

hedge against inflation. George Soros and his circle of international speculators are using the crisis to manipulate the gold price and the speculative market in currencies, which is the majority of the \$1 trillion per day derivatives bubble now engulfing the world economy.

The official *China Daily* reported on June 2 that foreign investment increased by 167% during the first quarter over the previous year, reaching a record \$3 billion. However, the same report admitted that nearly half of this investment was not even in the cheap-labor runaway shops for export, but were in the "service sector," meaning primarily in the speculative real estate bubble.

### Meaningless countermeasures

Vice Prime Minister Zhu Rongji has established seven "working groups" to address the monetary crisis. The measures, however, do little but issue orders to follow existing regulations without changing policy. Banks are ordered to pay the farmers' IOUs, to meet payments due to Beijing, and to stay within the loan limits to the speculative development zones. Interest rates on bank deposits were raised by a modest 1.19 percentage points to about 8% in a feeble attempt to stem the flow out of savings—the first drop in total bank deposits since the 1988 inflation crisis—into gold or other hard assets.

The IMF, in a move which must certainly be regarded as a paradigm of the madness that now guides these Anglo-American financial wizards, has simply declared that the Chinese economy has leaped from tenth place in the world to third place, a fourfold expansion in Gross Domestic Product—all due to a new method of computation. The method essentially assigns equal values to products and services, regardless of the costs of production, in every part of the world. An estimate of the value of individual consumption is then multiplied by the national population and called the GDP, regardless of what is produced. The absurdity is demonstrated by the fact that the IMF first computed the Chinese economy to be *seven* times greater than under previous computations, but decided that that wouldn't look good, and therefore simply changed the figures to fit the desired result of a fourfold increase.

Back in the real world, if Beijing chooses to print money to meet the payments crisis, the resulting hyperinflation will certainly provoke the reaction in the population so feared by Zhu Rongji. If IMF-style "shock therapy" is imported instead, the collapse of employment and production will generate the same reaction. Both policies are based on extracting every last drop of blood from a population whose productivity is kept at the level of concentration camp victims. Without breaking the cycle, through launching a massive effort to build a modern infrastructure for industrial and agricultural development, and the necessary classical education policies required for such an effort, this looting process can only lead to a genocidal collapse of the Chinese population.

## European farm union rips oilseeds pact

by EIR Staff

Europe's only continent-wide farm organization, the recently formed European Country Union (ECU), released a statement on June 15 blasting the French government's capitulation to the agreement reached between the United States and the European Community last November on oilseeds.

"Contrary to their electoral promises, the French government capitulated on June 8 in Brussels," the statement read in part. "The ECU considers that this sector is indispensable for the development of a new balanced Common Agricultural Policy, which is stable and economical, leading toward the food independence of Europe." The release continued: "On the night of June 8 and 9, discontented farmers painted yellow the office of Alain Juppé, the minister of foreign affairs, thereby qualifying him as a traitor."

### French sellout

On June 8, at a meeting of EC foreign ministers, France formally ratified the so-called Blair House agreement on oilseeds, which the new government had denounced during the electoral campaign barely three months ago. It calls for EC farmers to set aside 10% of the land used to grow oilseeds, and places a limit on their production. Foreign Minister Alain Juppé justified the flipflop by saying that the EC had agreed to compensate those farmers whose land would be taken out of production, and that this agreement would be separated from the rest of the deal reached at Blair House, which limits subsidized exports, and is widely seen as the basis for an agricultural agreement on GATT, the Anglo-American-dominated General Agreement on Tariffs and Trade. Despite Juppé's disclaimers, the French move was hailed by British Prime Minister and free trade warrior John Major as a precondition to the long-delayed GATT agreement.

Last January, the U.S.-based magazine *Top Producer* indicated just how radical the oilseeds deal is: "The November agreement calls for the EC to trim subsidized farm exports by 21% (this is the part France claims they are still resisting) and reduce and cap subsidized oilseed plantings." This would cap EC oilseed production at what is supposed to be its current domestic needs. "It is the first time in history that a country has agreed never to raise production of a commodity."

The deal is such a manifest insult to French economic sovereignty that last Feb. 22, after Rural Coordination

protests had blocked railways all over France, then-Prime Minister Pierre Bérégovoy promised to veto the accord. During the ensuing electoral campaign, all political leaders in France debated the subject and numerous members of parliament had shared Rural Coordination's commitment to stop it. But in May, the French Agriculture Ministry's minions went to work, taking advantage of the heavy work season in the fields to stab the farmers in the back—exactly as was done in May 1992 to sneak through French approval of the MacSharry reform of the EC's Common Agricultural Policy (CAP).

### **The founding of European Country Union**

The ECU came into being on May 28, when an independent French farm group, Rural Coordination, invited various organizations from several European Community countries to a meeting in Paris. The aim was to discuss and found a new European-wide organization that will commit itself to fight the destruction of food production in Europe and worldwide. Farm organizations from the Netherlands, Belgium, Denmark, and Germany showed up. Since Denmark was represented by Fritz Herrmann, and Marion Fettweiss and Georg Neudecker from the Association of German Farmers represented Germany—all well-known members of the Schiller Institute founded by Helga Zepp-LaRouche—it was no surprise that the new union's basic platform echoed demands voiced by the Schiller Institute's European Agriculture Commission and the "Food for Peace" movement, which was established in 1988 at the prompting of Lyndon LaRouche.

The European Country Union's first president is a farmer from Roeselare, Belgium: Camiel Adriaens, president of the Belgian farm union ABU. The ECU's leaders said that the new group grew out of a "feeling of profound dissatisfaction about the way in which the agriculture sector is treated by the current authorities, both governmental and union, and the purpose of its initiatives (coming from different EC countries) is to form a true counterpole."

The participants at the founding conference rejected the 1992 MacSharry Reform, which was adopted against the will of the majority of farmers (one poll shows that 85% of European farmers oppose it), and all compromises with GATT. These farmers see their problems within the vaster context of the free trade assault on the economy, and will seek allies from many sectors and parts of the world in the common fight against GATT.

Denouncing the European Community Commission in Brussels, the ECU statement said that farming is far too important to be left entirely in the hands of "Eurocrats" and politicians. A seven-point platform was outlined:

1) To re-establish the preference for products grown in the European Community. 2) To obtain prices for agricultural products, calculated in relation to production costs. 3) To reject land set-aside in a Europe which does not have overpro-

duction. 4) To struggle against GATT. 5) To protect the environment, in Europe and worldwide. 6) To defend the countryside and to keep it occupied (i.e., cultivated). 7) To harmonize European laws.

### **The oilseeds issue**

"Why in the GATT negotiations is there so much talk about oilseeds?" asked Rural Coordination in an information bulletin. "For consumers, these products may seem less important than grains, meats, dairy products, or fruits and vegetables.

"Are we overproducing oilseeds? Quite the contrary. It's the Community's biggest farm deficit, because the EC supplies only 63% of its own needs in vegetable oil—importing over one-third of these products. So why is the U.S. insisting so much?"

One reason "is that the transformation of oilseeds into oil supplies by-products which are rich in the proteins called oilcakes. These oilcakes are indispensable to feeding livestock, and Europe has a huge deficit in them (22% self-supply)."

Second, "oilseed production requires a lot of land. Only one ton of oil is produced per hectare, compared to five tons of grains. Europe currently has 6 million hectares in oilseed production, but it would need 18 million to cover our needs!

"Thus, the millions of hectares which we do not devote to oilseeds are used by farmers to produce large quantities of grains which are expensive to reexport onto the world market. . . . This land set-aside in Europe has avalanching consequences for all EC agriculture," the bulletin goes on, noting that farmers are diversifying to make up for lost subsidies and thus overproducing fruits, vegetables, and white meats, causing problems on every market. Rural Coordination charges that the Americans want to limit European oilseed production, partly out of financial and trade motives, but also to maintain Europe's protein dependency and to monopolize the food weapon as a means of political coercion.

Instead, says ECU: "In fact, oilseeds are the keystone of EC agriculture as a whole: If we develop oilseed crops to tend toward self-sufficiency, we will decrease proportionally grain production and, especially, suppress the costly export subsidies which were the source of many criticisms of the old CAP. With the grain producers' incomes sustained, they would no longer be tempted to diversify (fruits and vegetables) and to convert their production (livestock raising). Also, the setting of a European price for edible oils would stimulate dairy farming by favoring the use of butter.

"Massive development of oilseeds would permit us to stabilize the majority of agricultural markets by better occupying and maintaining rural space.

"The result would be beneficial for all kinds of producers, for the environment, but also for revenues, because the CAP budget would be strongly improved."