WILL THE I.M.F. BAILOUT OF SPECULATORS
SOLVE ECONOMIC PROBLEMS OF EASTERN ASIA?

The Intermonetary Fund, with encouragement from the World Bank, U.S. Treasury, and other agencies super-liberal with U.S. taxpayers' moneys, are now receiving world-wide applause for jumping in with pledges of multi-billion dollar loans to bail out profligate Asian countries.

A question arises as to whether the bailout will eventually even aid the near-to-insolvency Asian banks, jeopardized by wild loans for speculative land deals, let alone the working people and farmers who make up the great majority of Asians. This promised influx of new money is not just the hair of the dog that bit the shaky banking institutions and their venal governments, it is a whole mop of that hair.

Last June, the I.M.F. lauded Indonesia for "prudent macroeconomic policies, high investment and savings rates, and reforms to liberalize markets." Nothing was said about the land speculation that pervades Indonesia and its Asian brethren. And not enough was said about the fact that Indonesian president Suharto, his sisters and his brothers and his aunts own almost everything worth owning in Indonesia.

Now the I.M.F. admits that it was previously wrong in its economic assessments and claims that it now has the key to Indonesian recovery. We seriously doubt this. One commentator noted that, since the Thailand government had raised its sales tax from 7% to 10%, there were almost no customers in Thailand stores. He did not mention that this "tax reform" was ordered by the I.M.F. as a condition of the "bail-out" of that nation's government and banks. There was no discussion of the imposition of a tradition-breaking tax on the mostly monopolized land of Thailand, Indonesia, or any other Asian nation.

RANDOM THOUGHTS ON ASIAN LAND SPECULATION

The I.M.F. does not understand that the piercing of the land bubble is a good thing for all except the largest landowners. But land prices must continue to decline so that labor and capital can find usable land at reasonable prices. We are informed that the land under the Imperial Palace in Tokyo, which used to be worth more than all the land in California, is now only worth more than all the land in the State of Indiana. As noted in a previous Insights, the ruling Japanese Liberal Democratic Party is seeking to restore these fantastic land prices to their former glory, supposedly by repealing Japan's minuscule land taxes and thus boosting land prices to their previously absurd heights. The I.M.F. must like this.

In Hong Kong, where most of the land is owned by the government, land values have generally continued at their previous astronomical levels. We have a nephew, an international business consultant, who rents a 1286 square foot, two bedroom apartment with an impaired view, for $6,000 a month, and is happy to have it.

As with such diverse entities as China, Israel, and Fairhope, Alabama, big profits can be made on 50 year land leases, as well as on fee simple purchases.

But even Hong-Kong is not immune from the paralyzing effects of the boom-bust cycle. In that most of Hong Kong assets are not actually producing anything, but are in real estate, finance, and serving as an intermediary between China, Taiwan and the rest of the world, Hong Kong has a flimsier economic base than the supposed experts realize.

THE FUNNY MONEY PEOPLE COME CHARGING IN

Some of the Southeast nations are taking the not uncommon path of claiming mysterious "international money speculators" for the economic chaos caused by their own chicanery. The demagogic Prime Minister of Malaysia puts the blame for his blunders on Arab-hating Jews engaging in currency speculation. Similarly, Indonesian Justice Minister stated that if it could be shown that money speculators damaged the national economy, "it can be categorized as a subversive criminal action" (In Indonesia, such "subversion" is punishable by death).

This madness is in large part indulged in by neo-Nazi and other extreme radicals in the U.S.A. But, there are some persons who get enangled in money madness, claiming that money supply is the cause of all our economic problems.

Libertarian guru, the grossly overrated economist Milton Friedman, writing in Freedom of Choice and Capitalism and Freedom puts the blame for the Great Depression of the Thirties on the purported refusal of the Federal Reserve system to provide enough money to its member banks. According to Nobel Prize winner Friedman, if only they had been more cash in circulation, the banks could have paid off all their depositors, there would not have been any bank panic or any depression, and everyone would live happily ever after.

Friedman is oblivious to the fact that one of the causes of the Great Depression was that our banks had lent too much money on speculative land loans (as in Asia today. Eventually, the... Continued on page 2
WILL I.M.F. BAILOUT OF SPECULATORS
SOLVE ECONOMIC PROBLEMS OF EASTERN ASIA?

continued from page 1

Unfortunately, Krugman's wild theories represent the theory promoted by establishment "economists" in America. For example, Carnegie Mellon University "economist" Allan Metzger also touts this easy money path to economic recovery. He asserted that "Japan is not taking sufficiently aggressive steps to halt deflation by expanding the supply of yen in circulation." Metzger more optimistically referred to the U.S. where he states that the current Federal Reserve "could flood the economy with enough freshly printed dollars to stop any deflationary cycles."

There you have it, plain and simple. All that we have to do is to print more money and encourage Asian countries to do the same. There it is in a nutshell—the shell game of our nutty professors...

THE CONSEQUENCES
OF IMF INTERVENTION

In a later issue, we will discuss the worthless, often ruinous effect of I.M.F. world wide intervention. But we must note a letter written by David Eames of Larkspur, California, in which he referred to "the myth that the I.M.F. is a wise and compassionate benefactor to a spendthrift Third World." Eames concluded:

"In fact, the I.M.F. aims to create favorable investment conditions for financial institutions, not to increase the prosperity of the average citizen. In Mexico, which you cited as an example of I.M.F. success, real wages have fallen 25% since the 1994 bailout. Yes, capital flight and the free fall of the peso were halted, but about 50% of the Mexican population now lives in poverty, up from 30% before the I.M.F directed "rescue." This is a ticking social time bomb, not an economic miracle."

\[\text{\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet}\]

\[\text{\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet}\]

\[\text{\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet\textbullet}\]