

An Asian Monetary Fund

by Lyndon H. LaRouche, Jr.

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On the record, I have been in favor of the establishment of an Asian Monetary Fund, or kindred arrangement, since the closing months of 1997. I have never deviated from that view, and support it more energetically today than at any earlier time. At the present time, especially in light of the ASEAN-plus-Three deliberations at Chiang Mai, opposition to the AMF from the U.S. government would have to be viewed as monstrous.

The following are the most timely observations to be made on this matter of the AMF.

1. The presently hopelessly bankrupt world financial system, together with the International Monetary Fund in its present form, are not only hopelessly bankrupt, but the efforts by such U.S. circles as Treasury Secretary Summers and Federal Reserve Chairman Greenspan to manage that crisis during the short term, have put the world system on an accelerating risk of either chain-reaction implosion, or a track of increasing potential for hyper-inflationary explosion like that of Germany of March-October 1923. The present, stubborn U.S. efforts to deny those facts are one of the greatest follies of the past hundred years.

2. The efforts of Summers, Greenspan, et al., have put the U.S. at the throats of the vital interests of its trilateral partners, continental Europe and Japan. The strategic hot-spots around the world are spreading and multiplying, largely as a result of current Anglo-American strategic policies, the U.S. most notably at the present moment.

3. There is no hope of avoiding a relatively immediate plunge into a decades-long new dark age, comparable to that of mid-Fourteenth-Century Europe, unless a Franklin Roosevelt-style policy initiative is set into motion now, to establish a new world monetary system immediately, one modelled on the crucial features of the way in which the old Bretton Woods monetary system functioned in U.S.-Western Europe relations during the 1945-1958 interval.

4. Now, years of valuable time and effort, which should have been devoted to preparing for, and developing this alternative, has been wasted. In this circumstance, the proposal to implement an Asian Monetary Fund among the ASEAN-plus-Three partners remains one of the indispensable, new, regional building-blocks toward the new Bretton-Woods-

modelled monetary system which must now emerge as the only alternative to the worst financial, monetary, economic catastrophe to be suffered by this planet in more than a hundred years.

5. The only kind of new monetary system which could enable the nations to master the presently onrushing global crisis would feature the follow leading points:

a. Reestablishment of the principle of perfect sovereignty of nation-states.

b. Adoption of protectionist measures of tariffs, trade, and monetary, financial, and economic cooperation akin to those used successfully in the 1945-1958 measures for the joint recovery and economic growth of the U.S.A. and western Europe.

c. The policy of emphasis upon long-term deployment of state credits, at nominal interest-rates, in support of production of capital goods for increasing the physical productive powers of labor, per capita and per square kilometer, especially in the so-called developing sector. This represents the fulcrum of common interest among those nations which had been formerly technology exporters to the nations of the so-called developing sector.

6. The potential role of ASEAN-plus-Three cooperation, through an Asian Monetary Fund, presents us with one of the several regional building-blocks naturally suited to promote a global economic recovery and growth under a new monetary system:

a. Japan typifies a nation whose ability to secure the raw materials and other imports needed for its economy and population depends upon long-term markets for high-technology exports, of physical capital goods, into the developing sector. ASEAN-plus-Three is a natural mechanism of cooperation, for both common defense of stable currency-values and for facilitating the long-term investment in physical capital-goods development upon which the welfare of the ASEAN nations depends.

b. Under conditions of crisis, such as the presently accelerating one, policy must place emphasis predominantly on the long-term mutual interests among trading partners, rather than the mere accidents of current politics and pre-existing policies. It is only in the true, long-term interest of the physical general welfare of the prospective trading and treaty partners, that a sane choice of policies and partnerships for the long-term lies.

I recognize that, for the moment, the majority of policy-shaping circles in the U.S.A. have relegated the possible return of national sanity to some time beyond the August Democratic Party convention, or even beyond the November general elections. On the subject of delusions such as that one, it is important to place great emphasis on the old aphorism: "Man proposes, but God disposes." The time for the U.S. to come back to its senses, is now. Support for the ASEAN-plus-Three resolutions on the Asian Monetary Fund, would be a hopeful sign of an urgently-needed return of the U.S. to sanity.