

LAISSEZ- WELFARE

In the closing days of the 20th century, new financial rules are being written that are undermining the principles of capitalism and laying the foundation for a new 21st century economic order of not-so-free, free markets.

Today's capitalist system, based upon a free market of open competition and minimum intervention, has come under attack from an unlikely coalition of Wall Street financiers, economists and Washington power brokers. In their attempt to rescue failing markets and control crashing currencies, these financial interventionists in free-market clothing are promoting policies that restrict the natural movement of money.

Although intellectually capable of understanding the normal boom-to-bust cycles of market driven behavior, these capitalist revisionists are emotionally incapable of accepting capitalism's inherent risks. Often faced with personal loss and intent on protecting personal interests they wish to impose policies designed to immunize themselves against the downswings.

When Merrill Lynch supplied \$300 million in rescue funds to save Long Term Capital Management from failing, that money also helped rescue the 123 Merrill Lynch executives who had personally invested in the speculative hedge fund. And international financiers, such as George Soros, have called for the creation of a taxpayer-financed global insurance pool that would both rescue a country's imperiled economy and protect bad bets made by speculators — like himself.

FIVE STRIKES YOU'RE OUT

The move toward financial interventionism began in earnest in 1995 with the U.S. orchestrated Mexican bailout. Using Mexico as exemplar, The International Monetary Fund and other lenders then proceeded to bail out virtually every financially challenged country. But they ignored the realities of the Mexican experiment: After an initial blush of success, Mexico has been hit by an ongoing wave of insolvent banks, soaring crime, double digit inflation and a plummeting peso.

Initially a hotly debated violation of free-market principles, laissez-welfare bailouts have now become standard practice. Taxpayer billions are globally dispatched to shore up the economies of countries ravaged by overspeculation and to rescue their overspeculators.

Despite striking out every time, policy makers persist in their strategy, glossing over the losses. The public is cozened with the carrot of promised success (this time!) and threatened with the stick of global unrest and possible war if bailout money is withheld.

NOTHING SUCCEEDS

LIKE FAILURE

Emboldened by their failures at the international level, the anti-free marketeers have extended their expertise to the private sector. This past September, the Federal Reserve brokered the \$3.6 billion bailout of Long Term Capital Management — warning that if LTCM failed global financial instability would follow. A variation on this theme was played by Hong Kong's government when it used \$12 billion of taxpayer money to buy up blue-chips in an attempt to prop up its declining stock market.

As conditions worsen globally and domestically, pressure will

increase to rescue troubled nations and private corporations deemed "too big to fail." But rather than acknowledge that capitalism is playing according to its own rules, businesses will plead for help, governments will intervene, legislators will legislate and regulators will regulate. The overheated markets are now naturally contracting and cannot be force-fed back into "growth." The symptoms of global economic contagion may have been temporarily suppressed by doses of monetary amoxicillin, but when the outbreak recurs, it will be in a bailout-resistant and far more virulent strain.

ENVIRONMENTAL MIRACLE-GRO

The environmental movement that sprang to life with the celebrations of Earth Day 1990, but stalled for several years soon after, will grow vigorously in 1999, nourished by generous helpings of political fertilizer.

Environmentalism put down its roots in the sixties and seventies, languished in the 80's, blossomed briefly in the early 90's, only to be pruned back for the remainder of the decade. But with Campaign 2000 heating up, environmental issues will soon become major planks of presidential platforms.

Unable to greatly differentiate their positions on the economy, foreign policy and trade — environmentalism will be one of a few issues (the others are health and social service related) that clearly separates the two political parties in the upcoming election.

Al Gore, the passionate environmentalist of the 1992 campaign, but silent since, has begun