Economics of debt forced on Group of Seven agenda

by Chris White

The question of world economic policy was forced onto the agenda of the Group of Seven heads of state summit, which opened in Paris on July 14—and in a way which most of the summiteers found not at all to their liking. The question was forced by leaders of some of the Third World's most populous and potentially powerful economies, with assistance from France's President François Mitterrand, who, alone among the other participants from the top seven capitalist countries, had concrete proposals of his own to put forward.

This is actually the first time since the G-7 annual summit series began, at Rambouillet, France in 1974, that economic policy has been forced onto the agenda. Called "economic summits," the proceedings generally discuss the technicalities—interest rate policy, exchange rate policy, fiscal policy—by means of which the usurious grasp of speculative paper over the economy is maintained, and genocidal conditionalities enforced. It was the Rambouillet summit, under Henry Kissinger and George Shultz, then serving with the Nixon administration, which adopted the International Monetary Fund (IMF) conditionalities policies. Given the chance, for the first time, to have a real economic summit, the participants turned down the opportunity.

Interventions by India's Prime Minister Rajiv Gandhi, Gabon's Omar Bongo, Brazil's José Sarney, along with President Hosni Mubarak of Egypt, Abdou Diouf of Senegal, Carlos Andrés Pérez of Venezuela, and representatives of Poland's Solidarity union, were what made the economic policy matter concrete. Pointing to the fact that the summit was convened amidst France's bicentennial celebrations, Gandhi stated, "The leaders of the rich countries ought to reflect upon what set off the French Revolution—famine—and apply that to the situation today." Sarney, in a letter to Mitterrand, called for quick action on the debt question, failing which, "the world will be surprised by the torrent of violence which could be unleashed in Latin America." Bongo warned that the economic policies of the World Bank and IMF could push Third World countries into revolution. The Solidarity representatives laid out a program for a $10 billion investment fund to reinvigorate Poland's flattened economy. If too little aid is received, spokesman Witold Trzeciakowski warned, "social eruptions can hardly be avoided."

The Third World leaders were among the 30 such who had been invited to Paris by Mitterrand. Others included Benazir Bhutto of Pakistan, Corazon Aquino of the Philippines, Félix Houphouët-Boigny of the Ivory Coast, and Sese Seko Mobutu of Zaire.

From the Third World participants came a call on the advanced sector nations to join a world economic summit on North-South relations. Issued July 13, on the eve of the summit, the appeal was signed by Rajiv Gandhi, Hosni Mubarak, Abdou Diouf, and Carlos Andrés Pérez, representatives of all the continents involved. Mitterrand responded favorably, announcing that he would bring the proposal before the summit as a whole. At an informal conference held with the Third World leaders, Mitterrand unveiled a solution to the world debt crisis through a series of Great Projects for infrastructure development. Among the projects are a plan for water control along the Ganges-Brahmaputra river system between India and Bangladesh, and a plan for the "greening of the Sahara," to be achieved by irrigating the Sahel Desert. Feasibility studies for both have been completed.

U.S., Britain reject proposals

The Third World proposals were immediately rejected by spokesmen for the U.S. and British governments. Mitterrand himself came under attack, to which attacks he replied: "For eight years I have been battling with the debt problem. It will be at the top of the agenda at the Paris summit. For me, the problems of the Third World are graver for humanity than the thermonuclear bomb."

U.S. Treasury Secretary Nicholas Brady formally rejected the proposals on the morning of July 15. "You don't get solutions to problems by bunching them up together and calling them North and South, and addressing them that way. The way to do it is the way we've been doing it. Each country is different, each country has different economic conditions, each has different levels of debt." Brady was backed up by White House Chief of Staff John Sununu. "There is no need for a conference," he said, "It would complicate matters. It is better to deal with global matters in one direction at a time." The British put forward a "senior spokesman" in support: "We remain to be convinced that there is a need for a further conference. We believe we ought to continue to operate through international financial institutions and the Paris Club."

The formal rejections were accompanied by the pettiest kind of complaints. The charge went around that "Mitterrand had sprung a trap" on the Group of Seven, by inviting Third World representatives to Paris. Strange, since it has been more than six weeks since the French President had issued the invitation to the Third World leaders to be present, and since he had made his own intentions in issuing the invitations absolutely clear. Gripes were also heard about the seating arrangements at the banquet held for all the heads of state. The U.S. delegation, along with others from the advanced sector, were outraged that their heads of state were expected to sit with the leaders of the Third World. The French organizers were pressured to impose segregation in the seating arrangements to keep the delegations separate.

For several weeks now, representatives of European political and financial interests have been expressing shock at the complacency that exists in and around Washington, D.C. over the depth of the economic crisis. They report that the complacency is accompanied by the euphoric belief that the United States can continue to muddle through on the combination of political muscle backed up by Japanese funds. They report further that there is no room for the contrary reality in this outlook. These same circles, typified by Germany's former Chancellor Helmut Schmidt, have, since March of this year, been telling their international collaborators, that the present U.S. administration has until the Paris summit to demonstrate that it is capable of taking effective action. They demand that the U.S. budget deficit be slashed dramatically, as a *bona fide* of continued creditworthiness.

Brady and Sununu's summit performance will therefore send shock waves around the world. To insist that "the way we've been doing it is the way to do it," is to assert that the delusions on which U.S. policy has been based will continue, no matter what anyone else has to say.

For proponents of this view, it is irrelevant that what the Third World leaders presented to the Group of Seven, and what President Mitterrand had to say, happen to be truthful. But such truthfulness does not correspond with the way those whom Brady represents insist the world functions. For them, as Tanzania's former President Julius Nyerere reported in an open letter sent to advanced sector summiteers a week earlier, all that matters is maintaining the balance sheets of the advanced sector country's banks.

Gandhi is right. Famine is loose in the developing sector. Africa has been condemned to die. Others of black, brown, and yellow skin are being treated the same. As the summit convened, commodity markets were beginning to react to the emergence of shortages of basic foodstuffs—soya, sugar, coffee, and cocoa. Bongo and Sarney are also right. The continuation of the genocidal conditionalities policies will lead to revolution. Venezuela, where massive riots erupted after the imposition of an IMF restructuring package earlier this year, stands as an example. Argentina is imminently threatened with going the way of Venezuela.

And Mitterrand is also right, for the problems of the Third World "are graver for humanity than nuclear war." The explosion of AIDS in sub-Saharan Africa is testimony to this, for the HIV virus, in its many forms, is 100% fatal. The conditionalities policies which have helped create the conditions in which the virus thrives, and obstruct every effort to fund the level and kind of research which could develop a cure, threaten, for the first time in history, the entirety of the human race.

Further, the debt problem is also related directly to the danger of war. Mikhail Gorbachov's Russian Empire is not so far behind the same kind of conditions that the Third World's leaders warned of, creating the danger of a desperate Russian military adventure.

LaRouche's essential role

The solutions which Mitterrand and the Third World leaders want to be discussed have been worked out, in detail, over many years, by the jailed U.S. political leader Lyndon H. LaRouche, Jr. LaRouche has been politically persecuted precisely because he was the one who assumed responsibility for developing solutions to the crises which the backers of Brady insist do not exist. His "Operation Juárez" monetary and economic reorganization proposals of 1982 were then rejected as a solution to the debt crisis of Ibero-America, and notably of Mexico, by the circles of Henry Kissinger—the same who organized the railroad of LaRouche.

The debt solution the Third World leaders demand was developed by LaRouche. The infrastructure development projects put forward by Mitterrand reflect aspects of LaRouche's recovery program for the world. Yet as long as the man who can lead the political effort to implement such solutions remains in jail, those solutions are not going to be effected. And the arrogance of Baker and Sununu will shortly lead to the further explosions warned of by the leaders of the Third World.