

G-7 summit haunted by mass unemployment, Soros

by Richard Freeman

The highest level of unemployment in the industrial West since the end of World War II will confront the heads of state of the seven so-called industrial nations when they gather at the annual Group of Seven economic summit in Tokyo on July 7-8. Either the heads of state will tackle this crisis by building capital-intensive, energy-intensive "Great Projects" throughout the industrial and developing world, featuring infrastructure construction and technology transfer, or the industrial West and its governments, along with Japan, will be torn apart by riots and famine.

The prospects are not good. The head of the summit's host government, Japan's Kiichi Miyazawa, fell in a vote of no confidence in the Japanese parliament on June 19. Miyazawa will represent Japan, the second largest industrial economy in the world, in the role of a caretaker administration. In Canada, Prime Minister Brian Mulroney's popularity plunged so low because of the economy, that he was removed from power by his own Conservative Party in May. In France, with the new government of Prime Minister Edouard Balladur in office barely 12 weeks, splits immediately erupted, as he came under withering fire from Philippe Séguin, a member of Balladur's RPR party. As the French economy shrinks, and with unemployment at an official 10.9%, on June 18 Séguin attacked Balladur's reliance upon monetarist budget-cutting and called for creating jobs, but without specifying how that would be done. The same condition of disintegrating nation-states exists for the other G-7 members and their leaders, from Germany to the United States, Italy, and Great Britain.

Yet, with unemployment mounting, the world's leaders recommend bandaides for the hemorrhaging physical economy. Making this doubly dangerous is the studied silence and deliberate blindness that the world's leaders maintain to such street-scum as speculator George Soros. On June 9, Soros

announced that he would ravage the German deutschemark as a way of ravaging Europe's strongest economy. Between June 9, when the mark stood at 1.6350 to the dollar, and June 23, when it fell 3.4% to 1.6920—a very large fall for two weeks of trading—Soros and his band of foreign exchange arbitrageurs short-sold the mark. On June 24 an emboldened Soros announced that he would make a frontal assault on the German economy. Questioned about the relatively small size of his available funds, Soros told the German *Die Woche* weekly, "One million dollars is a small sum. On the other hand, the market between the dollar and deutschemark is trading 100 times that much every single day. So if the deutschemark falls, it's not just because of me."

Soros's remark is factually correct. He is personally reported to have a war chest of \$40 billion, subscribed to by such speculators as China drug money launderer Shaul Eisenberg. But beyond that, he must be counting on the institutional cooperation of the large money center banks with sufficient resources, Britain's Hongkong and Shanghai/Midland Bank and National Westminster, America's Morgan Bank and Citicorp, and France's Crédit Lyonnais, to deliberately break the mark through arbitrage in the multitrillion-dollar foreign exchange and derivatives markets.

If the leaders of the G-7 were serious about stemming unemployment, restoring their economies, and acting in a sovereign capacity, they would crush Soros and financially burn and prosecute his money center bank accomplices. The action against the mark and Germany goes way beyond the scope of single speculative action. Germany happens to be the only nation in the world today which is seriously interested in large-scale industrial investment in the East. The German thrust toward industrial development of the East would rejuvenate the world's physical economy, and would have spin-off effects throughout Europe and the developing sector. If that thrust is

TABLE 1

Spectacular growth of unemployment in the West

(in millions)

Year	Canada	EC-12	France	Germany	Italy	Japan	United Kingdom	United States
1989	1.0	11.6	2.3	2.0	2.6	1.4	1.8	6.5
1990	1.1	12.1	2.5	1.9	2.6	1.3	1.7	6.9
1991	1.4	13.0	2.7	1.7	2.7	1.4	2.3	6.4
1992	1.6	15.5	3.0	3.0*	2.7	1.4	2.8	9.4
1993**	1.6	17.0	3.1	3.3*	3.2	1.5	2.9	8.9

* The number of unemployed in Germany, for 1989-91, reflects solely West Germany. The number changes in 1992 and 1993 to reflect the number for unified Germany as a whole. According to the Bundesbank, the figures for the number of unemployed in the former Western portion of Germany, are 1.8 million in 1992, and 2.2 million thus far in 1993.

** The number of unemployed in 1993 is based on the reporting for either March, April, or May, depending on the country.

Source: Embassies of Canada, France, Germany, and Italy; Japanese External Trade Organization; British Information Service; U.S. Bureau of Labor Statistics, Department of Labor; Delegation of the Commission of the European Communities.

stopped, the world economy will be set back 10-15 years. Soros's British sponsors know this. Moreover, they have positioned themselves in Hungary, Poland, Slovakia, and Russia to pick up the pieces if Germany fails, instead turning these countries into speculative havens. That alone would change the course of future history. Moreover, with the German mark shattered, the European Monetary System and its rate mechanism would be turned into a British plaything.

Labor power going to waste

With this as background, the reader should turn attention to the above table. If one adds the officially reported unemployment levels for the European Community of 12 nations to the levels of unemployed in Canada, Japan, and the United States, then the total level of unemployment in the West, with the addition of Japan, is a staggering 29 million people. But even that enormous official number is an understatement: *The unofficial, real unemployment level is somewhere between 50 and 55 million.* This represents a criminal waste of resources: the margin needed to end the depression and launch the industrialization of the globe. But it also represents a potentially explosive force for social dissolution, as these men and women are tossed onto the scrapheap, while safety nets are eliminated. The European Community reports that just a shade under one-half of the 17 million officially reported unemployed European workers have been out of work for one year or more.

Terrified that they cannot think of how to put their own people back to work, at least two countries, France and the United States, have in the last month initiated discussion of immigration restriction laws.

As the table shows, in every nation but Japan, unemployment has skyrocketed since 1989. To some nations with a large labor force, Canada's officially reported level of unemployment of 1.6 million may not seem much; but consider that against Canada's working population of 13.9 million, this represents 11.4% of its work force. Six European Community members have an officially posted rate of greater

than 10%. They are: Britain, 10.5%; Italy, 13.6%; France, 10.9%; Spain, 21%; Ireland 19%; and Denmark, 11.5%.

The most worrisome part of the explosion in unemployment since 1989 is the layoff of manufacturing workers. In 1989, according to the British Information Office, Britain had 5.1 million manufacturing workers. In January 1993, it had only 4.1 million—a loss of one-fifth in four years. Britain is truly the junk-heap of Europe. In the western portion of Germany, between 1989 and the present the number of manufacturing jobs declined from 7.203 million to 6.977 million, a loss of nearly a quarter million. With the 12,500 layoffs announced at Volkswagen, and the continuing shutdown of the steel industry, that number will swell. An estimated 1 million manufacturing jobs may have been lost in the former East Germany during this same timeframe. This reflects the acceleration of a shift 20 years in the making: The Office of Economic Cooperation and Development calculates that in 1970, blue-collar workers outnumbered white-collar workers in all 12 EC states except the U.K., Germany, and the Netherlands. By 1990, white-collar workers were in the majority everywhere except Spain.

And these are only the official figures. The United States, for example, reports 8.858 million unemployed, representing 6.9% of the labor force. But if one adds in 6.580 million workers who work part-time for economic reasons, and 6.378 million workers who are "not in the labor force," but who answer government surveys saying that "they want a job," the total number of unemployed and underemployed is 21.816 million. For a labor force of 128.3 million, that is 17.0%, not the official U.S. government figure of 6.9%.

If the real unemployed in the other nations under consideration are brought to light, the total unemployed in the West, with Japan, is between 50 and 55 million.

That can either be the labor pool of "free energy" for the most massive development program the world has ever seen, or a festering pool for riots, chaos, and famine. The heads of state of the G-7 nations, were they real leaders, would have no difficulty deciding.