

## Editorial

# *This financial system is finished*

In February, when some so-called financial experts were beginning to heave a sigh of relief and say that the “Asian crisis” was over, Lyndon H. LaRouche, Jr. warned that a second phase of the crisis was going to explode, which would slam not only Japan, but also Russia and parts of South America, and would finally hit the United States “with terrifying force.”

Then, on July 26, speaking in Oberwesel, Germany, LaRouche put a point on it: “In the coming months—August, September, October—there will be such changes in the world, as none of you living has ever seen before.” The present world monetary and financial system will not live out this century, LaRouche warned, and every financial and monetary institution on this planet will go, in the months and years immediately ahead.

As August draws to a close, it is astonishing how rapidly these forecasts are being borne out:

- In Asia, stock and currency markets are crashing, across the board, while the physical wealth of nations is being wiped out, virtually overnight. Japan is experiencing a new round of industrial bankruptcies, while the yen hit an eight-year low against the dollar on Aug. 11; yet, the new government of Prime Minister Keizo Obuchi shows no sign of having any better idea than the previous Hashimoto regime, of what to do about the situation. Indonesia is being assaulted, once again, by the hedge funds and other speculators, as it struggles to maintain social stability and ensure bare subsistence for its people. South Korea has been hit by floods that left hundreds dead, and inundated the capital city, Seoul. The devastation there shows the impact of a year of International Monetary Fund (IMF) austerity programs, in a nation which, under “normal” circumstances, would have been able to cope with such natural disasters. In China, the flooding has affected some 240 million people, killing more than 2,500, even as the currency speculators are bombarding the nation in an attempt to force a devaluation of the national currency, the renminbi.

- In Russia, as *EIR* forecast, every measure taken to try to “manage” the crisis—such as mortgaging the

national patrimony to the IMF, and hyperinflationary borrowing by means of the short-term GKO Treasury bonds—is making the situation worse. The stock market tumbles every day, and the ruble, too, is falling, despite the fact that the Central Bank is spending up to \$1 billion a week to support it.

- In Ibero-America, nations are trying desperately to survive from one day to the next. Argentina’s government, for example, has put together a package of emergency measures to try to scare up some quick cash, including an appeal to the IMF for a \$2.8 billion cash infusion.

- In Europe, astute commentators are sounding the alarm, as the stock exchanges tumble (Germany’s DAX fell more than 14% from July 20 to Aug. 12). The influential German weekly *Die Zeit* ran a front-page article on Aug. 13, headlined “It Is Burning,” which warned that the gravest threat we face is the lack of leadership to deal with this global crisis. “Everyone fears the *black day*,” the article states. “The question is, whether it will just be one day. In one part of the world, this question is already answered: Asia is not recovering from the Asian crisis. . . . We are presently faced with a global economy, without global leadership—and that is the real cause of the general uncertainty.”

- In the United States, the media are finally reporting what *EIR* said long ago: that the increase in U.S. government tax revenues is mainly attributable to capital gains taxes paid on the appreciation of stocks. In other words, the stock market bubble is holding up the U.S. Treasury!

Indeed, the crisis is set to hit the United States with “terrifying force,” as LaRouche forecast.

What is to be done? LaRouche has spelled it out on many, many occasions—and he does so, again, in the *Feature* in this week’s issue. As he summed it up at Oberwesel, we must make a *great revolution*. People must come to realize that everything they have believed is false; they must change their wrong ideas, in order to change world history, and bring about a renaissance. We have that chance now, but if we don’t act as history requires, we may not have it again.