and others have numerous other reasons to revolt against the Greens, which are in the government coalition that took power a year ago. The fact that Transport Minister Isabelle Durant, a Green Party member, on Sept. 11 arrogantly refused to even meet a delegation of the protesting groups for a rational discussion on the fuel price issue, is seen by many in Belgium as the provocation that triggered the protests. Angry truckers have been blocking most of the inner-city traffic in the Belgian capital, Brussels, since Sept. 11, and have expanded their actions to other regions of the country, as well—including the important port of Wandre on the Maas River, which supplies much of the oil shipped to Germany.

The arrogance of Durant, which resembles Blair's, has contributed a lot to the growing conviction among infuriated Belgians over recent days, that policy deals with the Greens are not possible. This poses Belgian Prime Minister Verhofstadt with the unpleasant prospect—not unlike that facing the German Chancellor—not just to think about replacing Durant with a more conciliatory Green politician, but to look for an alternate coalition without the Greens.

Big political changes are coming in the core of western Europe, apparently, and it is an open question now, whether the governments will still be in place by the end of this year. After all, the present situation around the oil price is but one of the more acute crisis hot spots of the speculative financial bubble. What has been seen in oil, will soon be seen repeated in other commodities, with a domino effect on the producing industries and consumers.

Only a New Bretton Woods Will Work

Unless the governments of Europe get the problem of financial and raw materials speculation under control, the source of all the inflationary developments in commodity prices will be left untouched, and will provide ever-new provocations for protests "into the pipeline." The only way out is an initiative of the governments to restore rationality and calculability on the financial and raw materials markets, and this can be done only in the framework of a new international financial arrangement, using the positive features of the old Bretton Woods system as the starting point. As Lyndon LaRouche has defined the necessary policy, a New Bretton Woods system would require putting the present, bankrupt monetary system into receivership, drying out the speculative bubble, and erecting a new financial architecture, based upon defining a basket of commodities—rather than currencies—the commodities most required for the growth and development of the physical economy (see LaRouche, "Trade without Currencies," *EIR,* Aug. 4, 2000).

The enraged citizens of the European countries are well-advised, to put the call for a New Bretton Woods on their agenda. The LaRouche movement has told them and the governments so. The most recent political turbulence in Europe have once again underlined its dramatic urgency.

Chronology

Elites Sound the Alarm over Impending Crash

Over the past two months, some leading circles in Europe, Russia and the United States, have, to varying degrees, been telling the truth about the impending global crash. Here is a selection of commentaries, mostly unknown to the U.S. public.

July 15: The London *Economist* features an article by U.S. economist C. Fred Bergsten, warning the City of London and Wall Street that their grip over Asian financial and monetary policy is eroding fast, ever since the 13-nation Association of Southeast Asian Nations, plus Japan, South Korea, and China abandoned the "Washington Consensus," at the ASEAN Plus Three meeting in Chiang Mai, Thailand. East Asians were let down by the International Monetary Fund and by the United States after the crisis of 1997, and their fears of a repeat have driven them to act in their self-interest. He says that Asia must be coopted back into the IMF system by giving it a greater voice. "The success or failure of this process, will do much to shape the world for the next 50 years."

June 5: The organization of central banks, the Swiss-based Bank for International Settlements (BIS), releases a report predicting a "hard landing" for the U.S. financial system. Besides *EIR,* not a single major journal in the United States covered the BIS report.

July 3: A memorandum by the industry-financed Invest in Britain Bureau warns of a "significant level of high-profile closures" and even "the possible meltdown of the U.K.'s manufacturing base." "In my view the rate of closures is now likely to accelerate dramatically," writes author Andrew Fraser.

July 6: Former IMF head Michel Camdessus warns in a speech that in August 1998, when Long Term Capital Management (LTCM) collapsed, the world financial system was "very, very close to the precipice." Camdessus calls for an "urgent reform" before the "next catastrophe."

July 12: The New York Council on Foreign Relations' "Financial Vulnerabilities Project" sponsors a conference, "The Next Financial Crisis: Warning Signs, Damage Control and Impact," where some 200 elites investigate "scenarios of economic and financial collapse," using war-games modelling. Among the scenarios, is the seizure of power from the U.S. President and establishment of emergency rule. (See "Exposed! CFR Bankers Plan for Financial Crash," *EIR,* July 28, 2000.)

July 12: *USA Today* runs "What 'Robust Economy'?

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The Year 2000 Could Be The Record Year for Corporate Bankruptcies." Michael Frank, an attorney with the Bankruptcy Resource Center in Miami, is quoted, "When you hear everyone from President Clinton to Alan Greenspan talk about an economy that's pretty much booming, the number of bankruptcies is really weird." According to the national daily, there were 145 bankruptcies valued at $58.8 billion in 1999, and 83 bankruptcies worth $45.3 billion in the first half of 2000, through June 22.

July 17: The LaRouche-initiated Ad Hoc Committee for a New Bretton Woods publishes an advertisement in major European newspapers on the eve of the Group of Seven summit in Okinawa, calling for the G-7 nations to "recognize the devastating potential consequences of the systemic crisis." Signers include former heads of state and other officials. Germany's *Frankfurter Allgemeine Zeitung,* fearful of LaRouche's growing influence, refuses to run the ad, but it appears in the *Frankfurter Rundschau, Die Welt,* and *Al Arab International*.

July 24: Oleg Grigoryev and Mikhail Khazin ask in the Russian journal *Ekspert:* "Will the United States Manage To Bring On the Apocalypse? The World Economic Crisis Should Begin in November of This Year," detailing the fraud of the "new economy": "We view the persistent and steady decline of the old, real economy, primarily industry, as the trigger of the future global economic crisis," which, they say, will most likely break out in the U.S. and spread worldwide, beginning right after the U.S. Presidential elections. The authors predict "the collapse of the World Trade Organization and the re-establishment of traditional mechanisms for the protection of national markets" (see *EIR,* Aug. 25).

July 30: City of London fund manager Andrew Smithers asks, "Is the Bubble Set to Burst?" writing in the London *Sunday Telegraph*. The U.S. economy is almost identical to the Asian economies on the eve of the 1997 crisis: "A large external deficit, deteriorating credit conditions, and a bubble stock market. . . . Share prices have gone crazy. It's bound to end in tears, and the longer the party lasts, the worse will be the hangover."

Aug. 1: Germany's financial daily *Handelsblatt* writes, "An Alan Greenspan Does Not a New Era Make": "Various voices are now warning of a speculative bubble that could soon burst." The authors, two German bankers, blame the Federal Reserve chairman for launching monetary inflation in Autumn 1998, in response to the LTCM collapse, which created a mountain of consumer debt, compounded by the "astronomical" growth of the derivatives market.

Aug. 4: The United States is a "potential candidate" for a "banking system collapse," states Standard & Poors' report, "Financial System Stress Report."

Aug. 7: Two articles in the London *Observer* link "fears of a high-tech crash" with the fact that "the longer a bubble builds, the louder the bang when it eventually bursts." City of London Editor Paul Farrelly writes: "Fears are growing in top financial circles of a further slump in high-tech shares, which may prompt a global stock market crash. Concern focuses on the huge U.S. mutual funds sector, where investors appear finally to have lost patience with 'growth funds' after a disastrous performance in July. A large-scale exit would, in turn, prompt a massive sell-off of telecoms, media and technology (TMT) stocks, with huge reverberations for world markets." He warns that "brokers fear turbulence stretching into the Autumn—traditional crash territory."

Aug. 7: Deutsche Bank board member Thomas Fischer announces that the bank has established a "meltdown committee" to "systematically work out all imaginable crisis scenarios." *Der Spiegel* in its interview, asks him: "But how was it possible, that even the top leaders in the financial world at that time had completely wrong assessments of the situation?" Fisher responds that in Autumn 1998, with the LTCM disas-

ter, financial leaders had lost control over events, but, by pure luck, avoided an "outright crash," and this committee was formed in response.

Aug. 19: The Swiss financial daily *Neue Zürcher Zeitung* warns of a global crash, caused by a U.S. stock market collapse, which would hit small U.S. investors particularly hard, forcing them to scale back consumption. This would trigger a worldwide "recession," pushing the Japanese yen into the abyss, causing serious interest rate hikes, thereby bringing on the big crash.

Aug. 22: Germany's *Die Welt* publishes a full-page article by Karl H. Pitz, a senior diplomat at the German Embassy in Washington, blasting the "Anglo-American model" as a pyramid of debt, financial inflows, and mushrooming balance of trade deficits. In real terms, the U.S. economy has undergone a "deindustrialization process," while building up a foreign debt in excess of $1.1 trillion.

Aug. 22: Dean Baker from the U.S.-based Center for Economic Policy Research; Tom Palley, Assistant Director of Public Policy for the AFL-CIO and Robert Scott of the Economic Policy Institute (EPI) give a forum in Washington, on the need to reregulate the financial system. Baker and Palley have written extensively on the need for a Tobin tax on speculative transactions.

Scott presents a view of the financial instability, stock market volatility, and consequences of foreign borrowing. He says that the high rates of growth in the U.S. economy reflect a house of cards, built on consumer and international debt. The problem is not just the financial markets, but also that "the U.S. is borrowing massive amounts to finance our trade deficit." The rest of the world will not want to finance this forever.

Aug. 24: Urban Bäckström, Swedish Central Bank Chairman and President of the BIS, tells a seminar in Bangkok on "Financial and Monetary Stability": "If asset prices have been driven up to unsustainable levels that do not correspond to the underlying fundamentals, we are faced with a special kind of problem," that is, the prospect of a financial crash. He warns that the only alternative to such a crash would be a massive run-up of debt, which would lead to similar disaster. He cautions that "worst case" scenarios must be considered.

Aug. 25: John Crudele writes in the *New York Post* that the U.S. government is faking the inflation figures, and blames "dishonest politicians and compliant bureaucrats who don't want the numbers to reflect reality."

Aug. 26-27: At the annual Jackson Hole, Wyoming Federal Reserve retreat of financial policymakers, University of California economist Maurice Obstfield and Harvard economist Kenneth Rogoff present a paper warning of a massive dollar devaluation, as much as 45%, following a U.S. stock market crash; or, alternatively, a sudden end to foreign investments in the U.S., crashing the American economy.

Aug. 27: At a conference of the Association of Professional Bankers in Sri Lanka, Bank of England Governor Eddie George says that the need to "strengthen our defenses . . . against systemic financial disturbances can hardly be overemphasized."

Aug. 29: The BIS, which in June had warned that the U.S. economy would go through a "hard landing," issues its *Quarterly Review,* again citing the dangers of a financial crash, triggered by real estate inflation and continued artificially high asset values in the telecommunications sector, driven to "spectacular" levels by mergers and acquisitions, and exorbitant licensing costs.

Late August: The Gold Anti-Trust Action Committee writes a report to Congress warning of an imminent financial blowout, triggered by a sudden rise in gold prices, causing massive derivatives losses by traders who have been taking "short" positions on gold for years, keeping prices artificially low. The GATA report singles out UBS, Deutsche Bank, and J.P. Morgan as three of the biggest players in the gold derivatives price-rigging.

Sept. 1: John Crudele warns, in the *New York Post,* that Wall Street traders are in a "maniacal" frenzy, driving up prices of bank and brokerage stocks. "It's sort of like betting on a race car when you know the accelerator is stuck. Sure the car will go fast—but it will eventually crash and burn." The stock market "is getting out of hand . . . it's going to end badly."

Sept. 3: David Ignatius writes in the *Washington Post,* "Whom Would You Trust If the Markets Went Bust?" Citing former Treasury Secretary Robert Rubin's near-obsession with "systemic risk," Ignatius says that the free-market zealots in a Dubya Bush Administration could not handle a "financial Armageddon, the nerve-jangling economic crises that inevitably lie ahead."

Sept. 4: The Economic Policy Institute releases a book-length study, "The State of Working America 2000-2001," by economists Lawrence Mishel, Jared Bernstein, and John Schmitt, documenting that, despite reported wage gains at all wage levels since 1995, the typical American family is now working more hours, is taking on historically high levels of household debt that far outpace small stock market gains, and often lacks adequate health care and pension coverage from employers. In 1998, the average family worked 14 and one-quarter more weeks a year than in 1979, the study finds.

Sept. 4: The *Financial Times* runs an op-ed by James Grant, "America's Hedonism Leaves Germany Cold," exposing various statistical hoaxes by the Federal Reserve to hide real inflation, and to justify pumping liquidity to drive up the stock market.

Sept. 5: The *Financial Times* publishes a letter from former Dresdner Bank Chief Economist Kurt Richebächer, exposing "hedonic price indexing" and other accounting hoaxes to hide real inflation and vastly overstate GDP growth in the United States.