

## Summit economic, finance package could lead to war

by Chris White

Presidents Mikhail Gorbachov and George Bush are slated to begin summit meetings on May 31 in Washington, D.C. The news media, as usual, have generated a certain kind of cliff-hanger around the questions of arms control and the granting of Most Favored Nation (MFN) status to the Soviet Union. But more potentially deadly are the economic and financial agreements which are under negotiation behind the scenes, and which, it now seems, are scheduled for ratification at the summit proceedings.

The economic and financial agreements would go ahead without regard to whether the Soviets are accorded MFN status. Particularly dangerous is the attempt by certain Anglo-American financial circles to use such agreements as are being negotiated as their counter to Lyndon LaRouche's proposed "Development Triangle" in Central Europe. Their idea is two-fold: to attempt support for a reorganized Russian regime, while simultaneously buying time against the growing reality of financial collapse of the United States. The agreements mooted are seen as essential to further U.S. defense budget cuts, and to provide the aroma of so-called new "investment opportunities" which might help shore up the bankrupt U.S. banking system with the vague promise of future earnings prospects.

The agreements under negotiation include a trade agreement, investment agreements, an agreement on maritime shipping, a new grain agreement, and agreements on settling accounts on defaulted czarist bonds. The new grain agreement was concluded two months ago, and was finalized in mid-May during discussions in Moscow headed by Whitney MacMillan of the Cargill grain company. MacMillan was accompanied by representatives of two other grain combines, Dwayne Andreas's Archer Daniels Midland Corp. and Louis Dreyfuss. The maritime agreement was also readied for final signature at the summit during separate negotiations.

Finalizing of the grain agreement apparently depended on Soviet commitments to settle up arrears in their payments. On the maritime agreement, all that is known, according to the May 25 *Journal of Commerce*, is that the United States shifted away from its standing position in the negotiations on strict cargo-sharing. On May 24, Sea-Land Corp., a subsidiary of Richmond Virginia CSX Corp., signed two agreements to help the Soviets improve cargo transport between Asia and Europe. Lloyds of London, the insurance specialists, also had teams in Moscow negotiating agreements to cover such activities as Soviet launches of commercial space vehicles. Lloyds already arranges insurance coverage for certain classes of Soviet merchant shipping. Texaco Europe and the Soviet Ministry of Geology's Research Institute have also agreed to cooperate in geological research.

The pace of such negotiations has quickened in the run-up to the summit, especially since the Bush administration welcomed the Soviets into the General Agreement on Tariffs and Trade (GATT) as observers on May 16. It seems also that Soviet decisions on May 23 and 24 to implement a price reorganization, as a first installment on an overall reorganization plan, are tied to the agreements with the United States now under negotiation.

Negotiations on the defaulted czarist bonds, now going on between the Soviet Union and both the United States and France, are key. Settlement of the matter, along the lines of the United Kingdom's 1986 agreement with the Russians, would permit Russian access to international capital markets. This is the prospect that has the bankrupt U.S. bankers drooling. Wayne Angell from the Federal Reserve Board of Governors and economist Jude Wanniski have been associated with various schemes to tie the Russian ruble to gold, to permit marketing of gold-backed state debt in the West.

Each of these agreements is tied to the kind of "market-

oriented" reform package associated with the name of the Harvard punk-economist Jeffrey Sachs in the case of Poland.

### **Russians told to follow Hjalmar Schacht**

The agreements under negotiation have been accompanied by a tremendous increase in traffic of Western economic "advice" to the Russians. On April 23, the U.S.-based Bretton Woods Committee sponsored a conference in Washington, D.C. with the European Community's European Commission on the subject of "The Financial Needs of Eastern Europe: What the West Can Do?" Conference attendees were participating at the invitation of former U.S. Federal Reserve chief Paul Volcker, to hear such luminaries as Deputy Secretary of State Lawrence Eagleburger, Robert Mossbacher, International Monetary Fund head Michel Camdessus, and World Bank chairman Barber Conable (see article, page 65).

The Bretton Woods Committee conference was but the latest to take up the theme. On May 10-14, the notoriously secretive Bilderberger Group took up the subject in a conclave held somewhere in New York State. On May 14-16, the Anglo-Soviet Roundtable, made up of representatives from the Royal Institute for International Affairs and the Soviets' IMEMO, met in the United Kingdom. And on May 30-31, the London *Financial Times* will sponsor a return conference in Moscow under the title "Finance, Investment, Trade with the Soviet Union."

Diametrically opposite advice has come from Lyndon LaRouche, candidate for Congress from Virginia's 10th Congressional District. He warned the Soviets on April 23 that they "will be ruined," should they do what they are being advised to do.

The Western bankers' advice is modeled on the Nazi austerity economics of Hitler's economics minister, Hjalmar Schacht. The Soviet economy, like that of Eastern European nations, is in a state of breakdown collapse, unable to produce the food it needs, or to transport and distribute its production, with broken-down and obsolete manufacturing capacity and technology. The Western proposals, with their mantra chant of "free enterprise" and "market liberalization," are guaranteed to reduce such economies to chaos, as has already happened in Poland.

Such advice will contribute most rapidly to fanning the danger of war between East and West, creating the conditions in which the crisis-racked Russians are forced to contemplate turning outward in aggression against those whom they perceive as their tormentors.

Citing the case of Jeffrey Sachs, who modeled his policies for Poland on those of Schacht from 1933-37, LaRouche asserted that if the Russians accept the advice they are being offered, then "they will go crazy, and we'll end up in a nuclear war." The Sachs-engineered reforms in Poland are responsible for massive lay-offs, shortages, and discontent now erupting in the form of strike waves. Their effect is now seen in a spreading nationwide rail strike which has shut

down Poland's ports at Szczecin, Gdansk, and Gdynia. The workers are demanding wage increases, to offset losses incurred under Sachs's "shock therapy" program, and want changes in the railroad system's management.

### **LaRouche says 'go with the Triangle'**

LaRouche, working from his jail cell in Rochester, Minnesota, designed his Triangle proposal in order to provide an alternative to such chaos, promote instead stability through economic development, and thereby avoid what would otherwise become a slide into war. The proposal is based on upgrading high-speed rail transport of freight within an area bounded by Paris in the West, Berlin in the northeast, and Vienna in the southeast, in order to permit the most rapid upgrading of the economies of the newly freed nations of Eastern Europe. Infrastructure investment in transportation, water management, power generation and supply, and provision of Western qualities of capital investment for manufacturing industries, would permit the rapid reconstruction of those economies, and would create a unified Western powerhouse of about 300 million people, capable of addressing and dealing with the economic breakdown of the Russian empire.

The sponsoring agencies for the latest flow of bankers' advice to the Russians, also happen to be standing opponents of the policies which LaRouche has developed over the past decade and a half. It was LaRouche who led and organized U.S. opposition to Paul Volcker's notorious high-interest-rate policies from the point when Volcker took over the Federal Reserve Board in October 1979. LaRouche has also been the leading opponent within the advanced sector countries, of the conditionalities policies of the International Monetary Fund, which have murdered far more people than Hitler had ever dreamed about.

LaRouche warned, as it turned out correctly, that Volcker's credit policy would not cure inflation inside the United States, but would plunge the country into a depression. In October and December 1979, writing in *EIR*, he predicted the arrival of this depression by 1981-82 if the Volcker policy were continued. Now the crowd who helped wreck the West from within, is pushing the same poison on Moscow, against the economic development program of the European Triangle designed by LaRouche.

LaRouche's Triangle proposal is the only means at hand to prevent the situation in the East from sliding into chaos and war. His opponents brought about the current depression inside the United States, and if the Russians are crazy enough to listen to them now, the result will be war.

Those who imagine that time can be bought for the survival of the bankrupt British and American financial systems, by creating the prospects of new financial opportunities for their bankrupt banks in a reformed Russia, are insane. They are proposing plunging the whole world into a course which will only have one outcome: war. The agreements under negotiation for the summit reek of those delusions.