were abandoned shortly after the outbreak of Asia's 1997 currency crisis due to opposition from the U.S. and other Western governments. 'I think this is a sort of lead-in to the final solution of an AMF,' said Thailand's Deputy Prime Minister and Commerce Minister Supachai Panitchpakdi. Philippine National Treasurer Leonor Briones said she privately supports such a facility. 'As we have learned from experience during the crisis, Asia has to take care of itself,' she said."

Will Asia Challenge the IMF?

The problem is, that Asia's leaders cannot handle a full-blown global crisis with local Asian arrangements. At present, none of them is prepared to directly challenge the authority of the United States and the IMF. Yet, while the dollar is high for now, as Soros himself told the BBC, the unsustainable U.S. current-account deficit and the stock bubble on Wall Street mean that a "reverse leverage" crash of the dollar could also hit at any moment. This would be even worse news for nations in Asia and Europe, which depend on trade with the United States to live, and it could bring down every financial market on the planet.

The real question, therefore, is the courage of national leaders to survive. It is clearly important that ASEAN Plus 3 is taking steps to defend regional currencies. However, as LaRouche stated, to do even that, they will need to bite the bullet and address the true need—for an entirely new monetary system, a New Bretton Woods, and on a *global* level, in which Asian thinkers will have to take *global* leadership.

One way to start to render the IMF obsolete, would be to go beyond currency support operations, to make significant loans in Asia on Asian terms, long-term loans for industrial development projects. Speaking on May 5 on the nationally syndicated, Jeff Rense radio program, LaRouche endorsed the AMF concept in the hope that it would bring to the fore such large-scale development programs, at which the industry ministries of China, Japan, and South Korea have excelled.

What is needed, LaRouche said, is "10-, 20-, 30-year agreements, with Asia, in general. I think we should support the Asia Monetary Fund idea put forward by people like Sakakibara, and others, in Japan, to get cooperation among these nations in East Asia, to have long-term credit going into various areas to build up the productive powers of labor and the infrastructure of these countries, investments which will not actually pay off until 5, 10, 15, 20 years" of development later.

Europeans Are Getting Uncomfortable on the Titanic

by Rainer Apel

With their stubborn refusal to enter a serious debate on how to implement a sound, production-based economic system that bans financial speculation and creates millions of jobs, the European Union (EU) governments have condemned themselves to stumbling from one emergency to the next. Domestically, EU governments have applied scandal-mongering tactics to contain their opponents, but this approach cannot be successful for very long.

In Germany, the party-funding scandals that had haunted the opposition Christian Democrats starting last November, as of late April had vanished from the news headlines. According to public opinion polls, only 4% of Germans still think they are a priority issue, whereas 74% think that the fight against mass unemployment is the number-one priority.

Worse, the government, which realizes that the disastrous economic situation is back on people's minds, and that all the propaganda about an "upswing" has collapsed, has also come to realize that the recent financial market crashes and the related collapse of the single EU currency, the euro, have destroyed much of the paper-thin support that official propaganda had been able to build for the euro and the European Monetary Union (EMU). At the end of April, 61% of Germans viewed the euro negatively, particularly in terms of the consequences for their own lives, whereas only 24% saw it as positive.

This was bad news for the government, because the euro, and the unrealistic expectations woven around it, since its inauguration in January 1999, are the only thing that the EU governments can point to, to indicate how "European" their policies are—and there is not much of anything else in their policies, anyway. With a euro that, as of early May 2000, was at less than 0.90 to the dollar, not the 1.40 originally forecast, the EU governments are very exposed indeed.

The Boycott of Austria

There has been another component of EU government propaganda, namely, the EU boycott of the Austrian government, on the pretext of taking action against the "right-wing extremist" views of Jörg Haider, whose Free Democrats entered the new Austrian government in February. The haste with which this boycott was forced through by the three biggest EU countries—Germany, France, and Britain—shortly thereafter, left many observers with the impression that something else was going on in the background, that some economic disaster, or something very close to it, which would have exposed the EU governments, was covered over with the campaign against Austria. The campaign, which was officially advertised as a move to "emphasize EU unity" (in other words, discipline), is crumbling, as 7 of the 15 EU governments no longer back the boycott.

Nominally, the three biggest EU countries are still backing the boycott, but the German position has grown increasingly unstable: More and more Germans are asking, why should they support the EU campaign against Austria, while the EU is not doing much good, as can be seen with the collapse of the euro. The fact that the German government does not want to be the first to call for the end of the boycott, is the only thing so far preventing Germany from joining the seven EU dissident governments on the Austria issue.

France has responded to this change of mood in Germany, by offering a new exclusive partnership scheme to the Germans, under the title of a "new core Europe," which would, they claim, revitalize the EU generally, through initiatives from the core of its six original founding nations—France, Germany, Italy, and the three smaller states of the Netherlands, Belgium, and Luxembourg.

It is doubtful whether this new propaganda campaign, which is building on nostalgia for the long-buried founding spirit of the original European Economic Community of 1957, will achieve much in Germany. "Europe" is becoming anathema among Germans, because everything they hear about European integration either turns out to be an empty promise, such as the euro, or means more sacrifice to stabilize budgets (which is what the 15 EU finance ministers just agreed to in Brussels on May 8).

Ironically, what European news wires reported on May 4, in commentaries on the volatile EU financial markets, is what at least two-thirds of Germans believe as well: "Unless the European Central Bank performs a miraculous rescue mission, anyone on board the euro may as well be on board the *Titanic*." This assessment, by a senior official of the Royal Bank of Scotland, reported on BBC on May 4, will, no doubt, remind many of the fact that, long before the introduction of the euro in January, the populations of Germany and other EU countries were warned by the LaRouche movement that the new artificial currency project would end in failure.

Euro Critics Rediscovered

Now, other euro critics, who have been ignored by the establishment media for two years, have all of a sudden been rediscovered in the wake of the most recent EU currency crisis. Now, almost daily, one or more prominent critics of the EMU project are in the news in Germany. For example, on May 5, Prof. Wilhelm Hankel, a former board member of the Kreditanstalt für Wiederaufbau, said in interviews that the "beginning of the end of the European Monetary Union is here." The next day, Prof. Wilhelm Nölling, a former member of the German Central Bank Council, as is Hankel, said that the euro is doomed to fail, and that the German government should keep the deutschemark as a fall-back option. Nölling said that despite all the supranational EU structures, the individual member governments are sovereign enough to suspend the euro and the monetary union and decide for something else; they could even restore the former European Monetary System, which preserved much more national sovereignty in financial and economic affairs for member governments than does the EMU, which replaced the EMS at the beginning of 1999.

The EU governments hate this kind of public debate on alternatives to the EMU and the euro, but the debate has begun to run out of their control. And, whereas what some euro critics are presently saying, undoubtedly is a big nuisance for the governments and their propagandists, the bigger nuisance is now just around the corner: Once people start debating alternatives, the more serious among them will start debating the Lyndon LaRouche's proposal for a New Bretton Woods system.

Danish Parliamentarian Backs New Bretton Woods

Mogens Camre, a Member of the European Parliament from the Danish People's Party, called for convening a New Bretton Woods conference, to defend nations against monetary speculation, in a letter to the editor in the May 5 Danish newspaper *Berlingske Tidende*.

Under the title "The Euro Does Not Safeguard Us," he writes: "It is very clear that the . . . euro does not create a safeguard against monetary speculation; on the contrary, the greatest speculation in the world today is precisely against the euro. In the world as a whole, there is great economic imbalance and therefore periodic financial crises, which hurt all, not least the poor countries. Speculation is greater than ever, as a result of there not being international regulation of money markets—freedom has led to casino conditions. The financial flows reach an amount of $300 trillion a year, while the total GDP is 'only' about $40 trillion. That is totally unsustainable.

"There is need of a 'New Bretton Woods conference,' where the international community adopts new regulatory mechanisms, which can both stop a speculative economy without material content, and can spur all countries to make the necessary changes in the structures of their societies, without which globalization will definitively take power away from democracies."