The Thai Chamber of Commerce has released a report that without $10 billion of liquid capital immediately, fully one-half of the nation's businesses will close. The chairman of the Federation of Thai Industries, Tawee Butsunthorn, who is himself executive vice president of the nation's largest industrial group, Siam Cement, ridiculed IMF demands for maintaining 20-30% interest rates: "You tell me," said Tawee. "Is there any business that is managing a 25% profit margin at present?"

In April, the country's pre-eminent business leaders, Dhanin Chearavanont, of the CP Group, and Chatri Sophanpanich of Bangkok Bank, warned that if the interest rates did not come down by June, Thailand's businesses would face catastrophe. It is of note that this warning came after a high-profile trip to China by the two men, accompanied by Deputy Prime Minister and Commerce Minister Supachai Panitchapakdi. Supachai, the Prime Minister's closest ally, is another cabinet member who has expressed his disagreement with the tight-money policy and the rapid deregulation demanded by the IMF.

However, the mounting opposition is not likely to achieve results as long as Tarrin has his way as Finance Minister. Sticking to the IMF policy, his ministry released a statement on May 14 saying:

"Any signs of weakness or lack of commitment to follow strict fiscal and monetary policy would send a wrong signal to the markets." One wonders if hundreds of deaths and massive destruction in Indonesia do not convey a "signal to the market," about IMF conditionalities. Tarrin's choice as new Governor of the Bank of Thailand took office with the pronouncement that "interest rates will remain high because of the high level of foreign debt."

Tarrin has also confirmed that none other than Paul Volcker will serve as chairman of an advisory commission to oversee the Bank of Thailand. Volcker, as head of the Federal Reserve under Presidents Jimmy Carter and Ronald Reagan, raised U.S. interest rates to more than 20% to achieve what he called "controlled disintegration" of the economy. It worked. The U.S. productive economy has steadily collapsed ever since, while a speculative bubble replaced the real economy. That bubble is only sustaining itself today through the globalization of financial speculation and looting, a job that Volcker will, to Thailand's grief, perform quite well. He will certainly pay no heed to the "Free Thai" cries for relief from IMF conditions.

Rumors of Tarrin's resignation as Finance Minister have been firmly denied, and Prime Minister Chuan has attempted to smooth over the obvious fissures within his cabinet. But, as the second round of global, systemic collapse unfolds, the alliance of Thai patriots opposed to the IMF must be in place to provide leadership. It will be crucial to their cause to join with nationalist leaders from other nations in demanding the creation of a new world monetary system based on sovereignty and global development to replace the IMF and outlaw speculators.

A worldwide chorus of attacks on the IMF

José Neme Salum, *Excélsior*, Mexican daily, May 18.

Indonesia is "the cruel mirror" in which all nations which follow International Monetary Fund policies, such as Mexico, can see themselves, Neme Salum writes. Where will those who refused to see "the Hitlerian nature of the IMF" now hide their heads? It is the IMF, not the Indonesian government, which is responsible for the deaths of the past days, he writes. "Suharto opposed the IMF program," but the IMF and the "markets" forced Indonesia to accept, for example, sudden 70% increases in the price of fuel. So far, some officials in South Korea and Japan have recognized themselves in this mirror.

"What is left? What the economist Lyndon LaRouche has been proposing since 1975: Replace the system over which the IMF rules . . . with a new, just international financial order, which can call on, among its principal institutions, an International Development Bank."

Neme reviews LaRouche's forecasting track record—the 1980s debt crisis, 1987 stock market crash, the Ninth Forecast of 1994, the Mexico blow-out, etc.—all signs which governments refused to see. "It is enough to remember what the IMF and World Bank did to Zaire in 1985, or the way in which they have sunk Mexico into growing poverty since the conspiracy against the peso in 1982, to put an end to the cruel system of these supranational bodies. It is the moment for '*Ya Basta!*' [Enough!], and to demand that the rulers of the nations of the world stop the lies, the banking pseudo-bailouts to collect, now even in blood, speculation's usurious debts."

The only reasonable alternative is on the table: a New Bretton Woods, with great development projects, such as the Eurasian Land-Bridge, Neme insists. Naming various books published by *EIR* on the development projects needed around the globe, he concludes by inviting his readers to attend a conference by *EIR*'s Dennis Small on May 22 in Mexico City, on "The Scientific Premises of LaRouche's Economic Forecasts."

Paolo Savona, "Global Finance, the Mount Etna of the Markets," editorial, *Corriere della Sera*, Italian daily, May 17.

Global finance, and not Indonesian President Suharto, is the problem, writes Savona, a prominent economist and former Italian government minister. He attacks the opinion according to which "lack of democracy" is the cause of the Indonesian crisis, but points to global financial markets, derivatives, and the IMF as the ones responsible for a crisis which is systemic.

Savona compares the post-Bretton Woods system to "Mount Etna, where once in a while a crack opens and swallows a gorgeous slice of land." In recent times, "the cracks have become larger and more dangerous." Savona compares the Indonesian case to Albania, where the state disintegrated under the financial collapse.

What is the reason? It started with the unregulated creation of currency through the Eurodollar market, which collapsed the Bretton Woods agreements, which had introduced "some discipline at the international level." Since then, "the world currencies have been on a roller-coaster. . . . Through the spread of digital communications and financial innovations (derivatives), the currency has lost its natural connection to productive activity, of which it should be a servant, transforming it into an industry in itself. All this, almost to the indifference of the authorities."

World leaders and financial authorities believe they can face the situation by "imposing austerity policies on people who live on a dish of rice or cereal. No wonder social disorders break out, for which they blame a lack of democracy." Sure, some countries need more discipline, "but they need, above all, for international authorities to control financial volumes, to make them consistent with the rate of growth of productive needs."

Looking at the results of the Birmingham summit of the Group of Eight, he said, "it does not seem that the birth of the euro [the European single currency] has changed the authorities' 'benign neglect' in international money creation and, therefore, social welfare will again be threatened. Many will keep believing that what happens in distant countries does not concern us, whereas it is part of a monetary mechanism which we are all in, up to our necks."

***Corriere della Sera,* "IMF Blows on the Fire," unsigned comment, May 17.**

Suharto's "corruption" aside, it is the IMF which has to be blamed for the explosion of chaos in Indonesia. "The Indonesian case helps us to see the incapacity of international institutions, such as the IMF and the World Bank, to foresee and, in some way, to manage economic and financial crises that will come more often and more intensely in the era of globalization. The last yearly IMF report celebrated the extraordinary macro-economic results of some Asiatic economies, praising, for instance, the good results of the Thai economic policy, which was then swept away. Rating agencies were no better: They kept, for instance, rating positively (as a function of sustainability of foreign debt) Korean solidity, then spectacularly contradicted themselves.

"To this, must be added the debate over sacrifices imposed on governments and populations, and over those who are responsible, including in the West, for so many easy credits asked for and given. Jakarta had $43 billion from the IMF and, with the Jan. 17 agreement, committed itself to a zero growth that meant guaranteed unemployment . . . a belated aid program that risks fanning the flames instead of putting out the fire."

***Jyllands-Posten,* "The Tragedy of Indonesia," editorial, Danish daily, May 16.**

Jyllands-Posten denounces the IMF failure in Indonesia, and calls for reform of the IMF to ensure that the failure never be repeated. It chronicles the crises in Southeast Asia, from the baht crisis in Thailand, beginning on May 14, 1997, through the May 15, 1998 riots in Jakarta which left more than 200 dead. "The riots have turned the world's eyes toward Indonesia's President Suharto, who had to rush home from an official visit in Egypt. . . . His first act was to lower gasoline prices. They had just been raised as part of a comprehensive austerity package negotiated with the IMF. . . .

"The riots in Indonesia might be a failure for Suharto, but they are a complete declaration of bankruptcy for the International Monetary Fund, who were among the first ones to fly the employees from their Jakarta office, out of Indonesia on a chartered airplane. From the very beginning, the Fund has had a knee-jerk reaction to the economic meltdown in Southeast Asia. The IMF has followed its worn-out script in crisis control and crisis solving.

"It has been done with little consideration for the local circumstances. This has especially been the case in Indonesia, where, for a long time, President Suharto tried to convince the IMF, that the standard medicine from the Fund, would be poisonous for the tropical island realm.

"The IMF has shown some flexibility in the process, but not at all to the degree the situation called for.

"The work and methods of the International Monetary Fund must be subject to a critical review.

"The heads of state and government leaders from the largest IMF contributors, and most dominating countries, are gathered this weekend in Birmingham. The reaction from here has to be strong and unambiguous. The fiasco of the IMF in Indonesia must never be repeated."

Jamaican Prime Minister P.J. Patterson, remarks in Cairo, May 13, closing the G-15 summit, reported by *The Star* online.

Irrational speculation threatens the global economy, said Prime Minister Patterson. He expressed the concern of this group of African, Asian, and Ibero-American nations that "the global economy has to be steered in our own interests. We do not allow others to maintain sole control of the steering wheel. We have already experienced the rapid and irrational movement of short-term capital in the form of highly speculative activities that manipulate our currencies and undermine even economies which are pursuing prudent macro-economic and fiscal policies. . . . We are indeed likely to experience continued instability in international financial markets so long as unconstrained speculative currency activities are neither monitored nor regulated."