

the fact that it must make debt payments on July 14 and July 17, to the IMF and the Inter-American Development Bank, totalling \$1.7 billion. Until now, the government has dipped into rapidly dwindling reserves to pay multilateral lending agencies, like the IMF and World Bank. But on June 14, Finance Minister Roberto Lavagna said this would no longer be done, implying that the only other option would be to default. But now Lavagna is said to be lobbying for a short-term “emergency” agreement for at least \$5 billion to meet payments to the IMF and IADB. This after IMF External Affairs Director Thomas Dawson told a June 19 press conference that Argentina hasn’t yet produced the “sound macro-economic framework” the Fund requires to make a broader agreement.

Thus it’s no surprise that policymakers in Washington and Buenos Aires now debating categorizing Argentina as a “failed state,” requiring a supranational protectorate, 19th-Century style. In its June 9 “Zona” supplement, *Clarín* reports that the proposal by MIT economists Rudiger Dornbusch and Ricardo Caballero, to send in a team of foreign experts to manage Argentina’s finances, as just the tip of the iceberg of a much broader debate taking place over what to do with “unruly” Argentina.

IMF’s Anoop Singh: Subversion in Asia

by Michael Billington

Anoop Singh, the International Monetary Fund’s new potentate for Ibero-America, takes over a field of spreading economic crisis largely created by IMF policy, with clear intention to worsen it by murderous demands for more extreme austerity than that which has already been demanded and failed. Singh has a substantial dossier of subversion against both economies and governments in Asia, where he served as IMF Deputy Director for the Asia and Pacific from 1998 to 2002. In that period he played a decisive role in bringing down governments, and destroying national economies across Asia, including those of Thailand, Indonesia, the Philippines, and forcing South Korea to surrender sovereignty over its banking system. He is a malevolent enforcer of a



Anoop Singh

dying system.

Singh was head of the IMF Mission to Thailand in 1997, at the time of the assault on the Thai currency, the baht, by George Soros and other hedge-fund speculators. Soros and his fellow thieves took out huge positions against the baht, starting in late 1996, forcing the government to defend the currency (and the economy) by buying forward positions which promised to sell dollars in the future at a fixed rate. Soros personally had more money to deploy in this assault than the entire quantity of baht in circulation, and intended to make far more, by forcing the devaluation of the baht.

But the government of Prime Minister Chavalit Yongchaiyudh fought back, imposing partial controls on sales of the national currency to foreigners (a policy Malaysia would later adopt in a more comprehensive way to defeat speculators). Soros could not get the baht he needed to continue the operation. The Thai government had already pledged its entire dollar reserves to defend the baht, but as long as Soros didn’t know that, and was restrained by the sovereign currency controls, Thailand thought it could survive.

‘Unscrupulous’ and ‘Shameful’

In stepped Anoop Singh, flexing IMF power and bellowing for “transparency.” He insisted that Thailand must not only stop defending the baht, but reveal all its forward positions in the showdown it had been forced into against the gambling casino of globalization. Otherwise, Thailand would face the the IMF’s full wrath, and ostracism.

The government finally revealed its positions to the IMF, in confidence. Within hours, the intelligence that Thailand had pledged its entire reserves was leaked to the hedge-fund pirates, who gleefully moved in for the kill.

When the government later argued against the 20%-plus interest rates imposed by the IMF, Singh responded (in the paraphrase of *The Nation*): “Interest rates can not be brought down because it goes against the theory.” This “theory” destroyed the Thai economy, which remains wrecked today. Chavalit, whose government was brought down by the crisis, later referred to Singh as “unscrupulous,” “irresponsible,” and “shameful.”

For his success in Thailand, Singh was promoted to IMF Deputy Director for Asia and the Pacific. His most important work was in Indonesia, where he helped bring down President Suharto in 1998, Suharto’s successor, B.J. Habibie, and Habibie’s successor, Abdurrahman Wahid—while far more billions of dollars were being drained out of the economy in debt service and flight capital than the IMF was bringing in in loans. More than 30 years of Indonesian development was largely destroyed.

In January 1998, President Suharto was forced to disgrace himself and his nation by stooping over to sign an IMF agreement while a beaming IMF General Manager Michel Camdessus stood above him. Only ten days before Suharto was forced to resign, in May 1998, Singh moderated a meeting at

IMF Headquarters in Washington on the Indonesia crisis. He and others laid out their “theory” of why “weak” Indonesian banks had to be closed. He blamed the crisis on the government’s development policies, whereby “the authorities channeled funding to particular sectors of the economy as part of their economic development plans.” The government’s reduction of poverty over 30 years, for which it had been given UN awards, Singh denounced as “distortions.”

As Indonesia’s parliament prepared to choose a President in the Fall of 1999, Singh intervened to withhold the scheduled IMF loans, over a scandal involving funds from a private bank, Bank Bali. Singh told Indonesia that, even though it was a domestic matter, the IMF “could not just put this aside and move on with the program without fully resolving the issue.”

An audit was ordered by the government, and was carried out by the PriceWaterhouse accounting firm. Government reservations about the validity of several aspects of the final report were scoffed at by Singh (this was long before the revelations concerning the common fraudulent practices of the world’s leading accounting firms), who demanded that the entire report be made available to the press before any IMF funds would be released. The press proceeded to serve as judge and jury against the government, using the PriceWaterhouse report as gospel truth.

Then, in September 1999, IMF cut off all lending—citing a new reason, the East Timor violence—until a new government was installed. This came about in October 1999, with the election of President Wahid by the Parliament. Wahid made some halting efforts to lighten the oppression of the population, over one-third of whom had been thrown into poverty by the financial crisis. Anoop Singh soon intervened to put an end to any practices by Wahid that fell “outside the theory.” Deficit spending, intoned Singh to the Consultative Group for Indonesia on April 23, 2001, “cannot be justified,” since it would “weaken market confidence.” He also crushed Wahid’s plan to borrow funds for development through issuing bonds secured by Indonesia’s vast oil reserves. Singh said this would “jeopardize the seniority of multilateral and official lenders” (i.e., the IMF).

During the years of Singh’s control, Indonesia paid foreign debt service of \$54 billion, not with dollars, but with rupiah which had been subjected to a three-fold devaluation by the speculative assault.

Singh denied a long-expected IMF loan in April 1999, just as a faction in the Parliament was moving to censure President Wahid. Singh visited again in July of that year, and again refused to release the promised funds. This time, the Parliament impeached Wahid. Even the IMF-friendly International Crisis Group acknowledged that the IMF actions had contributed to Wahid’s fall, writing that “the IMF is aware of these views, and knows it is also suspected of helping to bring down Presidents Suharto and Habibie by cutting off loans at key moments.”

Who’s Blocking Out The Sunshine in Korea?

by Kathy Wolfe

Touring Europe last December, South Korean President Kim Dae-jung painted a broad vision urging “the construction of the ‘Iron Silk Road,’ linking Korea with Europe by land,” making Korea the gateway to the Pacific. “When the Trans-Korean railway is linked with the Trans-China or the Trans-Siberian railways, a train leaving London could reach Seoul and Pusan via Paris, Eastern Europe, Central Asia and Siberia or China,” said Kim, “if we link only 14 kilometers of rail” between South and North Korea.

This February, Kim brought President George Bush to Dorasan Station, the gleaming ultra-modern rail terminus which Seoul has built right at the Demilitarized Zone. “President Kim has shown me a road he built: a road for peace,” said Bush. “That road has the potential to bring people on both sides of this divided land together.”

But today, Kim’s government is in disarray, with his Millennium Democratic Party (MDP) defeated in local polling on June 13, and his three sons facing jail or disgrace in a bribery scandal. Just at this time, North Korea is imploding with a refugee crisis as its starving people flee into China, threatening Beijing with international confrontation. Seoul’s opposition Grand National Party (GNP) appears set to win the December Presidential race, and GNP extremists want to rip up Kim’s “Sunshine Policy” for rapprochement with the North. “Get ready to put Korea high on the ‘panic button’ list . . . with Kashmir and the Mideast,” the *Los Angeles Times* wrote.

What caused this virtual coup, and who benefits? The grand vision for the Eurasian Land-Bridge from Paris to Pusan, is what is under attack. The Silk Road program, which Korea, China, Japan, and European nations could create, would produce economic development on the Eurasian continent to rival anything ever seen. Powerful foreign interests will go to great lengths to stop it.

“For 50 years, a utopian faction within the U.S. military, with the financiers of Wall Street and London, has been using Korea,” not for any domestic Korean purposes, but “as the launching point for global destabilization,” *EIR* Founding Editor Lyndon LaRouche noted on June 19. When a war crisis looms in Korea, it is an attempt to shift the global geopolitical balance of power.

Outside Operations

This foreign-run operation against the Korean government began with a transparently manufactured scandal en-