

Editorial

A faction for sanity?

From the standpoint of developing any reasonable policy toward the world economic crisis, the long-awaited meeting of the Group of Seven in Paris Feb. 21-22 was a total bust. Keeping official silence on the largest economic-political event of the decade, the debt moratorium declared by Brazil, the grouping instead put together an official demand for austerity by all the nations involved, and went home.

However, there was something more important happening behind the scenes. As the press in Europe began to leak out, the meeting was the occasion for meetings by a dissident grouping, comprised of Japan, Italy, and France, which was looking for a different policy toward the world economy, and particularly Third World debt.

There was a formal split at the meeting, which centered around the fact that the inner core nations decided to exclude Italy from their first day of discussions. Italy declared that this practice was a violation of the previous agreements made in Tokyo, and was supported in this contention by France and Japan. Italy's representative immediately went home, with the threat that his country would refuse to host the next meeting, scheduled for June in Venice.

But the first indications of what the content of that discussion was came only a couple of days later, when both Japan and Italy announced that they were extending credit lines to Brazil, at levels of \$133 million and \$35 million, respectively. Coming at the time when the rest of the world's bankers were screaming about embargoes and similar kinds of reprisals, this action symbolizes a significantly different outlook toward the South.

A look at the recent actions of the French government shows that it is moving in tandem with Italy and Japan. Not only has Premier Jacques Chirac been consistently hammering home the point that IMF conditions are injuring the Third World, but his colleague in the finance ministry, Mr. Edouard Balladour, actually submitted the Vatican's statement on morality and debt

to his staff for study.

In other words, what is currently emerging is a powerful bloc of nations, including the most dollar-rich nation in the world, Japan, which is committed to bucking the murderous austerity policies of the IMF, and supporting the cause of development in the Third World.

This situation is unique for the post-war period. Up until recently, there was no question but that the United States held the balance of power in economic councils, and U.S. financial policy was firmly in the hands of the monetarist financiers who are committed to putting their property values above the value of human life. Since 1967, there has been increasing evidence that this system is bankrupt. Yet the U.S. government has refused to take heed, clinging ever more desperately to the monetarist nostrums which created the problem in the first place. Now, the U.S. government's following of IMF policy has made it the biggest debtor in the world, and potentially at the mercy of creditors such as Japan.

The Third World, of course, learned the horror of IMF monetarist economics a long time ago, and has periodically attempted to overthrow them. But it has always run into the block of having no one in the industrialized countries who would dare buck the United States, and the international financial institutions which the United States has defended.

But now, aid seems to be on the horizon. First and foremost, that aid comes from the agency of the Vatican, which has determined to sound the alarm at the apocalypse that could result from continuing IMF austerity. Secondly, the governments of Italy and France, whose nations have been devastated by the IMF, have responded to the Vatican call, and begun to put their weight behind a moral solution to the economic crisis.

Our sources also report that this nascent alliance is seriously studying the monetary reorganization proposals of Lyndon LaRouche. If so, the faction for sanity could indeed save the world from falling into the most dramatic financial collapse in history. A welcome development, that didn't come a moment too soon.