deindustrialization has occurred in the United States, which went from 28% of its labor force engaged in manufacturing in 1965, to 16% in 1994. (During 1970-94, the share of the European labor force engaged in manufacturing fell from 30% to 20%; the decline in Japan was less steep than in either America or Europe.)

Continuing to hold up the United States as a model, the paper states that "all advanced economies have witnessed virtually continuous increases in the share of services employment since 1960. The United States has been one of the pioneers in this context." It has gone from 56% of the labor force employed in services in 1960, to 73% in 1994.

Speaking of the decline of manufacturing in both the real Asian tigers, which have a "full-set" economy (Taiwan and Korea), and the fake tigers (such as Singapore and Hongkong), the IMF calls this a "deindustrialization . . . of the positive variety."

The report also says that "deindustrialization also implies that the role of trade unions is likely to change over time in the advanced economies." It does not spell out what this means, but a breaking up of the ability of trade unions to defend living standards is implied.

The April 28 *Wall Street Journal,* in a front-page article entitled "A Slide in Factory: The Pain of Progress," lauded the IMF's "Deindustrialization: Causes and Implications" working paper: "Viewed from the sweep of history, the IMF is right. The disappearance of manufacturing jobs isn't necessarily a symptom of an economy's demise, but could be a symptom of success."

On April 27, one day before the Interim Committee meeting opened, the finance ministers and central bankers from the Group of Seven nations (the United States, France, Japan, Germany, United Kingdom, Italy, and Canada) met. A 17-point final communiqué endorsed the main features of globalization and IMF surveillance, and called for Russia and sub-Saharan African countries to adopt "more market-oriented economic policies."

Reorganization needed

The IMF-World Bank Interim Committee meeting offers proof, once again, that the IMF and World Bank are morally and financially bankrupt institutions. LaRouche has proposed that the current bankrupt monetary system be put through bankruptcy reorganization. He, and his wife, Schiller Institute founder Helga Zepp LaRouche, would replace it with a new Bretton Woods monetary system, pivoted around an "Eurasian Land-Bridge" project: constructing railroad-spined corridors of high-technology development, spreading across Eurasia from the Pacific to the Atlantic Ocean, which would kick off world economic growth. The IMF would be put out of existence permanently. More than 700 prominent individuals internationally have signed an appeal to President Clinton, calling for convocation of a new Bretton Woods conference.

The IMF's fear of LaRouche has deep roots.

IMF makes E. Europe worse off than ever

by Konstantin George

At their annual meeting in Washington on April 26-27, the International Monetary Fund (IMF) and World Bank issued reports on eastern Europe and the former Soviet Union which were widely covered in the press, expressing a "rosy outlook" and "grounds for optimism" for the future of reforms in the former Communist bloc. An updated look at the actual situation in these countries, however, reveals a diametrically opposite picture.

Even the so-called "model" reform states of central and eastern Europe are in horrible shape. A survey in the May issue of the *Central European Economic Review,* published by the pro-free market *Wall Street Journal,* on household incomes in eastern Europe during 1996, reported that, except for Albania, living standards worsened during 1996. (In Albania, the majority of incomes rose in 1996, because this was calculated before the collapse of the pyramid schemes.) In Poland, only 21% of the population reported better incomes; 37% reported lower incomes, and 40% said their situation was about the same. In Hungary, 6% reported that their incomes had improved, 72% said their situation had worsened, and 21% said it had stayed the same.

Extermination of the young

Perhaps the most damning of the many crimes committed by IMF policies in eastern Europe is the physical and cultural destruction of the younger generations, whose effects will be felt for decades to come. Ironically, the IMF's report came only days after Unicef released a 170-page report in Bonn on April 21, on the misery confronting youths in the former East bloc. Its principal author, Gaspar Fajth, declared that for most people, living conditions are far worse than under communism: "In many ways they are worse off now, and this is a scandal."

The report said that more than 21 million jobs have been lost in the former East bloc since 1989 (i.e., during the IMF "reforms"), broken down geographically as follows: In central and eastern Europe (Poland, the Czech Republic, Hungary, and Slovakia) 4.8 million jobs were lost; in southeastern Europe (Romania, Bulgaria, and former Yugoslavia), 2.2 million jobs were lost; in the former Soviet Union (Russia, the Commonwealth of Independent States republics, and the Baltic republics), 13.2 million jobs were lost. The report documented the astronomical rise in alcoholism, drug use, and prostitution among children, and also the steep rise in abandoned children, who are called "social orphans." In Russia, there were 130,000 "social orphans" in 1995, a 130% increase over 1989. The incidence of "alcohol-related problems" among Russian adolescents was 14.8 per 100,000 in 1990, which had nearly doubled to 27.3 per 100,000 already in 1994. The report cited marijuana smoking and glue sniffing as having "become common" in most schools in Russia.

Another alarming statistic is the suicide rate among 15- to 19-year-old males. The highest rate is in Russia, with 42 per 100,000 in 1995, followed by Lithuania, Latvia, and Slovenia. Russian male life-expectancy was put at 58.3 years, compared to 64.2 years in 1989. The report emphasized the enormous social problems that arise because parents have to each work two or more jobs for the family to survive. The percentage of schoolchildren left alone after school is extremely high. In Bulgaria, the report estimated that four out of five children fall into this category. Equally shocking, are the number of children who don't go to school at all. The report said that at least 5% of elementary school-age Russian children don't go to school; in Romania, the figure is 24%. The report also contained a section on the spread of epidemic diseases in the former East bloc—from diphtheria and tuberculosis to syphilis. For example, since 1989, more than 17,000 people in Russia have died from diphtheria.

Even the IMF's most loyal henchman in Moscow, First Deputy Prime Minister Anatoli Chubais, declared that Russia was on the verge of a collapse of state finances. In an address to the Russian Federation Council on April 17, he reported: "Russia is experiencing a monstrous state budget crisis, whose parameters, if the truth be told, call into question the ability of the state to perform its functions." He announced that to comply with IMF demands, a further 100 trillion rubles ($17.4 billion) would have to be cut from the budget. The IMF and World Bank know very well that Russian state finances are close to collapse. It was for this reason that in mid-April, World Bank President James Wolfensohn rushed to Moscow, and presented Russia with an unprecedented $6 billion credit for 1997-98, solely to plug holes in the Russian budget. This is a type of credit the World Bank almost never gives. It was done as a political emergency, to prevent the otherwise certain collapse of Russian finances during the second quarter, and, with that, the collapse of IMF "reform" policies there, which would have had immediate ramifications for the international financial system.

With the World Bank credit in hand, Russia played its role in the "Potemkin Village" game that everything is "rosy." Timed with the arrival of an IMF mission in Moscow on April 21, and five days before Chubais's departure for the IMF meeting, the Russian Tax Service reported that collections for April 1-14 were at 84% of the amount targetted, the highest rate this year, and way above the 56% level of the first quarter. It reported that in the first half of April, R 7.4 trillion were collected.

What was not reported, was that this high performance was solely due to the April 15 deadline given for tax delinquents to pay up, or face prosecution and possible confiscation. But even this surge could not meet the original quota set at the beginning of the year.

The next level of Hell

On April 23, the IMF approved a $430 million standby credit for Romania, setting the stage for the next phase of shock therapy there. The first installment of $86.2 million is to be granted immediately, followed by four equal quarterly installments, "subject to Romania's meeting or working toward IMF conditions." Romania can also now expect up to $530 million in World Bank credits in May.

Romania qualified for the credit because of ruthless imposition of shock therapy begun by the new government under Prime Minister Victor Ciorbea and President Emil Constantinescu. They deregulated all prices, giving Romania a record "post-Communist" 30% monthly inflation rate during March. Other measures implemented include the devaluation of the Romanian currency, the leu, drastic budget cuts, a law allowing foreigners to own land and real estate, and the publication of a list of big "loss-making" state enterprises slated for liquidation this year. This destruction of the state sector of industry, and even more draconian budget cuts, form the main points of the program that will soon become even more intense, resulting in hundreds of thousands of additional unemployed. Both Constantinescu and Ciorbea hailed the IMF agreement as marking the "normalization of relations" between Romania and international financial institutions.

Bulgaria is also under the total rule of the IMF. The same ministers from the transitional government who had negotiated the 1997 shock therapy package with the IMF, Economics Minister Krasimir Angarski and Industry Minister and Privatization boss Alexander Boshkov, will stay on as the key ministers in the post-election cabinet of Prime Minister Ivan Kostov. Angarski is now drafting the final legislation to set up the IMF-dictated currency board in May. This currency board will direct all financial, monetary, budget, and credit policy, in effect ending anything but a rubber stamp role for the government, parliament, and central bank—in short, undisguised and unmediated colonial rule. Boshkov's role is to oversee the crash privatization program, under which, as he announced on April 24, the entire Bulgarian economy will be privatized by the end of 1998. This will be accompanied by mass closures of "loss-making" state enterprises. Before the summer, 64 of these large enterprises will be shut down, throwing an additional 200,000 workers onto the unemployed list.

Boshkov exemplifies the Nazi mentality of the compradors executing the mass murder policies of the IMF. When asked about the coming huge rise in unemployment, he replied that it doesn't matter, because none of the workers to be fired had been receiving their pay anyway.