

1997: The year the international financial system announced its doom

by Marcia Merry Baker

A review of last year's key financial-economic events shows how the trends summarized in Lyndon LaRouche's "Triple Curve" schematic of a collapse function (see back cover of this magazine) reached the shock-wave phase in 1997. The divergence between the ever-rising curve of financial valuations (foreign exchange speculation, derivatives, etc.), and rising monetary valuations, in contrast to the falling trends in the world physical economy, blew out in a series of self-feeding crises around the globe. What the events of 1997 also show, is the institutional incompetence in the face of what needs to be done.

In this "Year in Review" section, we first present a timeline of important developments, with graphs and tables showing selected trends related to the "financial and monetary aggregates" curves of the "Triple Curve" function. Then, on pp. 19-20, Richard Freeman looks at some examples of what is happening with the downward-plunging curve of "physical-economic input/output." We conclude with a selection of quotable quotes from the so-called financial experts, and a sampling of the international press coverage of LaRouche's record as an economist, from the last months of 1997.

Jan. 1: *EIR* features Dec. 14, 1996 address by Lyndon LaRouche, "Nothing Can Save the System," to a conference of the Schiller Institute conference in Germany. "Now, the *Titanic* is sinking. The unsinkable is sinking, this world economy in its present form. The question is *not* at what minute is it going to sink, or even what hour it's going to sink; but, do the passengers have the intelligence to get off the ship before it does?"

January: Mexico pre-pays a \$5 billion installment on the \$50 billion loan package of 1994, to the IMF and U.S., amid financial media fanfare on its fiscal soundness. The jobless rate is 50%, hunger is 30%.

January: Russia's population declined in 1996, by 430,000, to 147.5 million, after years of shock therapy.

Jan. 4: At a Washington, D.C. FDR-PAC Policy Forum, LaRouche stressed two policy initiatives: 1) that the U.S. President convene an international conference to establish a new world financial system; and 2) that an international infrastructure drive start, focussed on the Eurasian Land-Bridge.

January: Wave of privatizations in Southeast Asia, as per IMF "financial markets" demands. Thailand announces on Jan. 8 a list of sell-offs (phone company, highways, a

new Bangkok airport). Philippines courts approve sell-off of Manila's waterworks (valued at \$7 billion), serving 10 million people.

Jan. 11: *Neue Zürcher Zeitung*: "A fire has broken out in . . . the Japanese stock exchange. If the fire cannot be brought under control, the fire will spread . . . toward European and U.S. markets."

Jan. 11: LaRouche at an FDR-PAC Policy Forum, "Africa—Looting Ground for Bush, Inc., or Breadbasket for the World," calls for action to put an end to genocide against Africa, as a moral test for the world.

Jan. 14-15: 700,000 trade unionists protest in South Korea against new anti-labor law, demanded by the IMF.

January: Dow Jones index hits 6,500, up nearly 250% from Jan. 1, 1990 (2,810). About 40% of all American households are involved in the markets; mutual funds assets in stocks hit \$1.752 trillion in 1996 (from \$246 billion in 1990). German stock market index rises 50% from January-July 1997; same in Holland and Switzerland.

Jan. 21: France's daily *Le Monde* asks: "Is the Financial World Going Up in Flames?" with world stock exchange trading over \$1.1 trillion a day (as of 1995), and rising (up from \$20 billion in 1973, and \$200 billion in 1986); derivatives trade is rising even faster, to the "astronomical sum of \$327.6 trillion, i.e., 50 times the equivalent of the annual U.S. GNP."

January: Huge flood damage in California; crop damage in Florida, for lack of infrastructure.

Jan. 31-Feb. 4: World Economic Forum annual meeting at Davos, Switzerland. Public denial, but behind-the-scenes debate over "systemic risks" to world financial system.

Feb. 5: LaRouche, in radio interview, warns that staying in the stock markets means slaughter. He advises, go to Treasury bonds, go to gold, and fight for a new financial system to restore the economy.

Feb. 6: Official German unemployment for January is 4.66 million jobless, worst since January 1933.

Feb. 7: *EIR* features LaRouche proposal, "Return to the Machine-Tool Principle," as policy guidance for nations in breakdown.

Feb. 13: Italian parliamentarian Publio Fiori puts an interrogatory to the government asking why Italy should not back a New Bretton Woods Conference, and tax derivatives speculation.

Feb. 16-17: LaRouche keynotes conference of Schiller Institute and International Caucus of Labor Committees in Virginia, titled "Toward a New Bretton Woods," where he launches a "war of annihilation" against the IMF. He states: "People are in a *state of denial*. We are under *casus belli*. Our moral obligation for most of the problems on this planet, are, that we must destroy the IMF and what it represents: *Annihilate it as a force upon this planet, with more urgency than the annihilation of Hitler.*" The conference passes an "Appeal to President Clinton to Convoke a New Bretton Woods Conference," for international circulation. First two signers: Helga Zepp LaRouche (founder, Schiller Institute), and Dr. Natalya Vitrenko (member, Ukraine's parliament).

Feb. 19: At a Washington FDR-PAC Policy Forum, Dr. Tatyana Koryagina, of the Russian Academy of Natural Sciences, and Dr. Natalya Vitrenko and Volodymyr Marchenko, Ukrainian parliamentarians, report on devastation in eastern Europe under IMF policies.

February-March: IMF delegations are in Albania, Bulgaria, Romania, Croatia, Belarus, Ukraine, and Russia, to impose austerity conditions.

Feb. 25: Bulgarian government appeals for food aid, as deaths grow; only 20 days of food are left.

March 1-2: IMF Managing Director Michel Camdessus meets in Thailand with finance ministers of ASEAN nations, to demand that they comply with "international market demands" in the event of a new "Mexico' crisis in Asia.

March 3: Thailand's largest finance company, Finance One Plc., is bankrupt; government closes the Stock Exchange of Thailand for the day.

March 9: London *Sunday Telegraph*: "The \$55 Trillion Horror Story," by Neil Bennett, on derivatives danger. A week later, it writes that "The City's [London's] worst nightmare, [is] a meltdown provoked by a crisis in derivatives markets."

March 25: Mass rally of German workers at Deutsche Bank's Frankfurt offices, against steel works cuts.

March: Britain's premier dope bank, Hongkong and Shanghai Banking Corp. (HSBC), purchases a controlling share of Mexico's third-largest bank, Banca Serfín, and buys 100% of Bamerindus, Brazil's sixth largest. HSBC, positioned throughout Ibero-America, announces it will become "the Banco del Mercosur" and dominate the region.

April 10: In Rome, Lyndon and Helga LaRouche keynote conference attended by Italian leaders, to discuss a war plan against financial disaster (see *EIR*, May 2).

April 22-26: Chinese President Jiang Zemin visits Russian President Boris Yeltsin, taking up need for new, just, political and economic world order.

April 24: Summit of leaders from Russia, China, Kazakhstan, Kyrgyzstan, and Tajikistan takes place, favorable to Eurasian Land-Bridge.

April 26-27: Schiller Institute and Bonn-based Rwandan Forum for Peace and Democracy sponsor seminar on "Peace Through Development in Africa's Great Lakes Region," in

Walluf, Germany.

April 28: Russian President Yeltsin signs authorization to sell off state assets (49% of the national telecommunications company, large parts of oil sector), and other IMF-demanded privatizations.

April 30: In "Toward China's 21st-Century Economy," LaRouche stresses cooperation between the U.S. and Chinese Presidents, as now virtually the only basis for preventing a general economic collapse.

May 6: *EIR* seminar in Prague; and May 13, in Paris, by Helga Zepp LaRouche, on Eurasian Land-Bridge as alternative to financial and economic breakdown and pessimism. Mrs. LaRouche travels throughout the year to hold policy discussions, including to China and India in September, and to Nigeria in November.

May 6: Brazil sells off 30% of state-run Companhia Vale do Rio Doce, for a measly \$3.2 billion, to financial consortium headed by George Soros. CVRD is world's third-largest mining company, producing 25% of world's annual iron ore output.

May 14-15: Thailand's baht hit by massive speculative attack. Philippines, also: the beginnings of what will become a crash in Southeast Asian currencies.

June 6: U.S. official jobless rate, 4.8% in May, lowest in 23 years, is part of the national delusion that "economic fundamentals" are "sound."

June 9: Bank for International Settlements annual report begins with unusual disclaimer: "Economic and financial developments in 1996," were "surprising in a number of respects." Report asks, were these "surprising developments . . . the products of fundamental economic forces, or, rather, will they be reversed by such forces in the future? . . . One part of an honest answer is that we simply do not know."

June: LaRouche warns that October is likely time for huge shock to world financial system.

June 16-17: European Union heads of state summit does nothing on mass unemployment, and march toward single-currency euro bloc. An open letter of 331 economists backs revival of the Delors Plan for infrastructure projects creating 15 million new jobs, which is in the spirit of LaRouche's "Productive Triangle" proposal from 1989.

June 20: In North Korea, emergency food supplies are running out. Schiller Institute released "Call for Action" on June 13.

June 20-22: "Summit of the Eight" in Denver, Colorado. No agreement on any substantive issues.

June 23: At "Earth Summit II" in New York City, British Prime Minister Tony Blair and Foreign Minister Robin Cook clash with the United States, and call on the United States to "cut living standards" by 20%.

June 27: Thailand suspends operations of 16 banks.

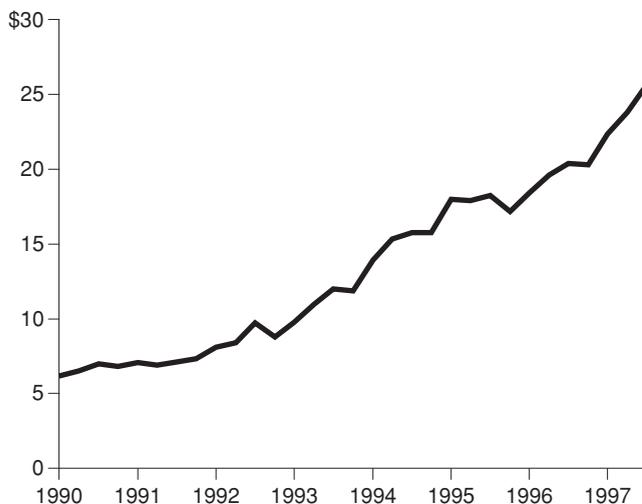
June 30: Derivatives exposure of U.S. banks reaches record total of \$25.7 trillion notional principal value (see **Figure 1**).

July 2: Bank of Thailand announces managed float of the

FIGURE 1

U.S. bank derivatives exposure

(notional principal value, trillions \$)



Source: Federal Deposit Insurance Corp.

baht, which falls 20%; calls on IMF for “technical assistance.” In May, the Bank of Thailand loses \$4 billion, trying to defend the baht against speculation.

July 3: German government gripped by “budget emergency.” All 15 EU members are supposed to “qualify” during 1997, for entry into the single-currency euro club, by slashing their budget deficits to 3% of their 1997 GDP. Given high joblessness and debts, this means institutional crises. Deadline comes from 1992 Maastricht Treaty.

July 4: Mars Pathfinder lands on Mars, spreading scientific optimism worldwide.

July 10: Philippines peso collapses 10% in one day; government has lost \$1.5 billion during week of July 6 defending peso; on July 11, peso allowed to float.

July 18: LaRouche announces as candidate for next U.S. Democratic Presidential nomination.

July 14: IMF offers Philippines \$1.1 billion for emergency, as per post-1995 Mexico rules.

July 16: Dow Jones Industrial Average breaks 8,000 points, closing at 8,038.88. The Dow had ended 1996 at just under 6,500, then hit the 7,000-point level for the first time Feb. 13.

July 24: Currency meltdown in Southeast Asia. Malaysian ringgit hits 38-month low. During one day in July, \$1.5 billion is spent to defend the Hong Kong dollar against speculators. Malaysian Prime Minister Dr. Mahathir bin Mohamed attacks “rogue speculators.”

July 26: Dr. Mahathir cites mega-speculator George Soros, for attacking the ringgit, calling him a moron.

July: Oder River flooding devastates north central Europe, for lack of infrastructure.

FIGURE 2

Dow Jones Industrial Average, 1997

Aug. 6: Dow Jones hits its all-time high of 8,259.31.

Aug. 11: The IMF unveils, in Tokyo, its rescue package of \$17.2 billion for Thailand.

Aug. 15: Dow Jones drops 247 points, typical of hyper-instability phase (Figure 2).

Aug. 22: Chinese Prime Minister Li Peng, in Singapore, attacks currency speculation, “bubble economy.”

Aug. 28: Philippines, stock market sees largest one-day loss in 10 years, down 9.28%.

August: Virtual freefall in most Asian stocks. Markets of Thailand and Philippines each lose 41% of their value from earlier highs. Malaysia’s market loses 37%; Indonesia’s, 33%; Singapore’s, 21%. During August, the Tokyo Nikkei 225, the world’s second-largest market, loses 13% in value.

August: French stock market falls by 10% from its peak in late July; German DAX, down 12%; Swiss, down 13%.

Sept. 2: Dow Jones posts greatest one-day gain ever, rising 257 points.

Sept. 19: *Wall Street Journal*, in Asian, European, and Internet editions, cites LaRouche as the source of Mahathir’s attacks on Soros.

Sept. 20-25: At annual IMF-World Bank conference in Hong Kong, on Sept. 20, Dr. Mahathir tells delegates that currency speculation is immoral, and must be stopped. A declaration by the Group of 24 developing nations stresses national economic sovereignty, and condemns “unjust and inequitable world order.” Japan proposes an Asian Monetary Fund (AMF) to defend regional stability against financial attack.

Sept. 18-22: LaRouche speech on “An Alternative to Neo-Liberalism: the LaRouche-Riemann Method,” read on his behalf, at annual forum of the Technological Institute of Advanced Studies of Monterrey, Mexico. LaRouche addresses hundreds by telephone at events in Guadalajara, Mon-

terrey, and Mexico City, on stopping the world financial crisis, after his planned tour is prevented by last-minute stripping of his security.

Sept. 25-Oct. 5: Malaysia's Dr. Mahathir tours Chile, Uruguay, and Argentina, continuing to attack speculation.

October: Southeast Asia experiences continued record declines of shares, assets, and currencies.

Oct. 1: Dow enters "Black October" by climbing above 8,000; by Oct. 7, it peaks at 8,178, then falls as low as 7,161 on Oct. 27, ending month at 7,442.

Oct. 8: Indonesia goes to IMF-World Bank after foreign reserves are bled dry, following hedge fund attacks that crashed rupiah 5.6% on Oct. 3, and 6.6% on Oct. 6.

Oct. 20-23: Hong Kong stock market hit by heaviest assault ever, losing nearly one-quarter of its value in four days, amidst speculation against the Hong Kong dollar. The Hang Seng index plunges 23.34% to 10,426.30 on Oct. 23, down from 13,601.01 on Oct. 17.

Oct. 27-28: Dow index drops 550 points in one day; next day, Dow rebounds a record 337 points after frantic efforts by Federal Reserve Chairman Alan Greenspan, IBM, mutual funds, etc. to jack up stocks.

Oct. 27-30: \$10 billion in capital flight from Brazil; São Paulo stock market loses 35% of value. Government hikes prime interest rate to 43%, slowing capital outflow, but collapsing economy, as sales of credit items (e.g., household goods, autos) drop by 35%.

October: United States: Millions of bushels of grain rot on ground, as Union Pacific RR breaks down.

Oct. 29: Summit meeting in Washington, between Chinese President Jiang Zemin and President Bill Clinton.

Oct. 31: IMF's Camdessus announces bailout package for Indonesia, which will end up at \$33 billion, \$18 billion from multilateral institutions, the balance from individual nations. Fierce austerity conditions attached.

Nov. 1: Indonesia closes 16 banks.

Nov. 3-5: Group of 15 meeting in Kuala Lumpur, Malaysia.

Nov. 5: LaRouche keynotes *EIR* seminar, "For a New Bretton Woods System," in Bonn. A paper is read from Dr. Sergei Glazyev, head of the Information and Analytics Department of the Council of Federation Staff in Moscow, on the destruction of the Russian economy.

Nov. 7: President Clinton withdraws bill for fast-track pre-approval of free trade pacts from House of Representatives, for lack of backing. AFL-CIO President John Sweeney welcomes this: "Americans oppose fast track by almost a 2 to 1 margin."

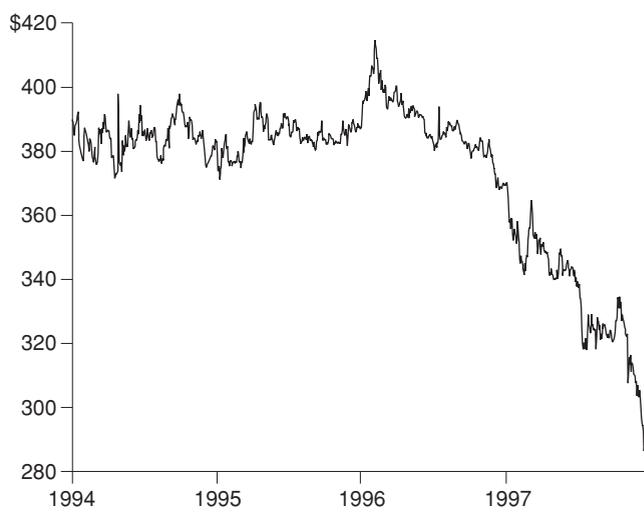
Nov. 15: By this date, over 3,000 former or current holders of leadership positions worldwide (including over 820 in the U.S.) have signed an Open Letter to President Clinton, calling for LaRouche's exoneration.

Nov. 18: ASEAN finance ministers meet in the Philippines, along with Japanese and U.S. representatives, and Camdessus; adopt "Manila framework," subjugating all

FIGURE 3

Gold, Comex spot

(\$ per troy ounce)



emergency funding to IMF supervision.

Nov. 23-24: Vancouver meeting of 18 heads of state of members of Asia-Pacific Economic Cooperation (APEC). No-action outcome shows institutional paralysis.

Nov. 24: Yamaichi Securities, fourth-largest in Japan, bankrupt. Bank of Japan attempts to avert panic.

Nov. 28: Dr. Mahathir on Japanese TV scores IMF. "All these conditions are designed to enable countries to pay back their debts to foreign banks and institutions, so that they will get back their money, but the people will suffer."

Dec. 1: London's National Westminster Bank Plc admits \$500 million in derivatives losses, sells its trading division to Bankers Trust and Deutsche Morgan Grenfell. NatWest sale begins wave of banking shuffles, reflecting derivatives turmoil, including Dec. 8 merger of Union Bank of Switzerland with Swiss Bank Corp., to form world's second largest bank (see **Table 1** for list of big banks' derivatives exposure, 1996).

Dec. 3: IMF head Camdessus announces \$57 billion bailout for South Korea. Fierce conditions include forced unemployment, foreign ownership rights to companies, etc. Within days, bailout is upped to \$60 billion, with talk of \$200 billion needed. Then, bailout "effect" collapses anyway.

Dec. 8-12: South Korean currency, the won, collapses the trade limit of 10% per day on four consecutive days, taking only four minutes to crash on fourth day; trade controls are then removed.

Dec. 10: Since Sept. 30, the South Korean won has fallen 88% in value; other Asian currencies have dropped steeply (on top of summer declines): Indonesian rupiah (□38.3%), Thai baht (□18.0%), Malaysian ringgit (□14.5%), Taiwan dollar (□13.4%), Indian rupee (□10.3%).

Dec. 9: Gold price per troy ounce drops below \$282.75

TABLE 1

World banks—assets, equity, derivatives, 1996

Rank	Country	Bank	Equity (billions \$)	Assets (billions \$)	Derivatives (billions \$)	Equity as percentage of derivatives	Assets as percentage of derivatives
1	Japan	Bank of Tokyo-Mitsubishi	\$24	\$648	\$2,843	0.84%	22.80%
2	Germany	Deutsche Bank	19	575	2,922	0.65%	19.68%
3	France	Crédit Agricole Mutuel	20	480	1,601	1.24%	29.98%
4	Japan	Dai-ichi Kangyo Bank	15	434	1,400	1.06%	31.01%
5	Japan	Fuji Bank	16	433	2,023	0.77%	21.40%
6	Japan	Sanwa Bank	15	428	1,761	0.86%	24.29%
7	Japan	Sumitomo Bank	16	426	1,677	0.94%	25.41%
8	Japan	Sakura Bank	15	423	1,300	1.15%	32.54%
9	United Kingdom	HSBC Holdings	26	405	1,510	1.71%	26.82%
10	Japan	Norinchukin Bank	3	375	?	na	na
11	Germany	Dresdner Bank	10	359	892	1.07%	40.23%
12	France	Banque Nationale de Paris	11	357	2,196	0.48%	16.27%
13	Japan	Industrial Bank of Japan	12	350	1,805	0.69%	19.42%
14	Netherlands	ABN-AMRO Bank	13	342	1,205	1.09%	28.37%
15	France	Société Générale	11	342	2,710	0.39%	12.62%
16	United States	Chase Manhattan Corp.	21	334	5,623	0.37%	5.94%
17	Switzerland	Union Bank of Switzerland	17	326	1,938	0.87%	16.83%
18	United Kingdom	NatWest Group	13	317	2,859	0.45%	11.10%
19	France	Crédit Lyonnais	6	312	1,013	0.58%	30.77%
20	UK	Barclays	12	309	2,207	0.56%	13.99%
21	Germany	Westdeutsche Landesbank	8	298	460	1.74%	64.88%
22	France	Paribas	8	292	2,154	0.36%	13.57%
23	Germany	Commerzbank	8	290	1,082	0.77%	26.83%
24	Japan	Mitsubishi Trust & Banking	6	285	?	na	na
25	US	Citicorp	21	279	2,430	0.85%	11.48%
26	Japan	Tokai Bank	9	273	1,124	0.76%	24.33%
27	Switzerland	Swiss Bank Corp.	10	269	3,336	0.30%	8.05%
28	Germany	Bayerische Vereinsbank	6	261	616	1.04%	42.35%
29	Japan	Mitsui Trust & Banking	5	254	?	na	na
30	United Kingdom	Lloyds TSB Group	9	252	1,639	0.53%	15.39%
31	Japan	Sumitomo Trust & Banking	6	248	?	na	na
32	United States	BankAmerica Corp.	21	248	1,559	1.33%	15.90%
33	Japan	Long-Term Credit Bank of Japan	9	232	697	1.22%	33.25%
34	Japan	Asahi Bank	8	230	?	na	na
35	Germany	Bayerische Landesbank	6	223	?	na	na
36	United States	JP Morgan & Co.	11	222	4,670	0.24%	4.75%
37	Germany	Bayerische Hypotheken- und Wechselbank	6	220	242	2.33%	90.95%
38	Switzerland	Crédit Suisse First Boston	12	219	2,269	0.52%	9.65%
39	Germany	Bankgesellschaft Berlin	5	218	413	1.26%	52.84%
40	Japan	Daiwa Bank	?	213	?	na	na
41	United Kingdom	Abbey National	7	212	?	na	na
42	Germany	Deutsche Genossenschaftsbank	3	212	?	na	na
43	Japan	Yasuda Trust & Banking	?	197	?	na	na
44	Japan	Toyo Trust & Banking	?	193	?	na	na
45	United States	NationsBank Corp.	14	185	1,322	1.04%	13.99%
46	Netherlands	Rabobank Nederland	11	181	490	2.27%	36.93%
47	Netherlands	ING Bank	?	179	328	0.00%	54.54%

(continued on following page)

TABLE 1 (continued)

Rank	Country	Bank	Equity (billions \$)	Assets (billions \$)	Derivatives (billions \$)	Equity as percentage of derivatives	Assets as percentage of derivatives
48	United Kingdom	Halifax Building Society	11	175	?	na	na
49	Belgium	Générale Bank	4	175	259	1.55%	67.43%
50	Italy	Istituto Bancario San Paolo di Torino	3	173	309	1.12%	55.84%
Totals			\$518	\$14,884	\$64,884	na	na

(New York City), an 18-year low. In less than 12 months, the gold price has dropped 23.5%. Instead of gold rising during hyperinstability, the falling price shows actions of hedge funds in a rigged market, and moves by mining cartel giants to consolidate control (Figure 3).

Dec. 3-10: Federal Reserve injects \$9.8 billion into U.S. money supply through the major banks, by purchases of Treasury securities, equivalent to a 2.3% increase in \$424 billion currency in circulation as of Dec. 1. Fed also extends funds to Japan, through “repo” mechanisms (repurchase of U.S. securities from Japan’s central bank). In November, the Bank of Japan pumped in over 800 billion yen, an increase of 1.8% in money supply.

Dec. 12: As of this date, the Bank of Japan has provided 18.3 trillion yen in stand-by credit to financial institutions, with some 3.8 trillion yen in unsecured loans outstanding to troubled financial groups, a tenfold increase from month before. Government is readying an issue of 10 trillion yen in bonds, to support banking system. Total bad debt estimated at \$1 trillion.

Dec. 12: Dow Jones again hits 8,000, poised for a spectacular crash in the new year (Figure 4).

Dec. 12: World Trade Organization conference in Geneva demands more “freedom” for financial markets.

Dec. 15-16: ASEAN informal heads of state meeting in Kuala Lumpur, plus China’s President Jiang Zemin, Japan’s Prime Minister Ryutaro Hashimoto, South Korea’s prime minister, and others. Uproar over IMF ensues. A call is issued to the U.S., Japan, the EU, and financial institutions to deal with currency depreciations and “systemic issues.” Jiang Zemin says that Southeast Asia’s turmoil has taught “a profound lesson.” Jiang and Chinese Foreign Minister Qian Qichen give strong warning to “ward off speculative attacks by international hot money.”

Dec. 16: Emergency meeting between President Clinton, IMF head Camdessus, German Finance Minister Theo Waigel, Fed Chairman Alan Greenspan, and U.S. Treasury Secretary Robert Rubin. No action reported, and only two options indicated, both disastrous: Either pursue “controlled deflation,” or hyperinflation.

FIGURE 4

Dow Jones Industrial Average

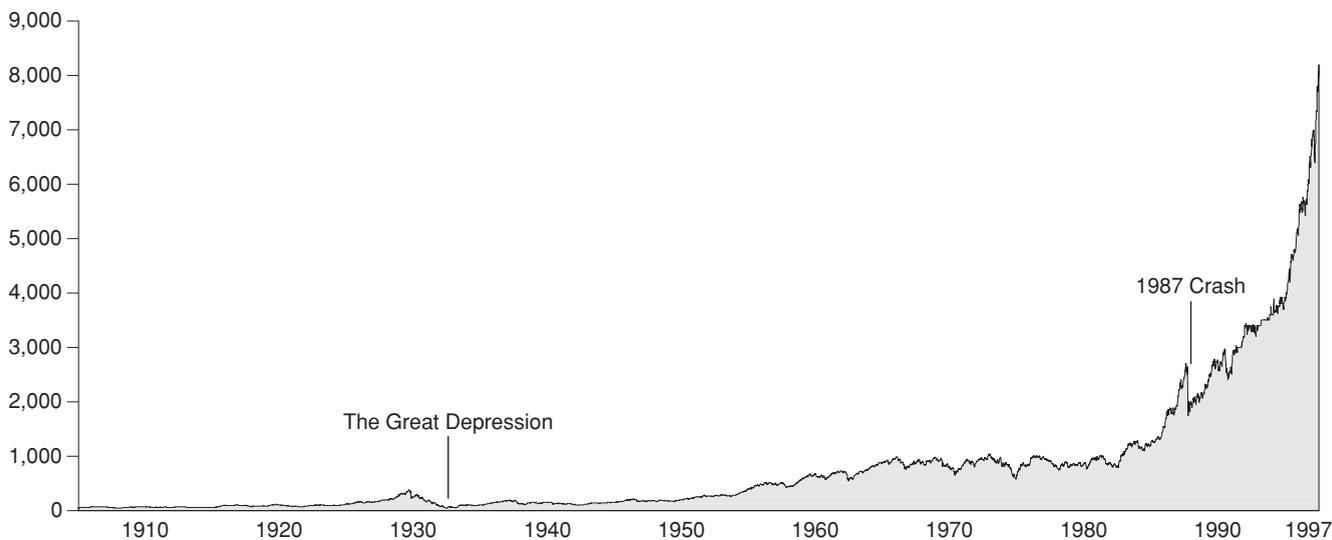


FIGURE 5

Asia: currency values, June 2–Dec. 15, 1997

(U.S. dollars per unit of currency)

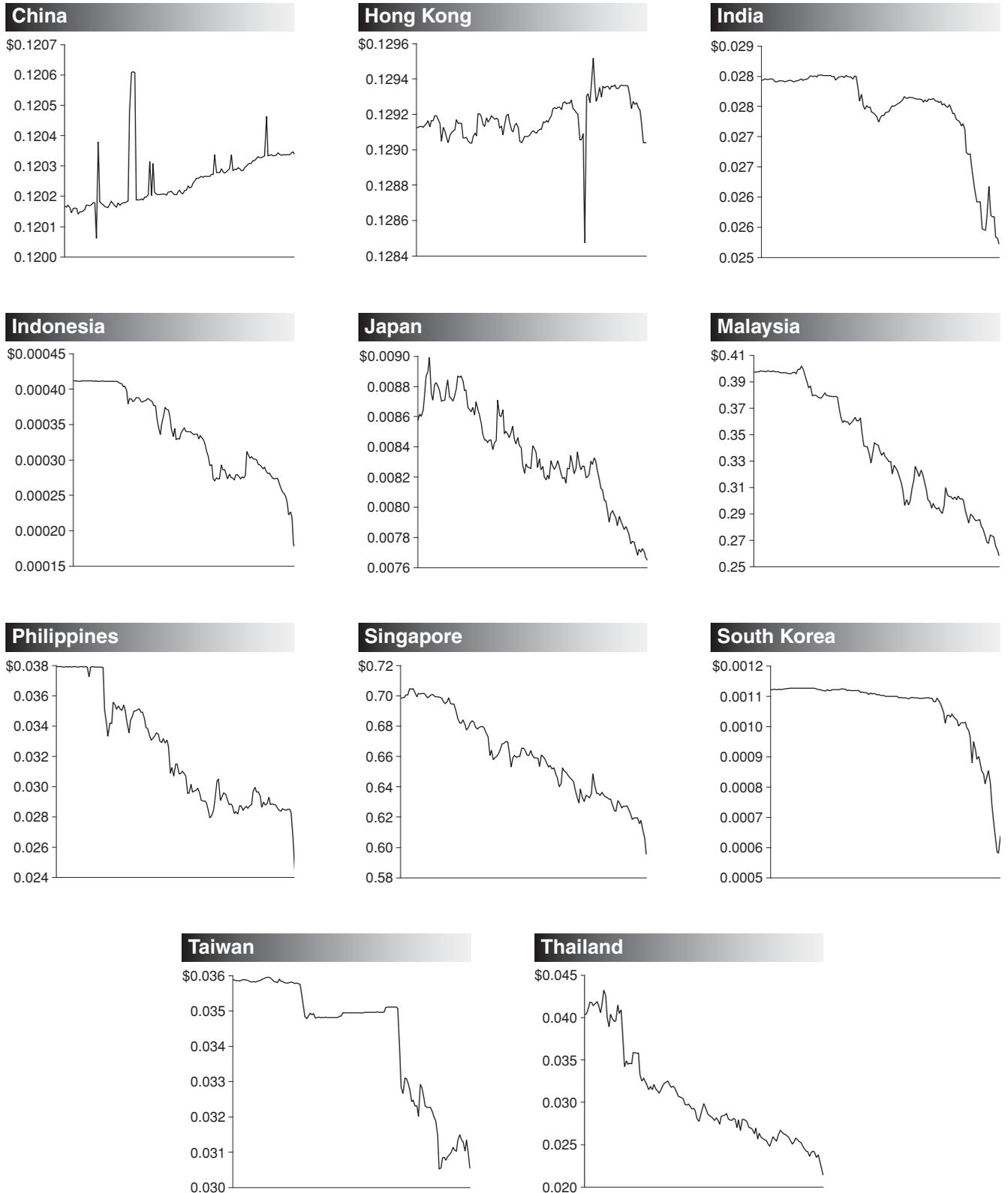


FIGURE 6

Asia: stock market indices, June 2–Dec. 15, 1997

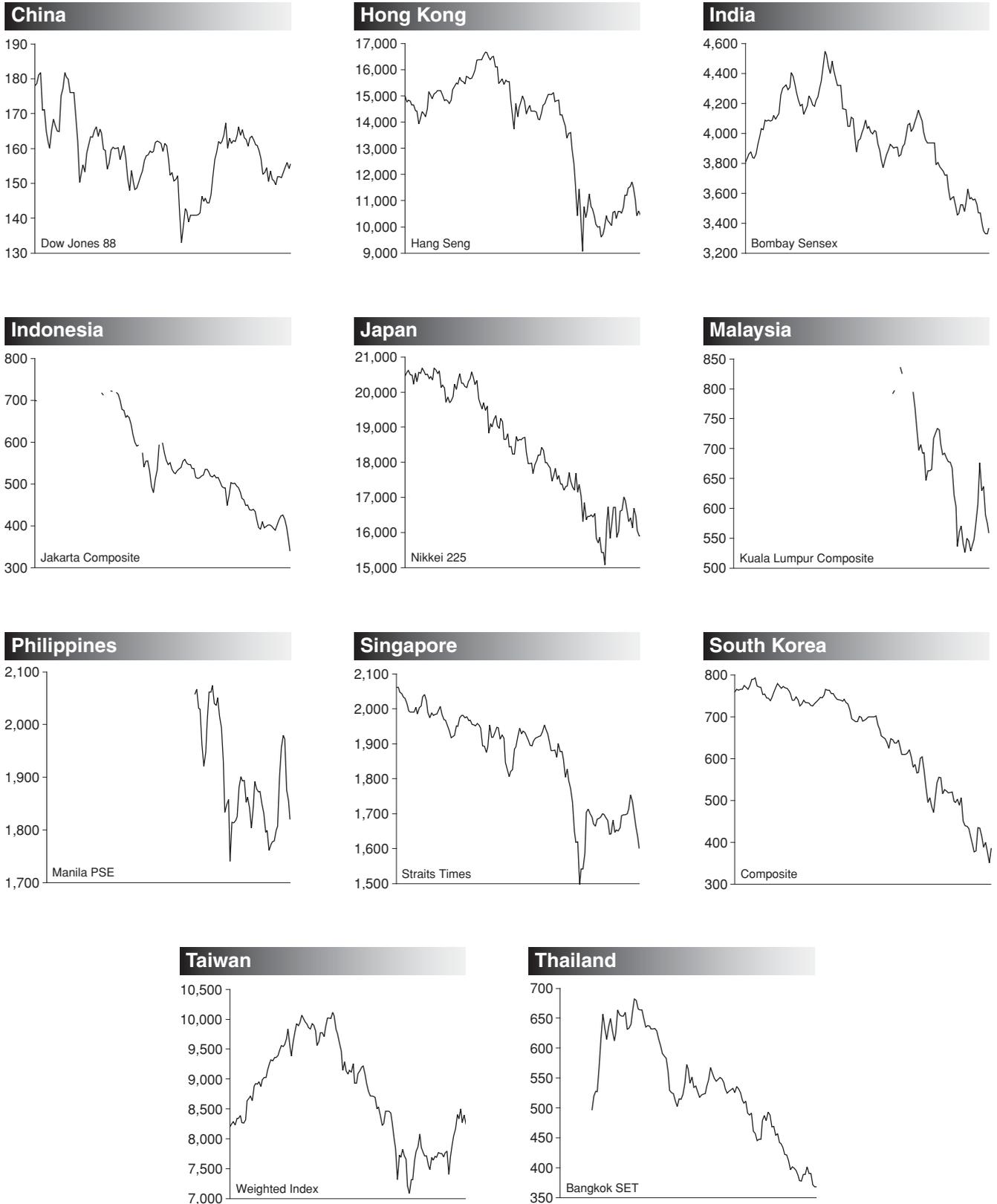


FIGURE 7

Ibero-America: currency values, June 2–Dec. 15, 1997

(U.S. dollars per unit of currency)

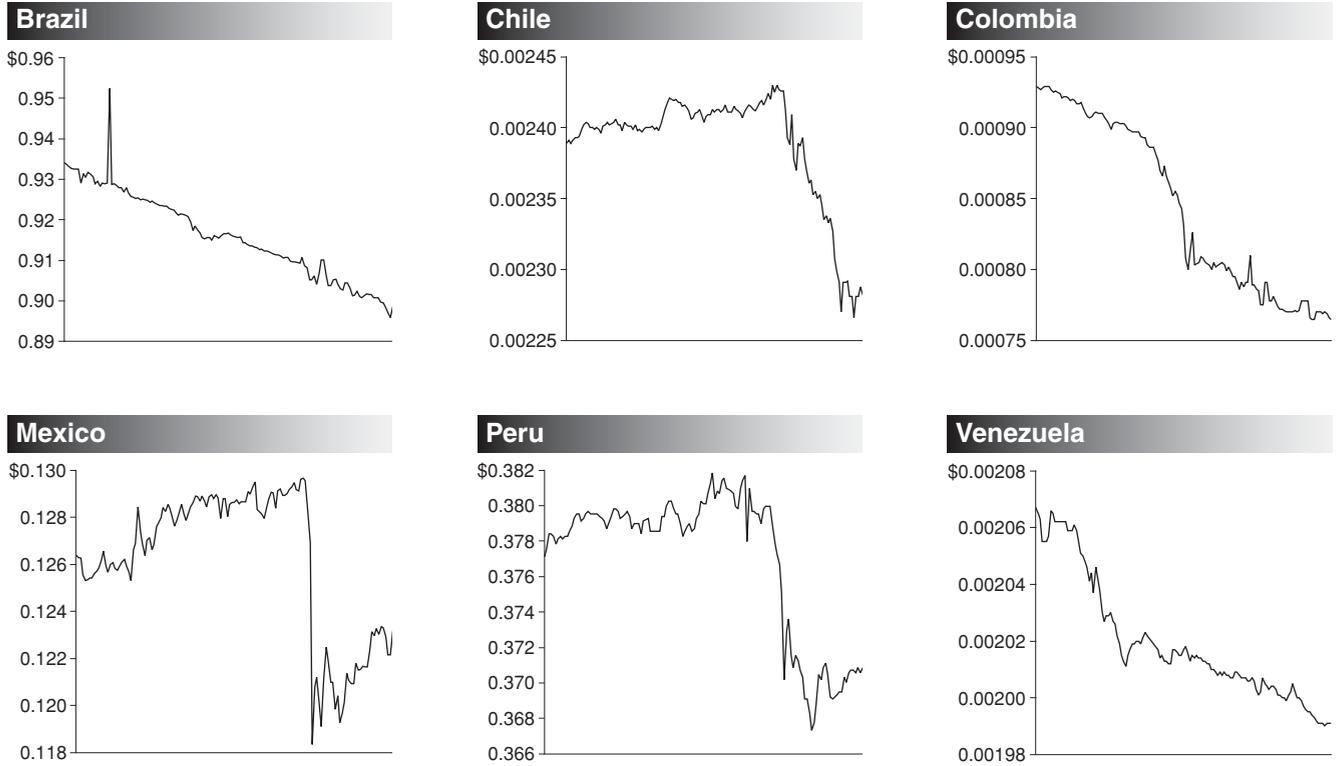


FIGURE 8

Ibero-America: stock market indices, June 2–Dec. 15, 1997

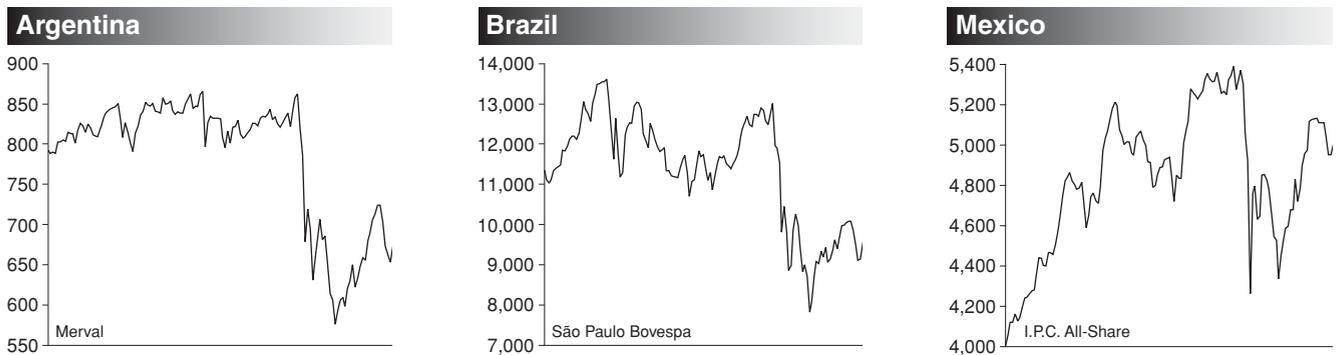


FIGURE 9

United States: stock market indices, June 2–Dec. 15, 1997

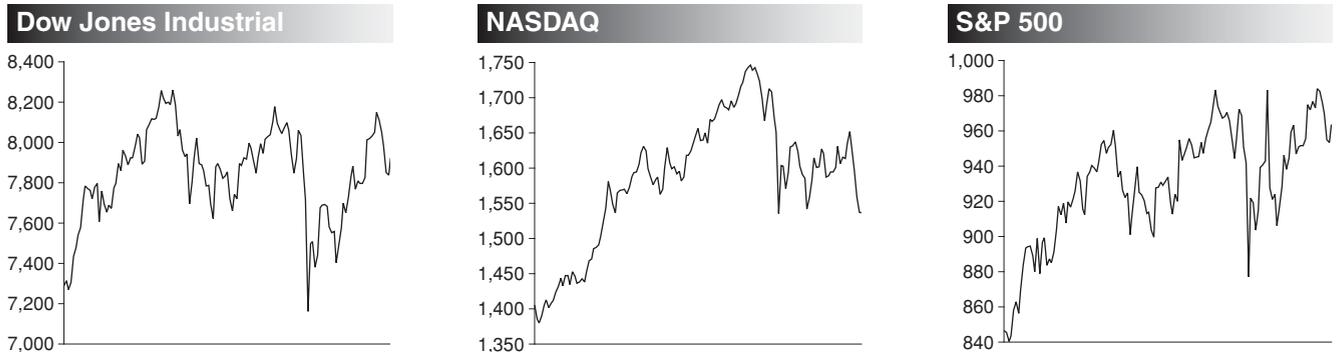


FIGURE 10

Britain and Commonwealth, stock market indices, June 2–Dec. 15, 1997

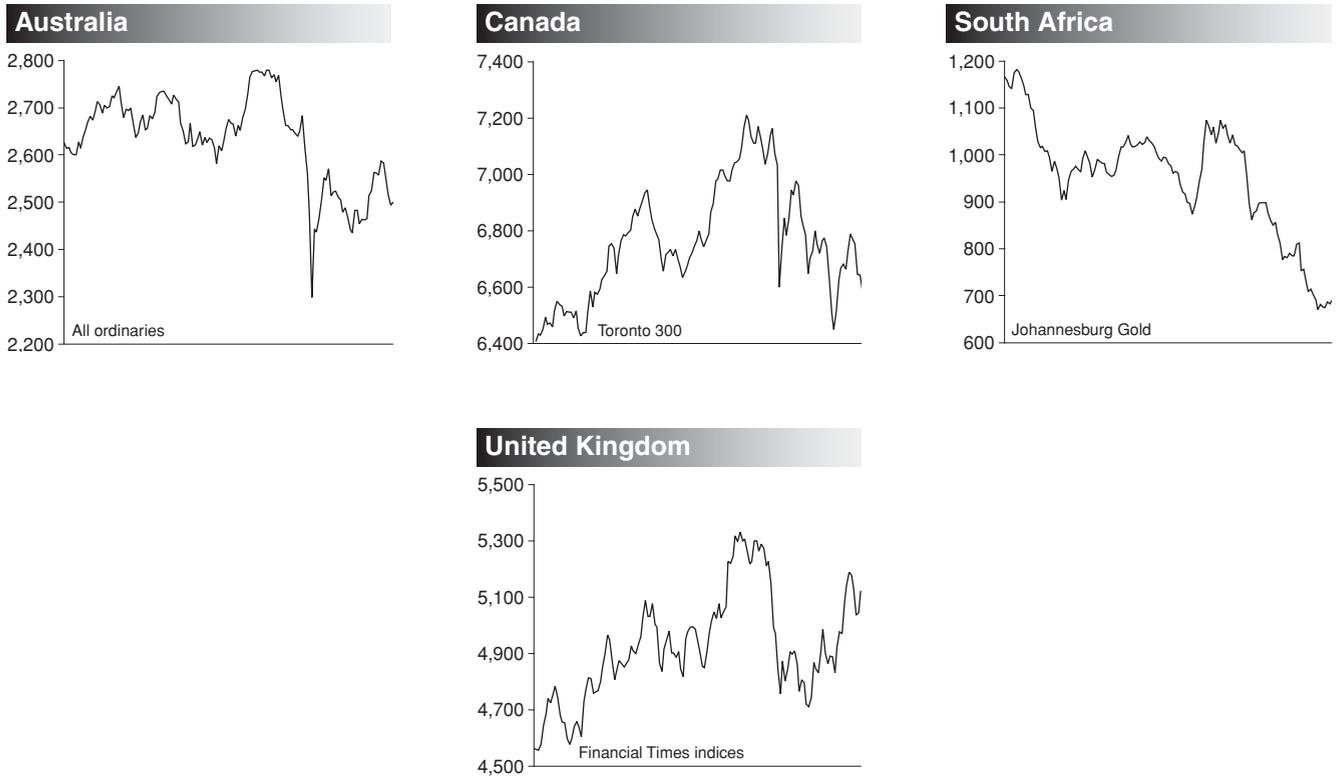


FIGURE 11

Western Europe: stock market indices, June 2–Dec. 15, 1997

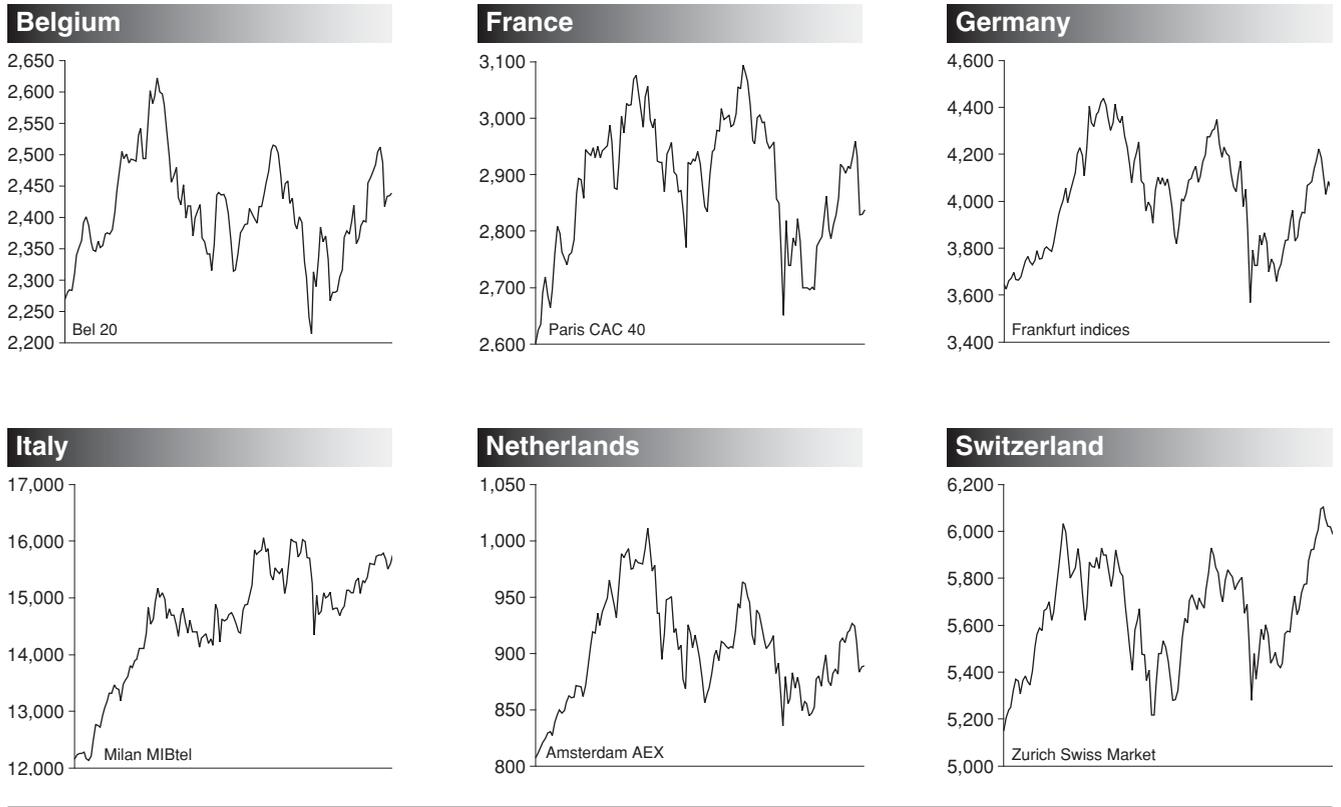


FIGURE 12

Eastern Europe: currency values, June 2–Dec. 15, 1997

(U.S. dollars per unit of currency)

