

United States. LaRouche must be the catalyst of that alliance. Within continental Europe, France represents potentially the determining component and the lever for an alliance between Russia, India, and China, on the one hand, and the United States, on the other. But, in order to do so, “our old country” must take risks once again. It must put an end to its submission, not to engage in sterile confrontation with the United States, but to change that country, by allying itself with those who are fighting the financial oligarchy—the LaRouche forces. France must become exemplary once again, which means waging a fight within ourselves in order to eliminate the smallness of the ideology of the last 20 years. If today we wage war against others, it is because we have forgotten how to fight within ourselves. To be French is to become the friend of men who will be born in the future, as the great Carnot said: “to be a citizen of all places and contemporary of all times.”



Tan Sri Ramon Navaratnam, who has strongly endorsed Lyndon LaRouche's call for a New Bretton Woods global financial system.

Tan Sri Ramon Navaratnam

How a small country can defeat the IMF

Tan Sri Ramon Navaratnam is from Malaysia. He worked as a high-level civil servant in the Treasury for 27 years, and, at the end of his public career, occupied the post of Deputy Secretary General. He is today very active in the private sector as corporate adviser to the Sungey Way Group and vice chairman of Malaysia's Business Council. He is the author of several books, of which the latest is Healing the Wounded Tiger: How the Turmoil Is Reshaping Malaysia.

I bring you greetings from Malaysia, and am happy to be able to meet with friends and leaders in France, in Europe, our friends from the North. I would like our friends to understand what we did and why, why we introduced controls against hedge funds, which had mercilessly attacked us.

First, there are some things you should know about Southeast Asia, and Malaysia. Malaysia is a multi-racial country, with 55% indigenous Malays, 35% Chinese, and 8% Indian. Islam is the main religion, but it is a country of religious tolerance. For example, I am a third-generation Sri Lankan, a Christian, and I have reached high positions in politics and the economy.

The Malaysian economy was in good condition, except its balance of payments was deteriorating, due to growth. The Thai economy was much worse off. Then, along came the currency speculators, who, like sharks, smelled blood, and

attacked the Thai currency viciously. There was panic, and other investors pulled out their funds. Through contagion, it spread through Southeast Asia.

Why did the attack occur? There are very evil, powerful forces throughout the world who are ready to destroy even their own countries, for the sake of their own greed. Do not think it cannot happen in France, in Europe. Asia was emerging, and Malaysia was experiencing rates of growth of 8% over eight or nine years, and a very low 3% inflation rate. The British, Anglo-Canadian oligarchy felt threatened, and moved to destroy those countries. The Malaysian currency was threatened with devaluation, the stock market collapsed, and there was the danger of social instability and political unrest.

IMF remedies threatened sovereignty

What sorts of “remedies” did the IMF propose to “help” those countries whose economies were plunged into chaos by the speculators? The measures imposed by the IMF—currency devaluations, the rise in interest rates from 8 to 25%, the cuts in public allocations for schools, hospitals, and welfare—threatened the very essence of the country and its sovereignty. Therefore, [Prime Minister] Dr. Mahathir, who is a very strong leader and who is supported by the population, decided to tell the IMF, “Enough is enough. We won't follow your policies any more.”

Unlike its neighbors, Malaysia had a good internal economic situation: It had considerable reserves, hardly any debt, no dependence on aid. This allowed the country to go, six months ago, for a selective exchange-control mechanism to “save itself,” to protect itself from the sharks. The exchange rate was fixed at 3.8 ringgits to the dollar. The speculators were stopped from using the ringgit to speculate in foreign stock markets. Selective exchange controls stopped capital

outflow, so there was no need to increase the interest rates. Rather, they came down. Small businesses were not burdened by high debt; people were able to borrow. Companies like mine would not have survived had it not been for the exchange controls. As a result, the whole economy is now moving up. From rates of 6.5% negative growth last year, the rate of growth will be positive this year, located between 1% and perhaps 3% this year. So, the IMF must cover its face with shame. They must go to the corner.

Some say, however: “What’s the big deal about this?” Thailand, Indonesia, Korea, and others, too, are coming out of the crisis with the IMF policies. The difference is that we have kept our sovereignty and we stopped social unrest. Look at all the problems of social unrest provoked by the IMF in Indonesia, where even the President was forced to resign. In Korea, there has been huge labor unrest; in Thailand, foreigners came and bought up the best assets.

The moral of the story is that even small countries like Malaysia, with 20 million people and 17th in the list of international trade, could stand up against the IMF, against the speculators. We learned the lesson, that there are evil, powerful forces which will destroy national sovereignty. Although we are poor and weak, there is hope if we unite. The North and the South must fight together against speculators, and support initiatives like that of ATTAC in France. The North and South are not separate. There is no single solution; we need a new order, and new ideas, like those of Lyn and Helga LaRouche. Dr. Mahathir has said that he wants to liberalize, but that we need controls until there is global international monetary reform. We cannot relax our exchange controls if there is no progress in the international monetary order, because all that we have built so far could be destroyed in one night if we did.

We need a development philosophy for a Survivors’ Club. As Lazare Carnot said, we must have a philosophy beneficial to all people. Dr. Mahathir is building a “smart” partnership, including businesses, trade unions, consumers, producers, and the government, in an alliance. This is a “win-win” situation. There is so much potential for development—just look at the Eurasian Land-Bridge, and the reconstruction program for Kosovo and the Balkans as a whole.

If you stand up with courage and resist your attackers, then in the end, with God’s help, we shall overcome.

Let me add, since I have been asked to comment on this, a few words about the visit of the U.S. Vice President [last November]. Al Gore was our guest, he had been invited to Malaysia, to attend the Asia Pacific Economic Cooperation Forum [APEC] summit in Kuala Lumpur, and he incited the Malaysians to revolt against their President. We have been too polite with him. He insulted the host country. And, although President Clinton is kind, please tell me, what he has done to speed up international monetary reform. [French President Jacques] Chirac, on his side, proposed representation of Third

World countries at the highest levels of consultation on monetary reform. Such reform is not the problem of the Group of Seven or G-8, but of the whole world, especially those countries where people earn less than a dollar per day. We should support our leaders when they do good, but it is your contribution to influence leaders to do good for mankind. If you do nothing, then you deserve the leaders you get.

Prof. Taras Muranivsky

On ways to overcome the crisis in Russia

The full title of Professor Muranivsky’s speech to the Paris seminar on May 26, is “On Ways To Overcome the Crisis in Russia, on the Basis of L. LaRouche’s Physical Economy.”

Economic science and practice have two aspects:

- universal economic postulates and principles that define the point of departure;
- their specific application to a given national economy.

Lyndon LaRouche looks at economics as follows: “‘Economy’ is not ‘economics.’ Economy is the relationship of man to nature, the relationship of man to the universe. It is man’s ability to survive. It means life expectancy, the cultural conditions of life, science, Classical art, and a high level of culture. That is the economy. And that is what we have abandoned. We have become poorer, significantly poorer, than ever before.”

Economic progress and the general progress of mankind require a complex approach to the development of the nation-state, as is demonstrated by the entire history of the development of human society.

Because I am going to speak chiefly about the problems of Russia, I want to stress from the outset, that the development of Russia from October 1917 through the present, has been very contradictory. There has been a mixture of successes and failures, tribulations (in war) and gross errors. There were unprecedented successes in the creation and development of the military-industrial complex, but the total divorce of these achievements from the civilian sector. We had the violence of a command-administrative system of management, and attempts to reform that system. Unsuccessful reforms in industry and, especially, agriculture, gave way to stagnation, which led to the slogan of “return to capitalism,” and many other problems—all this is the face of Russia’s development during this century.