

Asia threatens to abandon 'financial Titanic'

by Jonathan Tennenbaum

With the crucial summit meeting between President Clinton and China's President Jiang Zemin only weeks away at the end of this month, a virtual revolt has broken out among Asian nations against the London-centered financial establishment.

The recent, highly publicized attacks by Malaysia's Prime Minister Mahathir on mega-speculator George Soros at the Sept. 20-25 International Monetary Fund-World Bank meeting in Hongkong—for which the *Wall Street Journal* and other international media have blamed Lyndon LaRouche personally—are only one reflection of a life-and-death policy struggle going on now behind the scenes. The declaration of the Group of 24 developing nations at Hongkong, Chinese leaders' firm insistence on national economic sovereignty and the need to overcome the present "unjust and inequitable world order," the Japanese proposal for an Asian Monetary Fund (AMF), and other developments of recent weeks (documented in the following pages), all point to a closing of ranks among Asian and other nations in face of a world economic and financial crisis of unprecedented dimensions.

The Asian nations are not merely challenging the non-existent right of speculator George Soros and others to loot and destroy entire nations. What is really being challenged, is the authority of the *entire* London-based world financial establishment itself, whose policies have brought the world to the verge of catastrophe. This is the reason, why LaRouche is the focal point of the hottest debates in Asian financial and economic circles today.

The present Asian situation is in some respects reminiscent of the events around the Ibero-American debt crisis of 1981-82, when LaRouche composed his famous policy document *Operation Juárez*. At that time, LaRouche proposed a community of principle among Ibero-American nations, which should join together not only in forming a "debtors' cartel" opposing the IMF, but also in rapidly developing and integrating their economies through a continent-wide program of large-scale infrastructure and related projects. Such a community of nations could resist onslaughts of economic and financial warfare from the outside, and evoke the support of the United States in forcing through a reorganization of the world financial and monetary system as a whole.



Chinese Finance Minister Liu Zhongli (left) with U.S. Treasury Secretary Robert Rubin. The most important item on the international agenda today, is the creation of a strategic partnership between the United States and China.

Unfortunately, Operation Juárez was not realized, in large part due to the vacillation and lack of solidarity among the Ibero-American and other nations in face of “divide and conquer” tactics by the IMF and London. The awful cost of that failure, in terms of destruction of tens of millions of human families and the virtual wrecking of entire nations, continues to be paid in ever growing sums, up to the present moment.

Today, we might happily note, the Asian nations seem to be showing a greater measure of solidarity, than was evident among the Ibero-American nations in the early 1980s. A crucial factor here is the relatively solid position of China. China’s government has so far insisted on maintaining control of the national economy, rejecting demands for radical deregulation of its financial system. In an Aug. 22 speech in Singapore, Prime Minister Li Peng denounced international currency speculation and the dangers of the “bubble economy.” Vice Premier Zhu Rongji emphasized, that China would not give in to demands for a near-term, full convertibility of the currency, renminbi. Nor, the Chinese leaders emphasized, was China prepared to sacrifice its vital economic security interests in exchange for rapid entry into the World Trade Organization. While cautiously avoiding a frontal attack on the international financial organizations, China’s position has de facto lent support to the resistance of Southeast Asian and other developing nations.

It is significant, that U.S. Treasury Secretary Robert Rubin, on a visit to China, voiced his sympathy both for Japan’s Asian Monetary Fund proposal and for China’s emphasis on the role of the state in national economic development.

Important, also, is China’s commitment to spreading the

Eurasian Land-Bridge model of infrastructure-corridor development throughout Asia. This perspective has drawn increasing interest from Iran, India, Russia, Pakistan, Turkey, the Southeast Asian and Central Asian nations, as well as significant support from South Korea and Japan.

While acknowledging these positive elements, it were a wild and most dangerous delusion, to envisage an “Asian solution” to the present crisis, even within the bounds of East Asia itself. Nor does the *purely defensive* posture taken by China and other Asian nations up to now, come anywhere near to being an adequate response to the danger actually facing the world at this moment.

Once the process of a “reverse-leverage implosion” has been unleashed in the \$100 trillion-plus global financial derivatives bubble, there is no “Great Wall” or “Maginot Line” anywhere that could protect an isolated nation or region from the devastating consequences which would follow. At or before that moment, U.S. President Clinton—with a necessary, “critical margin” of cooperation from China and other nations—must boldly act to push through an emergency bankruptcy reorganization of the financial system. Otherwise, civilization as a whole will be swept away by the greatest tidal wave of chaos and destruction, history has ever seen.

That reality dictates the urgent necessity for forging a strategic partnership between the United States and China now. The positive developments in Asia, reviewed here, should be seen as reflecting part of the international constituency U.S. President Clinton could rally behind himself, were he to embrace the course of action that Lyndon LaRouche urges he must.