

Editorial

The party's over

The hysteria among the world's bankers is as strong as ever, but there is little question but that their party is over. With the renewed outbreak of the "Brazil crisis," on top of the "Russia crisis," on top of the "Asia crisis," it should be clear to even the most simple-minded that the worldwide financial breakdown has entered a new, more disastrous phase, from which *no* part of the world, including the United States, will be exempt.

Playing his usual role as an echo of behind-the-scenes financial discussions, Japan's leading financial diplomat, Eisuke Sakakibara, told foreign journalists on Jan. 22: "I hope that in the next 10 to 20 years we could avoid both depressions and war, but there is a definite risk of world financial collapse. For that, reform of the international financial architecture is so important. I think the financial system we have today is inherently unstable. We need to set up a new system to stabilize financial markets." He added, "Otherwise the repetition of crisis after crisis . . . is going to result in a major meltdown of the world financial system."

Sakakibara's assessment had been floated from a different perspective a few days earlier, by columnist George Melloan in the *Wall Street Journal*. Melloan argued that the Brazil crisis was the result of the fact that President Bill Clinton's "new architecture" was never implemented, and that the same old International Monetary Fund (IMF) programs were applied instead.

Since the Thai "rescue" package of summer 1997, the IMF has committed an unprecedented \$180 billion to such actions. In each case, the IMF demanded the imposition of punitively high interest rates to defend a currency valuation which the IMF knew would be wrecked by unimpeded international financial speculation. In each case, the IMF demanded severe budget cuts, slashing the living standards of the population and depressing the real economy. The end result of the measures, quite predictably, was merely to give foreign bank creditors \$41.5 billion to allow the foreign banks and hedge funds to exit a collapsing Brazilian economy with minimal losses.

And the vulnerabilities of the bankrupt world fi-

nancial system are greater than ever.

The question that looms is: How many more nations will be destroyed before their leaders understand that the party is over? How many more governments have to be thrown into chaos? How many more people have to die? How many more wars have to be triggered?

What must be recognized is that Lyndon LaRouche has been right, and has put the solution on the table. Let's take just one example: the eight-point program outlined in "What Each Among All Nations Must Do Now," which LaRouche issued on Sept. 27, 1998.

LaRouche's eight directives from that document represent the kind of actions that must be taken today. Let's review them step by step:

1. Every nation must recognize the immediate and unavoidable threat recognized by the crisis.
2. Every nation must assert the superiority of the principle of the sovereign nation-state republic.
3. Supranational agencies should be consigned to be powerless discussion venues, and no more.
4. Each nation must have sovereign power over its financial and economic affairs.
5. Each nation must carry out a bankruptcy reorganization which establishes defenses for physical production and general social welfare over other financial claims.
6. State-backed credit should replace international financial loans.
7. Financial leverage instruments, like derivatives, should be banned.
8. A new international community of principle should be based on recognizing the sovereignty of all nations, as governing international relations.

We remind you that this set of measures has been reproduced in nearly every major language worldwide: Chinese, Russian, Spanish, English, German, French, Italian, and many others. Every major world government has copies on file, if not under active consideration. Now that the party's over, isn't it time that intelligent citizens reminded their leaders to face reality, and get to work?