

# EIR Economics

## LaRouche warns, G-7 summit bodes catastrophe for world

Soviet party boss Mikhail Gorbachov, it seems, has obtained the invitation he so desired to the July 14 summit meeting of the Group of Seven industrial countries. Thereby, also the question of what is idiotically called "aid" for the collapsing Russian empire has been put full-square in the middle of the summit's agenda. Now, expect the preparations for the summit to move center-stage internationally, and the chorus to take up the chant and counter-chant: Should or should not, the Russian demands be acceded to?

Lyndon LaRouche, George Bush's "Man in the Iron Mask," addressed this from his jail cell in Rochester, Minnesota, in presidential election campaign statements issued May 30 and 31. LaRouche warns, against the media propaganda that is beginning to build up, that whatever happens at the G-7 summit, the result is going to be a catastrophe.

LaRouche identified two alternatives: "George and his friends in London might come out looking as if they won the victory—that is, as if all the opposition had been crushed. But that doesn't do much for us, because if George Bush succeeds, then he puts his program into effect. If he puts his program into effect, it fails—and we have a miserable catastrophe. Otherwise, the allies, such as Japan and West Germany and others, may put their feet up against the wall and refuse to budge on a couple of issues. In that case, George Bush will get very frustrated, and that will be a catastrophic failure."

What is overlooked, is the reality of world economic depression and breakdown. Vice President Dan Quayle unwittingly put his finger on the nub of the matter, while touring Hungary recently. There's no way, he told reporters, that American taxpayers are going to come up with the money to bail out a bankrupt system. He was talking about the Russians. But that is exactly what the U.S. taxpayers have been

doing since 1987 as they pick up the wreckage of the U.S. economy over the last 25 years or so—the savings and loan crisis, the commercial banking crisis, and soon, the insurance and pension crisis.

### The illusion of power

The United States is in a depression worse than that of the 1930s, and has been so. The British economy is in a spiraling free fall. The Canadian economy has been sunk by the implementation of the Free Trade Agreement between the U.S. and Canada. Third World nations, by regions, and, as in the case of Africa, whole continents, have been reduced genocidally, below subsistence levels, under standing austerity conditionality policies of the International Monetary Fund (IMF).

The basis upon which LaRouche made his assessment that the G-7 meeting will be worse than a failure, is that there is no possibility of a recovery of either the Anglo-American economies or of the so-called Third World sector, *without a complete reversal of every economic and monetary trend in U.S. and British policymaking and IMF policymaking over the past 25 years*. The depression that we're in is man-made. It is the result of the policy changes that have been introduced over the past 25 years—particularly policies in the direction of so-called free trade/deregulation, and actually, policies in the direction of pure usury; policies based on creating a pure financial bubble globally—the biggest, worst financial bubble in the history of mankind. And this will simply get worse.

What the G-7 will attempt to do, is to create the *illusion* that the power of the United States and of the London financial market are somehow supported at the expense of the rest of the world, and therefore, that Anglo-American domination will not be diminished, but will, rather, be perpetuated for

another round of genocidal looting.

LaRouche put it this way, more concretely: "If the G-7 meeting proceeds toward bringing about the imposition of the so-called Polish model in Eastern European states generally, and something in the direction of the Polish model as conditionalities imposed upon the Soviet economy, then we will expect, following the G-7 meeting, an accelerating new round of collapse throughout Eastern Europe, as well as, in the same context, an accelerating new round of collapse cycle in most of the Third World. This kind of arrangement will unleash new instabilities, the fragmentation of nations, the threat of fragmentation of India in the context of the assassination of former Prime Minister Rajiv Gandhi, and so forth.

"It will be nothing to make any sane person happy with what comes out of the G-7 meeting; that can be guaranteed. It will make the economy worse; it will make the stability of the world worse—although it may bring temporarily to deluded, euphoric minds in various places, the delusion that because the Anglo-American will has prevailed in that effect, somehow, this prevalence bespeaks a prolongation of Anglo-American financial domination of the world."

## Russian reform, and the GATT

The Anglo-American agenda for the summit includes, in addition to the Russian matter, the question of the stalled negotiations under the heading of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). Both such agenda headings put the matter of financial-monetary arrangements, that is to say, usury, first, and leave aside the physical economic collapse which is impelling the world to disaster.

The Russians may be promised money, in amounts ranging from \$30 to \$50 billion per annum for five years, if they accept certain conditions. The conditions demanded as evidence of what Bush, Secretary of State James Baker, and others call "real reforms" include: slashing Soviet military expenditures, curtailing support for Cuba, showing "flexibility" on the Baltic republics, and demonstrating a firm commitment to so-called market reforms, including privatization of state enterprises, price reform through elimination of subsidies, and currency convertibility.

This so-called market reform package is the same as the Nazi-modeled austerity imposed on Poland since the winter of 1989, in the name of the program associated with Harvard's Jeffrey Sachs. The same Sachs has been involved in ongoing discussions with the Russians, along with former Michael Dukakis adviser Graham Allison and National Security Council staffer Ed Hewitt, formerly of the Brookings Institution. Included are adoption of IMF-dictated balance of payments financing, ruble convertibility, privatization of state enterprises, and elimination of pricing subsidies. Treasury Secretary Nicholas Brady had his own twist, recommending that the Russians make their own the destruction wreaked on Mexico in the last years in the name of the "free

market" and "liberalization."

This is the same genocidal approach which has been applied to the so-called developing sector since the adoption of the conditionalities policies during the earliest meetings of the group which became the G-7 in Rambouillet and Guadeloupe in 1974 and 1975. Unlike such relatively defenseless countries, Russia remains a superpower, its nuclear arsenal capable of wiping out the United States.

In the name of "free trade" and success of the "GATT round," the same approach is also directed against Germany and Japan. The U.S. crowd, represented by Special Trade Representative Carla Hills, now in Europe preparing the way, claims that over the next 10 years, \$5 trillion will be created through the GATT round, out of which the share of the United States will be more than 20%. This comes as extorted tribute from destroying the agriculture, and opening up the government procurement procedures of Europe and Japan to U.S. "competition." Three hundred billion dollars is supposed to be made available through the destruction of agriculture, \$600 billion through opening up bidding on government procurement contracts in Western Europe.

David Rockefeller and his Trilateral Commission, during its most recent meeting at the end of April, and now the OECD's ministerial meeting in Paris, all insist that the successful conclusion of the GATT round is the highest priority for the world. Rockefeller insists that catastrophe will follow if the round is not concluded successfully.

## It won't work

LaRouche put it this way: Assume "that George Bush and British Prime Minister John Major have their way. Well, the summit will still be a failure. Because what they're proposing could never work—even in the short run. All that George Bush and John Major can get out of the London G-7 meeting and related discussions, is the mere appearance that the world is submitting to the power and rages of George Bush in Washington. George will try to say, 'Well, nobody dares buck me; nobody is attacking me; therefore, I'm boss. I'm the Boss of the World; and therefore, the U.S. economy is going to recover, because I will order it.'

"It won't work. The United States economy is already collapsed in every respect except the last shoe dropping. The last shoe, of course, is the making official of the already-bankrupt condition of the U.S. banking system. The British economy is in a deep, spiraling depression in the meantime.

"Now, what George has done so far, as he did during the so-called Gulf war, was to loot most of the world to try to prop up the U.S. economy.

"Well, the problem is that most of our friends and allies are tapped out; and others, whom we'd like to tap out, are too far gone to ante up. *It won't work.* This may be the last round. It might not be, but it may be. In any case, future history will look upon this G-7 meeting as George Bush's catastrophic failure."