

Soros's financial warfare is under increasing investigation

by Gail G. Billington and Cynthia Rush

George Soros is facing new, possibly criminal investigations into his hostile hedge-fund-centered speculation against Asian currencies and stock markets. Despite the best efforts of the mouthpieces of Wall Street and London to spiff up his public image, as the contagion of Soros-style financial hit-and-run attacks spreads to Taiwan and Hongkong, and continues to devastate the weakened nations of Southeast Asia, these nations are aggressively organizing, bilaterally, regionally, and internationally, to put this looting on the agenda of every major international meeting through the end of 1997.

Nor are Soros's problems limited to Asia. His name dogged President Clinton throughout his tour of three Ibero-American nations on Oct. 12-18; and, thanks to *EIR*, public debate on Soros's sordid activities erupted in Argentina, during a press conference with U.S. White House drug policy adviser, Gen. Barry McCaffrey (ret.). The President didn't mention Soros's name in public, but Argentine figures who met with Clinton privately, said he expressed concern that Asian-style monetary instability might erupt in Argentina and throughout Ibero-America.

The attacks on Soros, launched by Malaysian Prime Minister Dr. Mahathir Bin Mohamad at the Association of Southeast Asian Nations (ASEAN) summit in late July, and, again, with renewed pungency, at the International Monetary Fund and World Bank Annual Meeting in Hongkong in September, have served as a rallying cry that is now being echoed among "emerging market" nations worldwide. The intensity of this momentum increases in tandem with the spread of the financial hemorrhaging, and the view that the crisis is spinning out of the control of the IMF.

Following the Oct. 20-23 hedge-fund assault that sank the Hongkong exchange 23%, and parallel attacks which forced Taiwanese authorities to float their currency on Oct. 17, Denmark's *Jyllands-Posten* headlined its report on Oct. 22, "The Taiwanese Financial Oversight Board Is Opening Up Investigations Against George Soros." The lead article in the paper's two-page coverage reported, "Taiwan and South Korea have become victims of the unpredictable market forces which to a large extent are controlled by the computers of secret funds, hunting paper-thin exchange margins and, again, the American multi-speculator and political philanthropist George Soros is in the focus. . . . The Futures and Securities Commission (FSC) of Taiwan has now opened up an investigation

into the transactions of George Soros's multibillion-dollar fund on the Taiwanese futures exchange and on the Singapore Monetary Exchange, SIMEX. The FSC thinks that the speculations of Soros's fund was one of the primary reasons for the panic sellings which Friday last week and Monday this week, cost almost 15% on the stock exchange index." An FSC spokesman says, "Mr. Soros has put our markets under extraordinary pressure through his speculative trading on the SIMEX. Our investigations have not been completed yet, and we have not yet decided what actions to take."

The paper reported that on Dec. 2, the finance and economics ministers of the Asian nations will meet in Japan to draft the charter of the Asian Monetary Fund (AMF), the \$100 billion fund proposed by Japan at the IMF meeting in September, with the support of China, South Korea, Taiwan, ASEAN, and with a positive nod from U.S. Treasury Secretary Robert Rubin. During bilateral talks in Tokyo between Thai officials and their Japanese allies and creditors in early October, Thai Finance Minister Thanong Bidaya told reporters, "The purpose of the Asia fund is to round up the funding requirements and the contributions of Asian countries in case of a crisis, and it is a good idea. But somehow it has been delayed. Why not put it in the APEC forum? Why just keep it in Asia? The IMF will not have enough to deal with any crisis by itself, and [the AMF] is an effort to prepare something solid."

Japan's Deputy Finance Minister Eisuke Sakakibara toured Asian capitals during Oct. 14-22 to discuss the AMF idea, which several leaders have said could be used to blunt the effect of crises caused "by accident." As Thanong Bidaya's comments suggest, the AMF, which was the subject of discussions in 1995 between influential Japanese circles and *EIR*'s Founding Editor Lyndon LaRouche, will not solve the crises hitting these countries today. It would, however, blunt the worst effects of IMF "conditionalities" in the transition to complete overhaul of global monetary arrangements.

Soros on the hot seat

There has been no letup in organizing on this theme since the IMF Annual Meeting. Malaysia's Dr. Mahathir continues to act as a spokesman in this effort, taking up the subject during his Sept. 25-Oct. 5 tour of four Ibero-American nations (see *EIR*, Oct. 10 and 17, 1997), where, despite a delayed

reaction of the press and institutions, his message re-emerged in headline stories in Venezuela and Brazil, which greeted President Clinton upon his arrival in those nations. The stories linked Dr. Mahathir's call for reining in the speculators, to the AMF, and to LaRouche's Urgent Appeal for a New Bretton Woods Monetary agreement.

While Dr. Mahathir was in Argentina on Oct. 2-5, the media there, with the complicity of the Menem government, initially refused to cover Mahathir's attacks on Soros, or to say anything about his visit. *EIR* finally broke this blackout, forcing several dailies to report on his statements, and setting the stage for public discussion of Soros on Oct. 17, at a press conference with General McCaffrey, who accompanied President Clinton on his trip.

Several months of *EIR*'s organizing to expose Soros, paid off. When *EIR*'s correspondent Gerardo Terán arrived at the seminar on anti-drug policy which preceded the press conference, he found that all of the reporters present had in their hands a copy of the box published in *EIR*'s Spanish-language supplement, *Resumen Ejecutivo*, entitled "McCaffrey Attacks the Drug Legalization Campaign," referring to Soros's financing of pro-drug referenda in two U.S. states. The press corps was abuzz with comments and questions, as to what Soros might be doing in Argentina in this regard. Terán was questioned at length by several reporters who wanted to know more.

When the press conference began, the first question was from TV Channel 13 reporter Enrique Sdrech, who asked whether Soros's role in financing drug legalization campaigns in the United States were under investigation, and whether he might be involved in similar pro-drug activities in Ibero-America. Terán then followed by noting that Dr. Mahathir had just been in the country, and had accused Soros of laundering drug money, "to purchase land and speculate in the international markets. What is U.S. policy regarding this new modality of drug-money laundering which has developed with globalization?"

Despite the Menem government's assertion that the country is in fine financial shape, developments in Southeast Asia, and Soros's name, seemed to be on everyone's mind. At an Oct. 17 luncheon of U.S. and Argentine businessmen, Finance Minister Roque Fernández told his audience not to worry about an Asian-style monetary crisis in Argentina, although he admitted that "some tension" existed in the international banking community over Argentina's anticipated \$9 billion balance-of-payments deficit this year. His deputy, Carlos Rodríguez, quickly piped up that the deficit isn't due to increased public expenditures, but to more "private sector imports," which shouldn't be a cause for alarm. He then cited Soros as a positive example of one of these private sector "businessmen"!

Peru's ambassador to Vietnam and Thailand, Oscar Maurtua de Romana, drove the point home to his countrymen in two articles in Lima's business daily *Gestión*, on Oct. 5 and

12, praising Mahathir, whose leadership, he said, "goes beyond the bounds of the borders of his country," and urging Peruvians to support the concept of the AMF.

Prime Minister Mahathir addressed the meeting of ASEAN economic ministers in Kuala Lumpur on Oct. 16, which focussed on the currency crisis. Afterward, Philippines Trade Secretary Cesar Bautista told press that the next step is for heads of state to take up the AMF at the mid-November Asia-Pacific Economic Cooperation (APEC) summit in Vancouver, Canada, which will bring together 18 countries, including China and the United States. Bautista's statement, reported in the German daily *Frankfurter Allgemeine Zeitung* on Oct. 18, is particularly interesting as a signal that some circles are finding new courage to speak out. Following the July 11 attack on the Filipino peso, which sank it a record 10% in one day, Bautista adamantly refused to name Soros's likely role, admitting only that "foreign funds" were involved.

'Emerging markets' act in self-defense

Prime Minister Mahathir will take the subject next to the Commonwealth Heads of Government Meeting in Edinburgh, Scotland on Oct. 24-27, where he will find allies among the Group of 15 developing nations, which has already issued a statement supporting Mahathir during its meeting at the UN General Assembly session in New York in September. The G-15 includes some of the most important "emerging markets" on all five continents, and some of the most influential former colonies of the British Empire, making it absolutely clear that this is not an "Asian" issue. The G-15 includes Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Jamaica, Malaysia, Mexico, Nigeria, Peru, Senegal, Venezuela, and Zimbabwe.

On Oct. 20, the Peruvian daily *El Sol* reported that Peru's President Alberto Fujimori will attend the Seventh Presidential Summit of the G-15 in Kuala Lumpur on Nov. 3-5, accompanied by his foreign and industry ministers. There, *El Sol* says, "one of the principal subjects . . . will be the problem of 'hot money' flows in the developing sector, and the creation of a fund to counter the damages caused by the flight of such capital."

Also on Oct. 20, Singapore Prime Minister Goh Chok Tong flew to Jakarta for 24 hours of talks with Indonesian President Suharto "on the regional currency problem, the upcoming APEC leaders' meeting in Vancouver, and the informal ASEAN summit in Kuala Lumpur in December," according to a statement from Goh's office. On Oct. 8, due to the currency and stock market collapse in Southeast Asia, Indonesia turned to the IMF for an as-yet-undisclosed assistance package. Following a 75-minute meeting between the two heads of state on Oct. 21, Singapore announced it will help Indonesia with its current financial difficulties, "separate from any package drawn up by the IMF." Clearly, the "emerging markets" are reading the handwriting on the wall: The end of the IMF is near.