

Editorial

The institutions are cracking

Perhaps the best news in this sad, wartorn world of ours, is that the institutions which brought about this disaster are cracking up. That opens up the situation for new alternative institutions, which are so desperately needed.

Those international financial elites, who consider it their prerogative to rule the world, have taken notice of this crisis in their recent series of meetings. One attendee at the Bilderberg meeting recently held in France reported that "America is coming into a very difficult moment. From the discussions I've been having, the view is that even if Europe is undergoing problems, Europe is, relatively speaking, demonstrating a surprising degree of stability. The gravest problems are now coming from the side of the U.S. What if there is an eruption like Los Angeles again? This would be a great shock, especially as the American election process means that there is no effective government for the next six to nine months."

Did this European know that within days of his prognostication about the U.S., the nation of Denmark would blow up the process of European monetary unification, with its defeat of the Maastricht Treaty? Perhaps he would now be less smug about the situation in Europe—but his point is well taken, nonetheless.

The fundamental source of this institutional unraveling is the collapse of the Anglo-American financial system that has ruled the world since the end of World War II. Despite all the patchwork that has kept the U.S. stock market in the stratosphere and prevented wholesale bankruptcies of the international banking giants, everybody knows that the world's financial institutions are in crisis. The Olympia & York bankruptcy, for example, has shaken the entire system, and no one can predict how far the financial house of cards will collapse.

But there is no doubt that the most dramatic institutional collapse so far is in the two-party system in the United States. The world is now observing a spectacle of the disintegration of traditional party politics, around

the phenomenon of the self-proclaimed outsider and imminent presidential candidate, H. Ross Perot.

One does not have to believe the polls to know that more than 50% of the U.S. electorate utterly rejects the persons of Bill Clinton and George Bush. The evidence is cumulative, but decisive.

First, there is the massive abstention from voting altogether, worse than in other years in almost all states of the country.

Second, there is the continued large vote for "uncommitted," and for candidates who have already dropped out of the race—as signs of protest against Clinton and Bush.

Third, there are the uncounted totals, and exit poll totals, for Ross Perot—which amount in some cases to up to 50% of the vote.

One can say for sure that Perot, regardless of who encouraged him to get into the race and what policies he will ultimately adopt, has opened the situation up.

One can not rule out even the wildest of scenarios, under this circumstance. Some Democrats have actually mooted dumping Clinton and nominating Perot. But that would lose Perot his "outsider" image. For the first time since 1948, it looks like a third candidate will be a major factor in the presidential race.

The catch is that none of the three on top has the slightest idea of how to deal with the massive institutional crisis at hand. That would require some basic understanding of political and physical economy, and a commitment to ending the regime of usury which has brought the world economy to its knees.

This institutional crisis can only be addressed by replacing the current financial institutions with sound national banking and treaty organizations based on national banks, and by adopting a perspective of massive infrastructure construction based on low-interest government credits. Either we replace the rotten institutional structures with an American System policy, or what emerges from the ashes will be fascism, in one form or another.