

## George Bush goes for showdown with Europe

by Chris White

It seems now that the search for a scapegoat for the deepening economic depression in which especially the Anglo-Saxon world is enmired, is about to focus in on its real target, namely continental Western Europe. This is one of the conclusions which ought to be drawn from the way in which U.S. Secretary of Agriculture Clayton Yeutter and U.S. Special Trade Representative Carla Hills, the responsible officials, have handled the final phases of the present Uruguay Round of international negotiations under the rubric of the General Agreement on Trade and Tariffs (GATT).

On Nov. 10, the U.S. delegation walked out of the negotiations in Geneva, breaking off talks on the grounds that a European compromise solution on the so-called farm subsidy matter was not acceptable. Since then, Yeutter has emphasized in successive speeches that there will be no agreement on the basis of the European proposals, and that no one should think the United States is bluffing and will back down at the last moment, because it is not.

The now-erupting GATT dispute set the stage for an acrimonious series of meetings in Europe the week of Nov. 19, culminating in the long-scheduled summit of the Conference on Security and Cooperation in Europe (CSCE), which brings together the nations of Europe, East and West, with the United States and Canada. Bush was slated to attend. Already soured by the insanity of Thatcher and Bush's commitment to war in the Persian Gulf, economic and financial conflict is now being pushed for the summit too.

Apparently, the Bush administration is set to reject a European draft declaration intended for the CSCE summit. The draft, prepared by European Community foreign ministers in their latest meeting in Rome Nov. 12, contains statements of commitment to "international financial stability" and "high employment." And these features, it is now report-

ed, are what the Bush crowd rejects.

This won't come as any surprise to U.S. mayors, who gathered in their annual conference to put together a new "compact" for the cities, and to denounce, in the words of Mayor Norman Rice of Seattle, the "trickle-down" theory of economics. "We are fed up with being trickled on," he said. Nor will it come as any surprise to the roughly 20 million Americans who are unemployed, despite the government's lying 5.7% unemployment rate, and the millions more who face unemployment over coming weeks.

### Widening rift in economic policy

The administration's rejection of the European draft is but one feature of a widening international rift in economic policy. This rift is pitting continental Europe and Japan against the Anglo-Saxon powers, led by Thatcher's basket case of Britain, and Bush's United States. The international opposition is complemented by calls originating in the United States for the ouster of Bush's economic team, namely, White House Chief of Staff John Sununu, Budget chief Richard Darman, and the tier of secondary Treasury officials under Bush confidant and tennis partner Nicholas Brady. The *Wall Street Journal* and *New Republic* both raised such demands after last month's budget debacle.

Meanwhile, it is the Bush administration, and Thatcher's team in Britain, which are forcing the pace of the coming showdown. The instruments, apart from the related war deployment in the Gulf, have been the GATT talks and the resurrection of Jimmy Carter's "benign neglect policy" toward the U.S. dollar. Both are part of the same Anglo-Saxon commitment to the so-called "free trade," "magic of the market place" cult doctrines of 18th-century Scottish weirdo Adam Smith.

Since the beginning of the year, the dollar has been devalued by around 20% against the currencies of all its major trading partners, including Japan and Germany. These are the same trading partners which have, up to now, been expected to invest their surpluses in financing the U.S. trade and budget deficits.

The showdown looming might be expected, Smoot-Hawley style, to provide the setting in which the depression collapse is blamed on the allies in Europe who refused to accept U.S. demands for so-called liberalization of trade, and to provide a cover for the new round of austerity and looting which is to be unleashed in the United States.

During the final weeks of the election campaign, it is now reported, while Bush and officials of his administration were ludicrously retailing the lie that economic growth in the United States is continuing, weekend seminars were being organized at the President's Camp David, Maryland retreat, under the direction of the chief of the Council of Economic Advisers, Michael Boskin, to prepare an agenda to deal with the "recession," which the seminars assumed began in October. Now that the campaign is finished, Bush and company have begun meetings at the White House with officials from the Federal Reserve and the Treasury, and from banks and industry, to discuss what they are going to do. The campaign against Europe on the GATT matter is related to this.

### **Attack on food production**

At the same time, the United States and Great Britain, supported by a coalition called the Cairns Group, made up of other food exporters, have insisted that Europe and Japan end their policies for fostering agricultural production, by eliminating what are misnamed "subsidies" to farmers. Ninety percent reductions over 10 years have been the standing demand at GATT. On Nov. 10, the talks broke down when the U.S. delegation declared a European 30% compromise cut unacceptable.

The demand to eliminate the credit and pricing policies which permit agricultural production to occur is obviously no different from demanding the elimination of food production overall. It is put forward with the intent of establishing Anglo-Saxon control over world food production as part of a policy of deliberate starvation of peoples of brown, black, and yellow skins in especially the Third World. It is an economic warfare complement of the military deployment in the Persian Gulf.

The U.S. demands are also intended to begin the process of cracking the European Monetary System apart. In demanding the elimination of so-called subsidies, the United States leaves out of account the effects of political manipulation of exchange rates. Europe's response takes fixed exchange rates as its starting point, calculating from there the effects of currency devaluation on its internal pricing arrangements. Effects of currency devaluations are offset then with compensatory payments to farmers and others. This is

an attack on the way the United States and the co-members of the Cairns group have looted both farmers and their customers alike, through driving down internal prices and currency manipulations. It also puts the European Monetary System, the means by which continental Europe has been relatively isolated from the depression in the Anglo-American world, smack in the middle of the fight.

With the U.S. walkout Nov. 10, U.S.-European relations entered a countdown. The Cairns Group, which includes Canada, Australia, Argentina, and Fiji, has set Nov. 15 as the deadline for European submission.

Similar developments are afoot with Japan. That country has refused to renew the so-called Sematech agreement on electronic components, on the grounds that the United States is now in violation of the Strategic Impediment Initiative, under which Japan agreed to accept various U.S. free trade-related demands, on condition that the U.S. acted to eliminate its budget deficit, and make other internal changes. The Japanese charge that the recently concluded U.S. budget agreement, under which the deficit is to rise from a targeted \$60 billion to over \$240 billion, is a violation of the Tokyo-Washington agreement.

### **Showdown, or LaRouche's alternative**

Both developments set the stage for the rapid development of a showdown between Britain and the U.S. against continental Europe, on the one hand, and Britain and the U.S. against Japan, on the other. What is slated to emerge, and was prefigured in the budget agreement which voted up a war chest to finance dumping of agricultural production in the event the GATT talks break down, is a turn toward policies of open economic warfare against especially continental Europe and Japan. This would be the thrust advocated by CIA Director William Webster, who insists that the Cold War over, and so the U.S. must find new enemies to target among its allies and trading partners. It can be presumed that the calls for a shakeup in the Bush economic team would be designed to serve that same goal.

However, that may not be what eventuates. There is another alternative—that associated with Lyndon LaRouche's proposal for the organization of a productive triangle, Paris-Berlin-Vienna, for the intensive development of Europe, East and West. A commission of presidents of seven French industrial associations echoed aspects of this on Nov. 12, in announcing a campaign to revitalize industry. They attacked the ideologies of the post-industrial society and environmentalism, which, they said, have undermined industry over the last 25 years. They counter-posed such a necessary revival to the state of affairs in the countries where the post-industrial decline has gone the furthest: the U.S. and Britain.

This may indicate that Bush and his economic team would have had some other surprises awaiting them as they traveled to Europe for the policy summits, which began Nov. 16 and were to continue into the next week.