

Monetary Fund. And the leading creditors of emerging market countries should urgently form a “voluntary partnership in their own interest and in the interest of everybody, in order to create a more flexible and more calculable global financial system.”

Central Bankers’ Fears

Obviously, any concerted move to start raising interest rates, among major central banks, can unleash the storm that LaRouche—and now many others—has seen coming. That sore subject was raised by European Central Bank chief economist Otmar Issing in a Feb. 18 *Wall Street Journal* commentary, which tip-toed in the most fearful manner around the possibility that now is the time for central banks to try to “prick the bubble” of wild real estate and other asset inflation, by raising rates.

A week later, two British bankers issued a warning on Feb. 23 that British house prices—the world’s second-largest bubble after the monster of U.S. mortgage-based debt—are about to crash. In a report entitled “Bubble Trouble,” David Pannell at the London-based investment bank Durlacher said that house prices in Britain will crash by 30% from their peaks, and this crash will be “sharper but shorter than in the 1980s.” He added: “Our pessimism is based on international and historic experience—for example, the UK housing market has never experienced a soft landing. . . . Our analysis suggests a correction will take place even if interest and unemployment rates remain at their current levels.”

Capital Economics, an independent research company in London, came out the same day warning of a 30% fall of British house prices before the year ends.

And U.S. Federal Reserve Chairman Alan Greenspan pointed, very apprehensively, to an even bigger central bankers’ worry: the huge, Federally-backed mortgage corporations known as Fannie Mae and Freddie Mac, sitting uneasily at the center of the vast American housing-price bubble which these corporations have deliberately blown up over the past decade. They are borrowing too much and they could fail, threatening the whole financial system, Sir Alan told the Senate Banking Committee on Feb. 24. He asked Congress to remove the mortgage giants’ Federal loan subsidies and thus curtail their borrowing; and to give greater regulatory powers to the Office of Federal Housing Enterprise Oversight, to take over Fannie or Freddie if they do fail. Such warnings about Fannie Mae and Freddie Mac, blandly as Greenspan tried to express them, have nonetheless not been made before, outside the pages of *EIR*, and the mortgage giants immediately counterwarned that Greenspan would “alarm their investors.”

These are the triggers for the crash LaRouche has foreseen. His New Bretton Woods bankruptcy-reorganization of the international monetary system, will be the only response able to hold off chaotic collapse, and restart real economic growth driven by large, modern infrastructure investments.

Defend Argentina— Honor López Portillo

by Cynthia R. Rush

Delegations of the international LaRouche Youth Movement (LYM) mobilized in several European nations on Feb. 26, in a Day of Action dedicated to defending Argentina in its battle with the International Monetary Fund (IMF). Armed with a leaflet entitled “We Are All Argentines; A New Bretton Woods—Support Néstor Kirchner,” teams of LYM members in France, Germany, Italy, and Sweden held rallies in front of Argentine embassies and consulates, and met with Argentine diplomats—both to voice support for Argentine President Kirchner, and to present the New Bretton Woods and Eurasian Land-Bridge proposals elaborated by U.S. Democratic Presidential candidate Lyndon LaRouche. In locations where no Argentine diplomatic representation existed, LYM organizers took their rallies to the next best target—the embassies and consulates of Argentina’s neighbor, debt-burdened Brazil.

The LYM is challenging governments and populations with the reality that Helga Zepp-LaRouche described in remarks to the Feb. 14-15 conference of the Schiller Institute in Reston, Virginia. Argentina’s survival “is a life and death issue,” she said. “If the countries of the world cannot show solidarity right now with Argentina, they will not survive, because it is the system which is about to go bankrupt.”

President Kirchner has proposed to restructure \$99 billion in defaulted debt with a 75% writedown. But the IMF’s demand that he back down from this plan, to satisfy the predatory vulture funds, is like the usurer in Shakespeare’s *Merchant of Venice*, Zepp-LaRouche said. “He demands that the debt be paid, even if it is with a pound of flesh.”

On Feb. 25 in Paris, LaRouche’s French associate Jacques Cheminade, leader of the Solidarity and Progress party and former Presidential candidate, was interviewed by the Argentine LYM on its weekly radio show, “The Power of Truth.” Cheminade, who was born and raised in Argentina, said that 5,000 copies of the leaflet were going out in Paris, and “We are telling people that we are all Argentines, and that will shock them, because we’re telling them . . . that what happens in Argentina, will happen tomorrow in France, Germany, and all of Europe, and the United States, unless we take the road LaRouche has indicated, which is the New Bretton Woods.”

For one who knows Argentina first hand, the country’s destruction is “heartbreaking,” Cheminade said. President Kirchner should know that “from France, we are a group of people offering you our absolute support. But you must keep