

Mahathir, at UN, Calls For New Bretton Woods

by Mike Billington

Speaking at the UN General Assembly on Sept. 25, Malaysian Prime Minister Dr. Mahathir bin Mohamad went beyond complaints about the exploitation of the poor nations by the rich, and pointed to the crisis in the world financial system as a whole.

“The free market must be recognized for what it is—a market where the bottom line is paramount,” Dr. Mahathir said. “It is not a political force for the disciplining of governments. *Exchange rates should be fixed by an International Commission based on relevant issues. Apart from a small commission, no profits may be made by speculating or manipulating exchange rates*” [emphasis added]. The elder world statesman from Malaysia had begun to point to a new Bretton Woods monetary reform.

End Subservience of the UN

The opening session of the 58th General Assembly began with the dramatic declaration by Secretary General Kofi Annan that the United States had, in effect, become an outlaw nation, creating the greatest crisis of civilization since World War II by dispensing with international law and asserting the right of pre-emptive war against sovereign nations, even those only *perceived* to be potential threats. National leaders from every part of the world used their UN presentations to speak in explicit support of the Secretary General’s charge, calling for concerted action to prevent a descent into global war and chaos.

However, the underlying crisis—the bankruptcy of the global financial system—was virtually ignored at the UN. Most world leaders—even while showing an unusual degree of backbone in publicly rejecting the demands of the “only superpower” that they support the imperial occupation of Iraq—would not venture to speak on the reality of the collapsing world financial bubble, let alone the urgent need for a new world economic system. While Lyndon LaRouche has long insisted on the necessity of reviving the Bretton Woods policies initiated by Franklin Roosevelt for the post World War II period, Dr. Mahathir is the first head of state to call for a return to the fixed exchange rates of the 1944-71 Bretton Woods agreement. It sustained the productive world economy until President Nixon pulled the plug on Aug. 15, 1971, launching the speculative floating-exchange-rate system.

Dr. Mahathir, who was also speaking as the current chairman of the Non-Aligned Movement and of the OIC (Organi-



Malaysian Prime Minister Mahathir addressing the UN on Sept. 25: though many strongly backed Secretary General Annan’s challenge to the U.S. pre-emptive war doctrine, only Mahathir also proposed to change the disintegrating monetary system which is leading to war and chaos.

zation of the Islamic Conference), condemned the ongoing collapse of the world financial system into a speculative morass, with an undisguised reference to super-speculator George Soros. “The world has lost its way,” he told the assembled delegations. “The hopes of the post-World War II period and the United Nations were dashed by the Cold War. Now the Cold War is over, but the resultant unipolar world, and the ascendancy of capitalism, have brought about new threats. No country is safe from marauding currency traders who in a few short days can demolish the patiently nurtured economies of the developing world. Far from curbing these highway brigands, they are lauded for their philanthropy. Robin Hood at least stole from the rich to give to the poor. These highwaymen steal from the poor and give a paltry sum to assuage their sense of guilt. They are no philanthropists.”

Dr. Mahathir warned that the American pre-emptive war doctrine, if not confronted, will mean the end of the United Nations: “History has a nasty habit of repeating itself. Today we are seeing the resurgence of European Imperialism. At first we thought that colonization would be virtual. Merely by economic strangulation and financial emasculation, the newly independent countries could be brought to their knees, begging to be recolonized in other forms. But today we are actually faced by the old physical occupation by foreign forces. Puppet regimes are installed, dancing as puppets do. And this august institution—the United Nations in which we had pinned so much hope—despite the safeguards supposed to be provided by the Permanent Five, this Organization is today collapsing on its clay feet, helpless to protect the weak and the poor. This United Nations can just be ignored, pushed

aside, gesticulating feebly as it struggles to be relevant. Its organs have been cut out, dissected and reshaped so they may perform the way the puppet masters want.

The World Bank, the International Monetary Fund, the World Trade Organization, have now been turned into instruments of hegemony, to impoverish the poor, to enrich the rich. It is not surprising that today the disparities between rich and poor are far greater. With an impotent United Nations and its agencies turned into national organs of the powerful, the small nations are now naked and hapless. Even if we are totally innocent, there is nothing to prevent trumped-up charges to be made against us. The unipolar world dominated by a democratic nation is leading the world to economic chaos, political anarchy, uncertainty, and fear. We are not going to recover and have peace, for as long as threats are used for political and economic reforms that most of the world is not ready for and not willing to accept.”

Critical Meetings in October

During the second week of October, ASEAN (the Association of Southeast Asian Nations), together with China, Japan and South Korea (ASEAN+3); and with India (ASEAN+1); will hold its annual heads of state summit in Bali, Indonesia. The following week, APEC (the Asia-Pacific Economic Conference), which includes the leading nations of Asia as well as most of the advanced-sector nations, will meet in Bangkok, in the largest gathering of heads of state of 2003.

In the past, ASEAN+3 has taken positive steps towards integrating the Asian economies, providing mutual defense against the threat of further speculative attacks, and tentative measures towards regional infrastructure development. But, as LaRouche has warned, such measures are totally inadequate in meeting the onrushing financial break-down crisis in the dollar-denominated world economy, or the threat of global war—perhaps nuclear war—promoted by the neo-con fanatics in Washington. What is required is a mutual declaration of support for the New Bretton Woods program—as promoted by LaRouche, and as indicated in Dr. Mahathir’s UN speech—and mutual cooperation in proceeding with the transnational infrastructure projects now on the table, such as the Eurasian Land-Bridge and the Mekong Development Project.

Although there are few signs that the nations of Asia are prepared to take these necessary steps, they are the minimum measures required to utilize Asia’s great potential to divert the world economy from implosion, and to begin the required global reconstruction.

Intervention in the Philippines

Dr. Mahathir held few bilateral meetings in New York during his visit to the UN, but he did meet with Philippine President Gloria Macapagal-Arroyo, whose nation is undergoing a severe political and economic crisis.

While encouraging President Arroyo to play a stronger



Philippines President Arroyo praised Malaysia at the UN session for helping peace talks between her government and the MILF begin.

role in the integration of the East and Southeast Asian nations—a cause which Mahathir has championed for many years—he and the Philippine leader also discussed the burning crisis in Mindanao, the southern province of the Philippines which has suffered from constant conflict between the government and separatist movements among the Moslem population, known as the Moros. The neo-conservative faction within the Bush Administration has attempted to use the conflict as justification for a U.S. military presence in the region, despite Philippine Constitutional restrictions against any foreign military operations on Philippine soil.

However, President Arroyo has recently fired her Defense Secretary, Gen. Angelo Reyes, who was known to favor the American troop presence, and was even accused by junior military officers of covert sponsorship for terrorist operations in Mindanao, in order to facilitate U.S. military support. President Arroyo’s dismissal of Reyes, and his replacement by General Eduardo Ermita, who has long promoted a peaceful settlement in Mindanao, are positive steps in countering the subversion from Washington.

But settling the long-festering conflict with the MILF (the Moro Islamic Liberation Front—the largest of the armed separatist Moro organizations in Mindanao), and bringing real economic development to the region, are the only assurance against further instability and subversion. To this end, President Arroyo directly praised Malaysia, in her presentation to the UN General Assembly, as the prime mover in facilitating peace talks between her government and the MILF.

Dr. Mahathir and President Arroyo agreed to begin peace talks in October in Kuala Lumpur, and to arrange for the formation of a ceasefire monitoring team, to be composed of representatives from other Muslim states. Toward this end, Dr. Mahathir, as chairman of the OIC, has invited President Arroyo to attend the meeting of the OIC in Kuala Lumpur in October, where the Mindanao issue will be discussed.