

hyperinflationary crisis reached its peak in the autumn of 1923, we had the first appearance, under the sponsorship of General Ludendorff, of Adolf Hitler, as a new political figure on the European scene.

The IMF, arbiter of a new Versailles

Today, what is happening in Japan, and in the New York Federal Reserve System, is a piece of insanity, precisely like that against which Keynes warned in the Versailles Treaty. We are back to Versailles. The arbiter of the new Versailles, is a group of lunatics called the IMF bureaucracy. Here we have countries which are in trouble, where their economies are collapsing. The IMF comes in and says, "What you must do, is pay these creditors by shutting down your economy." That was what they said in Korea, that is what they said in Indonesia, that is what they said in Malaysia, that is what they said in the Philippines, that is what they said in Thailand.

That is what they said in Korea. Korean unemployment is past the 1 million level, which is already potentially a social crisis level. Under these conditions, *none of these economies can ever recover*. None. *This is clinical insanity*. You can not find any basis, and I shall indicate today some of the reasons for this—you can not find any basis under which financial reorganization of the type proposed by the IMF and accepted by most nations, can succeed. These kinds of proposals are simply the insanity of Versailles, re-enacted many times over.

And in the United States, we're pumping up a balloon, in terms of the financial markets, through what? Through hyperinflationary methods. The printing of money, to steer it into financial markets, where it is heavily financially leveraged, and thus results in an ascending balloon, in terms of the stock market prices, which creates the spectacle of a man clinging to a balloon without a carriage, and without an oxygen flask, reaching the 60,000-foot level and going higher. He's going to suffocate and die, if the balloon doesn't explode. And that's what we're doing.

There is no recovery in the United States. There never was a recovery from the levels of the crisis of last year. But, many people wishfully wish to believe that. Many people in the Congress, many illiterates in the Congress—which is what we seem to be tending toward among the younger generation there these days, people who no longer have, a Congress that no longer has institutional memory, because the people who got into the Congress as young people, *never studied history*. Most of them who got into the Congress, they'd never had a passport before they got into the Congress. They don't know the outside world exists. They don't know the United States existed before they were born. They're not even sure they were born, and they don't want to discuss it. You ask 'em, "Were you born?" and they say, "Don't go there."

So, that's the crisis. Under these conditions, as I shall refer to this matter in a number of points here, under these conditions, there is no government in the world, presently, while some of them have good ideas in particular, there is no

government in the world which has a plan of action, a policy under which that nation, or the world community, could survive.

We are now going into this new crisis, which will occur this spring. Whether this will be the crisis that blows the system out entirely or not, we don't know. There are too many unknowns in the short term, in a crisis like this, to predict exact dates. But, *we are in the spectrum of a succession of crises, in which one of these crises, probably in 1998, will blow out the entire system, unless we fundamentally, radically change the rules of the game, from the bottom up, of the whole system, in the meantime.*

The meetings which are to be held here in Washington, during mid-April, and a few other conferences scheduled in the same period, must be treated by any serious statesman as *probably the last opportunity, to prevent this planet entirely from collapsing into a New Dark Age like that which struck Europe during the middle of the Fourteenth Century*, after a century or almost 100 years of moral and cultural and economic decline of Europe, since the death of Friedrich II Hohenstaufen, until the bankruptcy of the House of Bardi and Peruzzi, in which Europe was struck by a New Dark Age, during which 30%, at least, of the population of Europe was exterminated by the economic crisis and disease; in which, over the 100 years since Frederick II, 50% of the parishes of Europe disappeared, as a result of these measures; in which

Renew call to Clinton for Bretton Woods conference

At the March 18 EIR seminar, Schiller Institute Chairman Helga Zepp-LaRouche and Ukrainian Member of Parliament Natalya Vitrenko renewed their call to President Clinton to convoke a conference that would establish a New Bretton Woods System, which they initiated in February 1997. The title of their new statement is: "Renewed Urgent Appeal to President Clinton to Convoke a Conference for a New Bretton Woods System."

Almost exactly a year ago, we appealed to you, in view of the danger of a pressing systemic crisis, to initiate a reorganization of the world monetary and financial system, and to orient yourself toward the better elements of the previous Bretton Woods System.

In the meantime, this call has been signed by approximately 500 parliamentarians from 40 countries, the former Presidents of Mexico, Brazil, and Uganda—José López Portillo, João Baptista Figueiredo, and Godfrey Binaisa—and hundreds of civil rights leaders, trade unionists, and

insanity roved the streets, as it tends to rove the streets of the United States today; out of which we survived, because we got a Renaissance in the following century.

We are now headed toward such a New Dark Age, coming out of the collapse of this banking system, just as Europe was plunged into a New Dark Age, by the detonator effect of the collapse of the Lombard banking system in the middle of the Fourteenth Century. That's what we face. And there seems to be, at this moment, not a government on this planet, which has mustered the competence and will, to address the severity of the nature of this situation, with competent proposals.

Now, in reviewing this situation — and I shall limit myself for the presentation to the summary features of the problem — I shall make use of something which will appear, not in this week's issue of *EIR*, but in the next one. We've received, sometime past, a paper from an acquaintance of mine, you might say a friend of mine, a Dr. Sergei Glazyev, who is a brilliant young Russian economist, a man who reflects, if not entirely incorporates, the thinking of the leading circle of the scientific circle of economic thinkers in Russia. His teacher was Academician Dmitri Lvov, of the Central Economic Mathematical Institute. I know his acquaintances, his background: He does reflect the thinking of this layer. He's probably one of the most competent exponents, in terms of a young exponent who covers the spectrum.

So, we're publishing his paper, on the new measures pro-

posed to take a Russia on the brink of doom: those measures which would revive the Russian economy. And so, I've published a commentary to that, a prefatory commentary, on the implications of Dr. Glazyev's paper, which will be published in next week's *EIR*.¹ And, since the introduction to that contains the same material which is relevant here, I shall quote myself, so to speak, in part, from the beginning of that commentary, as follows:

Three leading topics

"The world is waiting for the outcome of the 22-nation, Washington (Willard Group) conference on international and financial and monetary matters, now scheduled for April 16. All rational participants in the preparation and conduct of that conference should agree, that there are three leading topics of interrelated financial, monetary, and economic policy-shaping, topics which must be considered as crucial for a true solution to that global, systemic crisis, the which has pushed the world to the present brink of a threatened, sudden plunge into a global New Dark Age.

"First, the fact that the present crisis is *global and systemic*, rather than *regional* or *cyclical*, must be acknowledged. This acknowledgment is the required premise for any rational

1. In this issue, pp. 53-63.

members of other social organizations, all of whom are motivated by deep concern over the fate of their nations.

At that time, we warned about the outbreak of an impending severe financial crisis, which would erupt in East Asia, but soon will extend to the whole world. The Asia crisis which broke out in October 1997, which is really only the regional expression of the global crisis, has shown how correct the warning expressed in the appeal a year ago was: The International financial system has been poised at the brink of meltdown repeatedly since the end of 1997, for example, on Dec. 22-23, 1997 in South Korea, and again, in January 1998, in Indonesia and Japan. In the meantime, it has been confirmed that neither the medicine of the "IMF rescue packages" nor the hyperinflationary infusions of liquidity are solving the problem, but, to the contrary, only reinforce the distortions of the "bubble economy."

The conference of 22 nations, which the United States has called for in Washington on April 16, is perhaps the last chance to carry out the necessary reorganizations safely, before the next expected, even more disastrous round of financial crisis. As useful as the elements of the discussed corrections (fixed exchange rates, greater transparency of financial transactions, a tax on speculation) might be, the

crisis of civilization in which the world finds itself, cannot be eliminated with cosmetic measures alone.

If the conference for a new Bretton Woods is going to be successful, then the fundamental mistakes in economic and financial policy of the past 30 years must be corrected, mistakes under which worldwide industrial and agricultural capacities have been allowed to collapse far below the level necessary to sufficiently provide for all the people living in the world today. Only if the world economy is organized along the principles of physical economy represented by Lyndon LaRouche — that is, if the construction of the Eurasian Land-Bridge becomes the cornerstone of a global reconstruction program, and thus scientific and technological progress again becomes the chief economic engine — can the real causes of the crisis be eliminated. It is urgently necessary to step up physical production, and to expand and modernize the productive infrastructure of all nations.

The only alternative to worldwide chaos is the immediate realization of a just, new world economic order. We appeal anew to you, President Clinton, to throw the constitutional authority of your office and the anti-colonial tradition of America into the balance, to avert unimaginable harm for billions of people.