

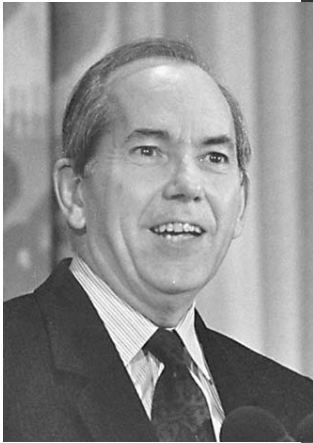
It's time leading nations admitted: LaRouche was right

On June 18, in Washington, D.C., EIR hosted a seminar on the disintegrating world monetary system, and we publish the presentations here. The seminar was the national focus for a series of forums throughout the United States and around the world, on the theme, "When Will the Leading Nations, Including the United States, Admit That the IMF Is a Complete Failure, and Implement Lyndon LaRouche's New Bretton Woods System?"

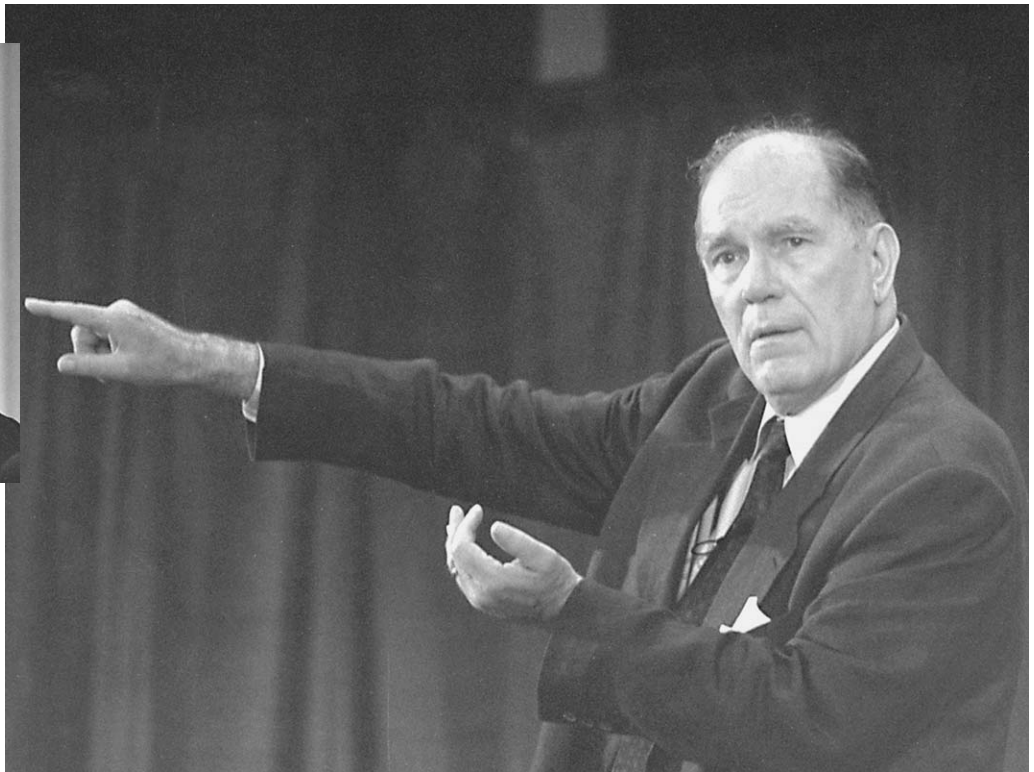
The speakers were John Hoefle, EIR's banking specialist, who keynoted the conference; Rachel Douglas, EIR's Russia desk officer; and Dennis Small, EIR's Ibero-American intelligence director. The deliberations were opened with a special message from Lyndon LaRouche, read by moderator Nancy Spannaus, editor-in-chief of the New Federalist weekly newspaper (see EIR, June 26, p. 6). A short preview of an EIR videotape commissioned by LaRouche on the financial crisis, was also presented. Spannaus's opening remarks follow, in a somewhat shortened form, immediately here.

Three months ago, at an *EIR* seminar here in Washington, Lyndon LaRouche warned that the so-called Asian crisis would soon be spreading to Russia, Brazil, Europe, and the United States. This is a global, systemic crisis, he emphasized, and can only be dealt with if that fact is recognized, the global system is put through radical bankruptcy reorganization, and a new credit system—a New Bretton Woods—is established that will launch a forced-draft world economic recovery program, to bring the world's physical output back above breakeven, and put us on the road to progress again.

Since that time, once again, LaRouche has been proven right. The world's leading financial powers have declined to face the reality of the world crisis over this period, and only taken up crisis-management measures—every one of which has failed miserably. As we will document here today, both in a preview of *EIR*'s soon-to-be released videotape on the economic collapse, and in presentations by staff from *EIR*'s economics, Russian, and Ibero-American desks, the crisis has



Lyndon H. LaRouche, Jr. (right) charges that the International Monetary Fund is a complete failure, and should be replaced with a New Bretton Woods monetary system. Inset is IMF Managing Director Michel Camdessus.



deepened and spread. The attempt to maintain the world casino economy is destroying civilization and life itself.

Here in the United States, as usual, the press cover-up of reality is the most thorough. But, just listen to a few choice statements being made, and published, in other parts of the world:

‘It’s a depression’

A World Bank official, Jean-Michel Severino, said at an international investment conference in Melbourne, Australia, on June 16:

“We are probably at the end of the first cycle of the crisis. And we are entering into a deep recession. Or you could even use the term ‘depression.’ This depression could be very long-lasting, if it is not handled very, very carefully. The risk is there, and probably we are counting in months rather than in years.”

This was the lead story of the *International Herald Tribune*, owned by the *Washington Post* and the *New York Times*, but buried on page 23 of the *Washington Post* here.

Thai Deputy Prime Minister Supachai Panitchpakdi, at the same conference, spoke to reporters, and said, according to the June 16 Singapore *Business Times*, that intervention by Japan alone “would not be effective. . . . If the yen would drop with no limit or no bottom, then the second Asian crisis would mean a first world economic depression.”

The chief economist at Deutsche Bank, Germany’s largest bank, Norbert Walter, in an interview with the German daily *Kieler Nachrichten*, published on June 16, said, “We are now

in front of a crisis-prone situation for the world economy.”

This is just the latest. The *Times* of London on June 12 referenced the crisis as “apocalyptic,” and there are regular headlines about a threatened “meltdown,” and so forth and so on.

The center of discussion of the crisis, quite obviously, is Japan. Here we have the second-largest economy in the world, in financial and production terms, and it’s on its knees, in all respects:

1. Japan is officially in recession—defined as negative growth for two quarters—now at a negative 5.3% yearly rate.

2. Japanese financial institutions are hopelessly bankrupt (\$1 trillion in non-performing debt on the books of the banks alone), and face rapid capital outflow due to deregulation—especially huge derivatives debts.

3. Japan is the key economy in Asia (and the world), the major market for Southeast Asia and China—the major lenders to these areas, although now pulling back. But it’s also significant globally, being the second-largest foreign holder of U.S. Treasury bonds.

4. On top of this, you have the yen collapse, although this has no direct relation to the internal economy.

There’s only one way to approach this: not as a Japan problem, which it isn’t, but as a symptom of the international financial disease. Thus, the only way it can be reversed, is to dump the system that created it: the free trade, the currency speculation, the IMF conditions which impose austerity and ban infrastructure. In other words, we must create a new Bretton Woods system. . . .