual reality machines.

### New Ager: Peter Schwartz

Peter Schwartz is a leading “New Age” spokesman. In a Sept. 15 paper which he co-authored, entitled, “The Long Boom: A History of the Future, 1980-2020,” which serves as a “New Age” economics manifesto, Schwartz stated that “we are watching the beginnings of a global economic boom on a scale never experienced before,” which he said, is due to the employment of 60 million personal computers, computers in offices, and globalization.

By globalization, he means the removal of financial and other regulations; unrestricted free trade; zero population growth; and every variety of financial perversity. Schwartz writes: “Right around 1980, Margaret Thatcher . . . begins putting together the formula that eventually leads toward the new economy. At times it looks brutal: busting unions, selling off state-owned industries and dismantling the welfare state. [But] . . . the pain pays off.” Schwartz claims that the pain led to an economy of unending growth, which will not experience financial breakdown. Creative thought or hard work have no place in this techno-topia, where problems are solved as if by waving a magic wand, or swallowing peyote.

Schwartz comes from a nest of “futurologists,” which explains where the New Age economics came from. During 1982-86, he headed scenario planning for the Royal Dutch/Shell company in London. In 1988, the Global Business Network (GBN) was founded, to push the New Age economics. Schwartz is a leader of GBN. Two of the network’s cofounders, Napier Collyns and Steward Brand, were also leaders of the Royal Dutch/Shell planning department. Royal Dutch/Shell, jointly controlled by the Dutch and British monarchies, is a key part of the British Commonwealth’s current plan for top-down control of the world’s energy and raw materials supplies. RD/Shell has had a 25-year project to rework the general corporation into a New Age entity, which Schwartz helped design.

Schwartz also served as a top official of the Stanford Research Institute (SRI), as did other leaders of the GBN. The SRI is the mother institution of the New Age. In 1966, the SRI’s Willis Harmon released his book *The Changing Image of Man*, which argued for what he called a “paradigm shift” away from optimism, science, and culture, toward the fascist gutter world of the counterculture. Other leading forces in the GBN include the *Whole Earth Catalogue*, the Club of Rome, and members of 1960s and 1970s counterculture rock bands. The economics “New Agers” have a broad array of support in the business and financial community, including among its proponents Ed Yardeni, chief economist at Deutsche Morgan Grenfell;

vokes the IMF-mandated oil price increase.

### Oct. 17

**New York:** Dow Jones index ends 91.85 points down, closing at 7,847, giving it a drop of 3.1% in total value over three trading days, and a drop for the week of 198.18 points. Leading the fall were technology stocks (which had high price-earnings ratios, were favored for speculation, and had helped pump up the overall stock market bubble).

Bill Joy, co-founder of Sun Microsystems; and top persons in the editorial offices of *BusinessWeek* and the *Wall Street Journal*.

### Old Ager: Alan Greenspan

On the other side of the debate are the “Old Age” monetarists, led by Fed Chairman Greenspan. For a long while, Greenspan identified with the gobbledygook of the “New Agers.” He still professes some of their core premises. In an Oct. 14 address to the libertarian Cato Institute, Greenspan said that physical economic production plays a much less important role “in the creation of wealth,” than the combined weight of processing of information and financial services.

But Greenspan parts company with the New Agers’ flower-power view that the economy can continue on blithely without experiencing a crisis. In his clearer moments, Greenspan acknowledges that a crisis is just around the corner, which, in actuality, could end the current financial system. Greenspan believes that no level of austerity is too severe, gouging wealth out of the living standards of the population and out of manufacturing companies and farms, to transfer to the account of his banker friends, in order to save the system. Moreover, this austerity must be implemented now.

In testimony on Oct. 8 to the House Budget Committee, Greenspan made this point transparent. He called for cutting Social Security benefit payments to the elderly; adjusting downward the Consumer Price Index to further reduce Social Security benefits; making people work to an older age before they can retire and receive benefits; and privatizing Social Security, to put the money into propping up the bloated stock market. He also called for severe cuts in Medicare. These combined cuts will increase the elderly death rate. He also called for holding wages down, and no new spending for infrastructure.

Should someone try to convince you, dear reader, to choose sides between “New Age” and “Old Age” monetarists, tell him, “No thanks, but I think I can find you good psychiatric treatment.” —*Richard Freeman*

**Malaysia:** Government announces austerity measures.

### Oct. 19

**Thailand:** The entire 48-man cabinet resigns.

### Oct. 20

**Hongkong:** Hang Seng stock market index falls 5%.

**Thailand:** The baht falls to a record low of 38.65 to the dollar offshore, equal to a 33% fall in the currency since July 1. The stock market falls 3.1%.

**Indonesia:** The rupiah closes at 3,640, which is a 33.2% collapse since July 1.

**Taiwan:** Stock market falls 4%. Taiwan dollar hits the lowest level since October 1987.

**Malaysia:** Stock market falls 3.4%.

**Singapore:** Stock market falls nearly 2%.

**London:** The FTSE 100 index falls 2.3% on “Brown Monday,” as Gordon Brown, Chancellor of the Exchequer, inaugurates a new computerized trading system; the FTSE ends down 1.1% for the day, which wipes out over £10 billion of share values.

### Oct. 21

**Hongkong:** Hang Seng stock market index falls 4%.

**Malaysia:** The ringgit hit a low of 3.335 to the dollar this week, which amounts to a drop of 24.3% since July 1.

**New York:** Dow up 139 points; commentators gloat that Wall Street benefits by outflows from Asian stock markets.

### Oct. 22

**Hongkong:** Hang Seng stock market index falls 6%. Governor of Hongkong, speaking in London, releases a statement of commitment to defend the Hongkong dollar.

### Oct. 23

#### Asia-Pacific:

**Hongkong:** Hang Seng stock market index falls 10.41%.

**Japan:** Nikkei index falls 3.03%.

**Singapore:** Stock index down 4.72%.

**Indonesia:** Stock index down 2.2%.

**Malaysia:** Stock index down 3.38%.

**Philippines:** Stock index down 5%.

**Australia:** Stock index down 2.53%.

**New Zealand:** Stock index down 1%.

#### Europe:

**London:** Stock index down 3.06%.

**Germany:** Stock index down 3.6%.

**France:** Stock index down 3.42%.

#### Americas:

**New York:** Stock indices down—Dow, 2.33%; NASDAQ, 2.16%; S&P 500, 1.84%.

**Mexico:** Stock index down 4.54%.

**Brazil:** Stock index down 8.15% (São Paulo); 7% (Rio).