

Editorial

The IMF lights the match

The sooner the world's policymakers were willing to admit that the conditionalities of the International Monetary Fund (IMF) are responsible for the disintegration of one nation after another, the more prepared they would be for the new monetary system that must be put into effect upon the imminent disintegration of the world financial system.

The case of Albania should put this reality into focus, in a most dramatic way, but the same process has occurred throughout eastern Europe.

Under IMF conditionalities, nations victimized by the Soviet Union went from bad to worse. The arrival of the IMF, with its insistence upon "free markets," led to the dismantling of state services and protections, the increase in unemployment, and, thus, a deliberate increase in poverty. This effectively meant that organized crime was given a license to flourish. This has been true from Russia to Albania, and has even been the openly stated objective of certain Republican Party-linked think-tanks and gurus, such as Edward Luttwak. Luttwak wrote a column two years ago praising the rise of the Russian mafia, which he characterized as a necessary step on the road to "capitalism."

In Albania, the dramatic take-off of financial pyramid schemes was the direct result of organized criminal activity, some of it coming from Italy. A huge portion of the population was induced to throw all its savings (and probably income as well) into schemes that were generating 20% profit or more—as long as new suckers could be found. When the Ponzi scheme collapsed, all the savings disappeared. Such an outcome was totally predictable, as the alarm had been raised. But any clampdown had been ruled out, because of the IMF's dictum of "respect for the free market."

In some nations of eastern Europe, the reaction to the IMF brutality has been an increase in strikes, even political strikes. In Albania, a country which was already rent with ethnic divisions, and had a tradition of banditry, and extreme poverty, the nation has basically fallen apart, fallen into anarchy. If the process is not

stopped soon, it won't be long before starvation and disease begin to assert themselves as well.

If Albania falls apart totally, it could light the fuse on a series of explosive conflicts throughout the Balkan region. The neighboring states of Macedonia and Serbia are obvious targets; Greece and Turkey could also be easily drawn in, due to their long-standing ties in the region.

While Albania is the most extreme case of IMF-caused disintegration, IMF austerity dictates are already provoking havoc in Poland, Hungary, Bulgaria, Russia, and Ukraine. The populations of these nations—as the decline in life-expectancy of Russians and the actual population of Russia most dramatizes—are facing extinction, if they do not find an alternative to these IMF policies.

In this context, the only hope for these nations is to join with a worldwide movement, initiated by Schiller Institute founder Helga Zepp LaRouche and Ukrainian parliamentarian Natalya Vitrenko, behind the appeal for President Clinton to convoke a New Bretton Woods conference. There is no way in which the IMF system can be "reformed"; it must be put into bankruptcy reorganization, and totally replaced. This is the perspective which the Appeal to President Clinton adopts, and which is being rapidly spread among policymaking layers throughout the world.

Dr. Vitrenko has shown the potential for mass mobilization around this perspective, by gathering at least 53 signatures of Ukrainian parliamentarians to support the Appeal, and by helping to organize a mass demonstration against IMF policies in Ukraine, held March 18, which drew out 25,000 people in the capital of Kiev, and an estimated hundreds of thousands nationally.

There are only the beginnings of such ferment directly against the IMF system *per se* outside eastern Europe, so far, but the potential is growing rapidly, from Asia to Ibero-America, and even in the United States. The time for a New Bretton Woods system is *now*.