

Anglo-Americans declare war on Europe at Houston summit

by Harley Schlanger

Before the leaders of the Group of 7 industrialized democracies (G-7) arrived in Houston on July 9 for their annual summit, President Bush and British Prime Minister Margaret Thatcher warned that failure to reach an accord on the three major unresolved issues facing the participants posed a serious threat to the alliance. The issues—the completion of the Uruguay Round of negotiations of the General Agreement on Tariffs and Trade (GATT), the Kohl-Mitterrand proposal for an aid package to the Soviet Union, and the environment—had generated diametrically opposed views. Thatcher had gone so far as to suggest that the summit partners could find themselves in three competing blocs if no consensus emerged.

As the last of the dignitaries who attended the summit were leaving town on July 11, President Bush's public relations staff and his underlings were loudly proclaiming that the issues had been resolved and the summit represented a "major victory" for the U.S. They hunted down any reporter with a camera or a notebook they could find to praise Bush for his "competent management" of the summit, crediting him with the "consensus" they claimed had emerged. One U.S. official, barely able to contain her glee, said that it was only Bush's "steady leadership" which had allowed "break-throughs" to occur, and she pronounced herself "thrilled" with the outcome. Bush himself declared it a "howling success."

The major British press was only slightly less ebullient in its coverage, giving Thatcher a share of the credit for the "victory" on the thorny issue of agricultural subsidies which has stalemated the GATT talks. The British media allege that European opposition to trade liberalization was broken, due, in part, to a compromise draft which her government had prepared. In her closing remarks, the Prime Minister admitted that, while much remains to be done, the summit was a

success, especially as it "opens the way for a successful conclusion of the Uruguay round."

While one may encounter such self-congratulatory gloating following a victory in a World Cup soccer match, it is unseemly in analyzing the results of a summit. Yet, given the behavior of the Anglo-American negotiators and the brutal tactics they employed, it is not surprising to find them carrying on in this manner. For, in reality, they conducted this summit as a war against the Europeans.

Unlike many past summits, in which disagreements were avoided or papered over from the outset, it was clear that this meeting would be different. German reunification and the economic collapse of both the Anglo-American and the Soviet empires increased the urgency that a true consensus be reached on key issues. A bold, positive initiative, such as Lyndon LaRouche's Food For Peace program launched in West Berlin in November 1988, combined with his industrial triangle program designed to generate rapid economic growth in Eastern Europe by linking it by high-speed rail with Western Europe, offers a war avoidance policy which simultaneously would free the world from the insane "free market" dogma peddled by London and Washington, which is responsible for the present crisis.

Euro-bashing in Houston

The Anglo-Americans were determined that no such initiative would be considered. Even before Bush and the other heads of state held their first session, his subordinates were hurling verbal grenades onto the conference table, choosing the GATT discussions for a showdown.

A group of U.S. officials opened the Euro-bashing on Monday morning. First, Chief of Staff John Sununu threw down the gauntlet, insisting that France, West Germany, and Italy (which are members of the G-7) and the European

Community (EC, which was included in the summit for the first time in 1977) drop their objections to the U.S. position on GATT. In a press conference, he echoed Bush's assessment that the meeting in Houston may be the "last chance" to reach agreement on the issue of subsidies. "It should and must be done now," he said.

The Anglo-American position, which was also supported by Prime Minister Brian Mulroney of Canada and Prime Minister Kaifu of Japan (at least at this summit), is that all agricultural subsidies, both for exports and internal production, be eliminated by the year 2000. In reality, this has very little to do with the economics of agricultural production; instead, for the free traders of Washington and London, it is a means of attacking the dirigist economic impulses of Western Europe and is aimed primarily at the policies of the EC as it moves toward unity in 1992. A totally unregulated "free" market would give to the grain cartels a stranglehold on world food supplies, placing all consumers (especially those in the industrialized nations) at their mercy—precisely what the Anglo-Americans desire.

Sununu was followed by a presentation from the "Eminent Persons Group on World Trade," which was chaired by C. Fred Bergsten, an official in the U.S. Treasury Department under Jimmy Carter and present Director of the Institute for International Economics. Bergsten presented an apocalyptic view, warning that failure to adopt "liberalization" (i.e., Adam Smith's "free trade") will lead to "fragmentation of the trading system into regional blocs and unilateralism," leading to a failure of the Uruguay Round that "could produce an accelerated disintegration of the open global trading system."

Bergsten placed the blame for this, were it to occur, on the "New Europe," which he said would prove itself to be "inward-looking and self-centered." He concluded in ominous tones: "The political response [to this] could be an acceleration of American withdrawal from Europe that would undermine the prospects both for decisively ending the Cold War and for longer-run stability. *Trade and troops are clearly linked.*"

Next came U.S. Secretary of Agriculture Clayton Yeutter, who is known for his aggressiveness and sarcasm. Yeutter tore into the Europeans, charging that members of the EC "simply have not been engaged in the [negotiating] process.

"We cannot negotiate with ourselves, and the other exporting countries cannot negotiate with themselves and with us alone. We must also negotiate with others who are important in the trading process, and that includes the Community." Yeutter said that he wants Europe to eliminate export subsidies within five years, even though the official U.S. position is that they not be dropped until the year 2000. He cynically charged that, while he is willing to negotiate any time frame, "I haven't seen a counter-offer in anything less than 1,000 years so far."

U.S. Trade Representative Carla Hills followed Yeutter

with more of the same. She again placed the blame on Europe for the failure to reach an agreement thus far, saying that this failure threatens the world with "dangerously decreased economic prosperity."

Victory for Anglo-Americans?

In spite of this orchestrated offensive, the language on this issue in the Final Communiqué is something substantially less than the decisive "victory" for which the Euro-bashers had hoped. There is agreement that the leaders will push the negotiators to take steps to intensify talks later this month on GATT, a commitment pushed by the Anglo-Americans. And all agreed to "make substantial, progressive reductions in support and protection of agriculture, covering internal regimes, market access and export subsidies," which they also desired.

However, there was no call for the elimination of export subsidies, nor was a timetable for their reduction specified, both of which had been goals of Bush and Thatcher going in to the summit.

The Anglo-Americans were finally answered in an eloquent post-summit statement by EC president Jacques Delors, who said the wording of the Final Communiqué on agriculture represents "an evolution on two sides . . . what each country can reduce, a fair balance." He rejected the idea that there had been an American victory, saying, "There will be no global success at the end of the Uruguay round if one country has a 'victory' . . . between two friends, there is no victory, there is compromise."

When asked if he was surprised by the vehemence of the U.S. negotiating posture, Delors said, "Too much is too much, and the result is not good. We must retain a moderate tone." He said he does not accept the U.S. approach.

He then demonstrated the difference between the radical free market approach to this issue, which treats food as a commodity to be traded for profit or used as a political weapon, and his commitment to maintain some protection for agriculture. "We must innovate to maintain agriculture as a pillar of society. The problem is to offer a future to European agriculture in its role in society, as a broad issue."

He said that when he talks about agriculture as a "global issue," he is including such matters as his concern for modernizing eastern European agriculture, or aiding food production for Egypt, issues which must be included in any discussion of agriculture, i.e., that it is necessary to ensure that there is enough food production to match need. This runs directly counter to the Anglo-American approach, for which food becomes a weapon used to determine who lives and who dies.

In this context, Delors expressed his disappointment that French President François Mitterrand's proposal to discuss Third World debt was not taken up by summit members. He said that he views the debt issue as central to the question of agriculture. "At the meeting, I mentioned the transfer of \$55

billion from the LDSs [lesser developed countries] to the advanced countries; this must be reversed," he said. "For the EC, we make the connection between trade and monetary reform." Here again, the EC parts company with the Anglo-Americans.

The Kohl-Mitterrand proposal

In the other major issue at the summit, Bush and Thatcher (and Kaifu, who sided with them again) rejected the proposal of Chancellor Kohl and President Mitterrand for a joint commitment to provide \$15 billion in aid and credits to Moscow. Though they offered numerous explanations for their refusal to aid Gorbachov, they never stated the most obvious one—that the Anglo-Americans are broke, they have no money to lend, they are the victims of their own free trade lunacy!

Instead of money, they offer "technical assistance"; to determine just how this assistance should be applied, the Communiqué specifies that a study will be conducted, under the auspices of the International Monetary Fund (IMF) and World Bank. French sources report that Mitterrand did not agree with this proposal, saying that the Soviet Union "cannot be treated as the Congo." A spokesman quoted him as saying "We must not pile up conditions. If we don't decide on immediate aid, there's a risk that there will be neither a medium-term [for Gorbachov] nor reforms."

In another slap in the face to the Europeans, especially to Kohl and Mitterrand, the Anglo-Americans refused to

accept a current fact-finding mission to the Soviet Union by EC officials as adequate. In a rare moment of candor, a British spokesman said "IMF expertise" is necessary to "avoid throwing money away. Some people may have a lot [a snide reference to France and West Germany], but we don't." Baker also piped in on this, saying that the EC may want theirs to be "the sole mission," but the U.S. supports "another mission which includes the IMF and World Bank."

A related area of disagreement concerns "regional conflicts," an issue left somewhat unresolved from the NATO meeting a week earlier. In presenting the Political Declaration of the summit, U.S. Secretary of State James Baker devoted half his presentation to regional matters, including Afghanistan, Cambodia, Angola, the Middle East ("we all agreed on the need for movement in the peace process," he said), Kashmir, the Korean peninsula, and the Horn of Africa, mentioning joint U.S.-Soviet cooperation there to "deal with starvation and conflict in Ethiopia."

Reports from the London NATO meeting indicate that the Europeans are uneasy about such Anglo-American condominium deals with the Soviets, especially those which would require troops in Europe to be deployed jointly to settle disputes, or "bring in democracy" in the developing sector. Some see the present destabilizations in West Africa, and now Kenya, as likely sites for such "out-of-area" deployments and fear that NATO troops may soon be deployed to conduct "population wars" on behalf of this condominium.

British minister rants over Germany

The Anglo-American attack on the potential for economic development inherent in the German Monetary Union, in cooperation with other continental European powers, is being made openly. In undiplomatic language, British Minister of Trade and Industry Nicholas Ridley, a hard-core loyalist of British Prime Minister Thatcher and her economic policies, condemned the moves toward joint European monetary policy in an interview with the Hollinger Corp.-owned *The Spectator* magazine the week of July 9. The interview appeared under the headline, "Saying the unsayable about the Germans."

"This is all a German racket designed to take over the whole of Europe. It has to be thwarted. This rushed take-over by the Germans on the worst possible basis, with the French behaving like poodles to the Germans, is absolutely intolerable," Ridley ranted.

Asked by reporter Dominic Lawson, the son of former

British Chancellor of the Exchequer Nigel Lawson, how moves toward European monetary union could be perceived as a German move to take over Europe, Ridley exclaimed, "The deutschemark is always going to be the strongest currency, *because of their habits*." As a reporter, Lawson insisted that "it's surely not axiomatic that the German currency will always be the strongest," Ridley interjected, "It's because of the *Germans*."

Ridley went on that for Britain to give up its sovereignty to a German-dominated European Community, would be out of the question: "I'm not against giving up sovereignty in principle, but not to this lot. You might just as well give it to Adolf Hitler, frankly." Lawson protested, "But surely Herr Kohl is preferable to Herr Hitler. He's not going to bomb us, after all." Ridley responded: "I'm not sure I wouldn't rather have the shelters and the chance to fight back, then simply being taken over by . . . *economics*."

Later in the interview, the British Minister reminisced about the horrors of the concentration camps, and insisted that the problem is not the "German economy" but the "German *people*. They're already running most of the [European] Community [emphasis always in the original]."