

Imminence of market meltdown sets off alarms

In recent days, as the Dow soared past 7,000 and stock markets from London to Frankfurt follow into the stratosphere, a growing number of voices are warning that the international financial bubble could rapidly collapse. "By all traditional measures of stock value—price to earnings, dividend yield—these markets are way overheated. The only question is when the liquidity flowing in will dry up," said S.J. Lewis, a City of London financial strategist.

Lewis's comments were underscored in a Feb. 17 article in the *International Herald Tribune*, which cited New York financier Lawrence Tisch. "If you look at charts of the last six months in the U.S. stock market, it rises at an ever-increasing rate in a parabolic curve. We have seen that shape curve twice before, in the U.S. in 1929 and in Tokyo in 1989," Tisch was quoted.

The following day, amid news of the Dow Jones Index's latest record high, Jürgen Jeske, the chief economics editor of the *Frankfurter Allgemeine Zeitung*, the conservative German newspaper of record, wrote a rare, signed, page-one piece under the headline, "Stock Market Fever." Analyzing the current Wall Street arguments that the trend will continue upwards unabated—the so-called argument

that some make, "why this bubble is different from all other bubbles"—Jeske concluded that this bubble, in fact, is not any different." Such optimism was found in the earlier phases of the stock market as well, not least just prior to the great crash at the end of the 1920s. Stock market moods were and remain mass psychology phenomena, which can rapidly shift, as the Mexico peso crisis showed," he said.

Today, which of any of hundreds of nominal triggers could detonate such a global systemic meltdown, is impossible to forecast. It could be Japanese banks, as hinted by the fact that Japanese officials have been forced repeatedly in the past week to proclaim their willingness to bail out the country's (and the world's) 20 largest banks, amid rumors of looming bank failures. Or, it could come from the explosive social unrest sweeping across Europe, as governments impose the most savage budget austerity since the 1930s, creating record high unemployment. Equally a threat, is the growing possibility that a new European currency crisis could erupt, one far more serious than that of 1992-93. Central bankers of the Bank for International Settlements, for example, are worried sick about the danger of a major financial derivatives counterparty somewhere in the global payments system going under, triggering a chain-reaction crisis in the \$1.3 trillion daily interbank settlements system. All are merely indicative of the present state of what leading bankers at the recent Davos World Economic Forum termed "financial system fragility."—*William Engdahl*

rotted; and large amounts of milk from cows that were kept alive, had to be dumped because there was no way to get it to market.

Under these circumstances, Dr. Koryagina asked, "What do people do?" They turn to the underground economy for their survival. The social consequences of the total collapse of the above-ground productive economy, as the result of Russian policymakers accepting the IMF diktats, has been an amazing jump in black market criminal activity. Criminals control 45% of Russia's Gross Domestic Product, Dr. Koryagina reported. In the past several years, 600 bankers were assassinated. There is a flourishing "organ harvesting" industry in Russia, in which corrupt and desperate surgeons remove hearts, kidneys, and blood to sell on the international black market. She reported that, during the war in Chechnya, the corpses of Russian soldiers and Chechen rebel fighters were found with some of their organs removed by looters.

Dr. Koryagina prefaced the remarks of her two Ukrainian colleagues, by warning the audience that if anything, the Ukrainian situation is far worse than that of Russia.

Leaders who are looters

Dr. Natalya Vitrenko, who served in the Ukrainian Parliament as a subcommittee chair of the Commission on Economic Policy, and who gained notoriety for her public clashes with "shock therapist" Jeffrey Sachs, began her remarks by quoting from the speech delivered recently at the Davos, Switzerland World Economic Forum by Ukraine's President Leonid Kuchma, in which he, incredibly, claimed that the economy was prospering under the reforms, and that there had even been a slight growth in industrial production. Dr. Vitrenko documented that the President was not only lying: He was trying to conceal the fact that he has personally profited off of the IMF's looting of his nation.

She pointed, with pride, to the fact that the Ukrainian workforce enjoys the highest level of education of any country in the world. Some 974 out of every 1,000 workers have received higher education. Yet, under the IMF reforms of the past five years, Ukraine's GDP has collapsed at a faster pace than any nation in history, falling by 68% over the past several years. She catalogued a 90% collapse in investment in the vital machine tool and tractor production sectors. Out of a