

Report from Bonn by Rainer Apel

Mentally tied to a doomed system

The German elites still find it hard to imagine a world without the International Monetary Fund.

Repeated heavy losses in the stock market in Frankfurt in recent weeks, and the Russian collapse, have compelled Germans who usually wouldn't listen to any warnings, to finally acknowledge that this is a financial crisis that won't easily go away. But, there is far more open-mindedness among the population, than among politicians and bankers, about the need to have something other than the International Monetary Fund (IMF). There is ample evidence of popular interest in this matter, provided daily in the campaigns of the LaRouche movement for the elections for national Parliament on Sept. 27. If one addresses the fact that "this system is finished," most voters agree; bankers and politicians still tend to say, "Well, but . . ."

It comes as no great surprise, therefore, that President Bill Clinton's Sept. 14 call at the New York Council on Foreign Relations for a special world economic summit, involving more than the Group of Seven governments, has been met with much reserve among senior politicians and bankers. They still hope that the monetary problems might be solved within existing institutions—the G-7, IMF, Organization for Economic Cooperation and Development, United Nations, and so on.

Very few figures among the German elite have said publicly, that such "reform" is certainly not sufficient to combat global monetary and economic disorder. The LaRouche movement, its publications, election campaign spots, and pamphlets, have, to date, been the almost exclusive forum for public debate on alternatives to the collapse of the global financial system.

The most prominent among the exceptions has been former Foreign Minister Hans-Dietrich Genscher. In his monthly guest column in the Berlin daily *Tagesspiegel* on Sept. 23, Genscher wrote that what Britain's Prime Minister Tony Blair said about reforms in the international structures of decision-making, is insufficient. The G-7 plus Russia, for example, is far too small a group to discuss such crucial matters as the future of the world economy, Genscher said. "The importance, alone, of the Chinese economy and the Chinese currency policy should be reflected in an invitation to such an extra summit," he wrote. "Also, Latin America, as well as Southeast Asia, should be heard at this type of occasion."

Genscher proposed an international council of "wise men," to prepare for an extended global economic summit. The list of elder statesmen and central bankers whom Genscher proposed, however, promptly raises doubts that such a council would produce anything useful—not least because of the crippling flaw that Lyndon LaRouche is not mentioned. And, the people whom he did mention, including former U.S. Secretaries of State (and also Treasury) George Shultz and James Baker, and former Chancellor Helmut Schmidt, have not contributed much that is meaningful.

For example, Schmidt, who has been campaigning for Gerhard Schroeder, the chancellor candidate of the opposition Social Democrats (SPD), published a front-page essay on Sept. 3 in the weekly *Die Zeit*, entitled "Global Madness." Schmidt correctly said that "not Russia, but the hot

money of speculators could trigger a worldwide economic crisis," and also identified the "short-term flows of hot money with all their speculations and psychoses," and the "options, swaps and thousands of other derivatives." But, Schmidt's absurd conclusion, is that the "upgrading" of IMF supervisory functions would suffice to make that madhouse more reasonable.

Schmidt conceded that troubled governments should be allowed to take protective measures for their currencies, and to impose capital controls; but, the main work of preventing a new global economic depression and financial collapse should be done by the IMF and other supranational institutions, like the G-7 summits.

This is also the approach taken by another "wise man" who has been proposed by Genscher: Jacques Delors, the former president of the European Commission. Delors has just published an assessment of the global financial "madness" that is similar to Schmidt's, and he has also called for a "world economic security council," which would supersede the G-7 and work through the UN. Oskar Lafontaine, SPD party chairman and a possible finance minister in an SPD-led government, has the same view as Schmidt and Delors.

The supranational structures they propose would not upgrade national economic approaches of the kind that is practiced by the country mentioned by Genscher: China. The proposed structures would only replace the old evil of the IMF, with new locust swarms of monetarist bureaucrats. Their "capital controls" would impose a bit more discipline on speculators, but curb credit lines to productive ventures, as well. Their priority would be to preserve monetarism. But, time has run out for such schemes, because the era of globalized, supranational monetarism is coming to an end.