GATT talks resume amid monetary chaos

by Marcia Merry

On Nov. 19, a deal was struck between U.S. and European Community (EC) representatives to defer trade war—previously set to kick off Dec. 5—and to resume negotiations in the stalled seven-year Uruguay Round of the General Agreement on Tariffs and Trade (GATT) to set up free-access trade among the 105 member nations, in agriculture, banking, labor, medicines, textiles, and many other areas formerly considered the province of sovereign nations.

The deal, which on the face of it dealt with "oilseeds," is a pact with the devil. Among the terms of the agreement, is a European pledge to prohibit food production from millions of acres of farmland and to curb EC food exports. This was done in the face of the misery of hundreds of thousands now hungry and starving in the former Yugoslavia, the former Soviet bloc, and Africa. These food-prohibition terms of the pre-GATT deal show to what depths the political leaders of the West have sunk. What do they expect will happen?

License to loot

On Nov. 22, Robert Hormats, vice president of the Goldman Sachs investment banking firm, spoke on U.S. television in praise of the GATT deal, saying it would open up a new era in which investment firms could "sell their product" anywhere in the world without restrictions. What he means is, they'll get international looting rights. Goldman Sachs and cohorts among an Anglo-American financial elite envision new forms of usury from a GATT deal in 1993. They desperately want GATT free trade because their Maastricht Treaty for a unified European zone, under their command, has gone awry.

Meantime, as a fallback, plans are in the works for an expanded North American free trade bloc—to include Australia, New Zealand and selected other countries deemed eligible for the "imperial preference zone" of the Anglo-Americans. In this region, so-called globally competitive companies would be expected to pay next to nothing for manufacturing and farm labor costs, in the name of staying "lean and mean" so as to compete in the international markets. In other words, you would expect to see slave-labor *maquiladoras* not only along the Mexican border with the United States, but in Detroit, Missassauga, or Melbourne.

Hormats will be chairing an event in Frankfurt, Germany in January, to brief invited European financial muckety-mucks about how to kneel down to the new Clinton administration on GATT, or whatever else the investment banks can come up with.

Only French farmers have gone into revolt against the suicidal pre-GATT trade deal. On Nov. 25, the farmers stormed the Paris bourse. They have staged numerous "Operations Escargots," in which they drive their farm machinery on the highways, reducing traffic to a snail's pace. An international demonstration is set for Dec. 1.

France is the EC's largest grain producer and exporter—a vital resource for food relief in Eurasia and Africa. But, though Germany sided with France in the past to resist Anglo-American demands to cut European farm potential and national sovereignty, this time Germany went along with Britain in the EC, and other EC nations fell into line to approve the pact. German industrialists make the stupid argument that the EC economies will be better off in view of national debt burdens, if there is less support to farmers and less farm output.

The French government is feeling the wrath of its farmers, but lacks a positive plan. Paris officials are so far making only a show of objection. They are putting the deal up to Parliament to vote.

Currency realignments

The policy chaos is reflected in repeated monetary crises. At secretive meetings the weekend of Nov. 21, the EC financial committee realigned the values of certain currencies for the third time in 10 weeks. On Nov. 21, more currency chaos hit. On Nov. 23, the Norwegian government was forced to increase overnight interest rates to 1,100% (later dropped back to 600%) in order to stop a massive speculative attack on the kroner. The same day, overnight interest rates were raised to 30% in Ireland, 13.75% in Spain, 14% in Portugal, and 50% in Denmark.

On Nov. 24, the speculative attacks turned to the Irish punt and the Danish kroner (where fears of imminent bankruptcy of one of the largest Danish companies, the Danish East Asiatic Co., have added to speculative pressures).

The Franch franc also came under attack, with hidden intervention by the Bank of France being the only factor keeping the franc from a sharp fall. The internal French political turmoil over the GATT farm sellout has added to a sense of political paralysis which further weakens the franc.

In the midst of this, the European Commission met on Nov. 23 to take up an agenda including GATT, currencies, and "stimulus" proposals for spending on infrastructure. Large-scale plans, along the lines proposed since 1989 by Lyndon LaRouche for a "Productive Triangle" of concentrated industrial development in central Europe, would foster the institutions and growth now lacking.

Although the infrastructure plans so far before the EC are penny-ante projects, even these are under attack. British Chancellor of the Exchequer Norman Lamont told BBC on Nov. 24 that he was "astonished" that anyone would be discussing high-priced schemes as a "dash for growth."