G-7 ministers try to ignore Anglo-American wreckers

by Marcia Merry

On Feb. 27 in London, finance ministers and central bankers gathered to meet on economic policy from the Group of Seven nations—the United States, Britain, Canada, France, Germany, Japan, and Italy—in proceedings characterized by yawns and apparent complacency. Yet outside, in the real world, terror reigns on the financial exchanges and in the streets, as national economies disintegrate.

The G-7 meeting lasted one day at Lancaster House, and closed with press conferences, but no joint communiqué. The nominal topic was how to restore "growth." "Each member country took the stand of placing top priority on self-responsibility," said Bank of Japan Governor Yasushi Mieno. "This is what the G-7 finance meeting should be."

The dramatic exception to the offical G-7 ho-hum attitude toward economic catastrophe occurred in Italy this month. On March 3, political leader Bettino Craxi, recently ousted head of the Italian Socialist Party, warned reporters that "big Anglo-American finance" is wreaking havoc on the Italian economy. The second-largest national Italian daily *La Stampa* reported on March 4 that Craxi has been referring associates to an *EIR* memorandum (for a summary, see *EIR*, Feb. 12, 1993, pp. 11-12) which gives background details on the British and American networks that are conducting financial subversion in Italy. This welcome turn of events points in the direction of publicizing truth that could thwart the Anglo-American geopolitical games.

Ever since last Sept. 15, when Britain unilaterally yanked the pound sterling out of the European Monetary System, in coordination with Anglo-American speculation against the German mark, French franc, Scandinavian and other currencies, hit-and-run speculation and other monetary manipulations have been waged by mostly Anglo-American-serving entities and individuals. Operators include George Soros, the New York-based speculator who made $1 billion on currencies last September and October, as well as the currency divisions of Citibank and others.

As a result of this monetary warfare, entire national economies have been plunged into crisis. Apart from huge profit taking by these financial terrorists and agencies, the focus of their financial warfare has been to obstruct any strengthening of continental European economies—France, Germany, Italy, etc.—that may pose a political and economic threat to the geopolitical designs of London and Washington. In particular, Anglo-American funding, agentry, and all manner of dirty tricks have been behind the recent ousting of dozens of big-city Italian mayors and other officeholders on charges of corruption, throwing the country into political chaos (see article, p. 6).

Craxi uses EIR exposé

But now comes a move in Italy to turn the spotlight on the culprits. On March 3, only four days after the G-7 charade, Bettino Craxi warned, "Behind all this [destabilization], the 'invisible hand' is moving—something as powerful as big Anglo-American finance." Craxi was at Parliament to meet with the committee which is supposed to decide whether or not to lift his immunity, to be charged and punished for "corruption" allegations which are hitting every Italian party across the political spectrum.

According to the coverage of Craxi's remarks in *La Stampa*, in order "to be more convincing, the former secretary gave his interlocutor a study with the significant headline, 'The Anglo-American Strategy behind the Italian Privatization: the Looting of a National Economy.' " This *EIR* dossier gives the who, what, where, when, and why of British- and American-based financial interests' intervention to coerce Italy to sell off its public industry and infrastructure at distress sale prices to Anglo-American-approved purchasers. In particular, the *EIR* memorandum reported on a meeting held June 2, 1992, on Queen Elizabeth's yacht, *Britannia,* off the Italian coast, between City of London financiers and Italian public officials, to discuss privatizations. On board were individuals from Barclay's brokerage house BZW, Baring's, S.G. Warburg, the Italian energy conglomerate ENI, the Italian state-owned oil company AGIP, Mario Draghi from the Italian Treasury Ministry, Riccardo Gallo from the Institute for Industrial Reconstruction, high-level officials from Banca Commerciale and Assicurazioni Generali (Venice-based insurance), and many others.

News of the meeting has resulted in a big stir. On March 4, deputy Valentino Parlato raised a formal parliamentary question, asking the government to confirm the Queen's yacht confab. One of the participants, Treasury director Mario Draghi, told the press that he had been aboard the yacht, but had left early, right after reading his speech.

Regarding attendance at the meeting, *La Stampa* further reported, with unsuccessful irony, that "needless to say, [Umberto] Bossi's [Northern] League is the insidious instrument of big international finance, which is linked to the whole evil world, starting with the CIA." *La Stampa* thus singled out for reference the separatist Northern League, the rising northern Italian political party which has played such a key role in fracturing Italian politics (see *EIR,* Jan. 29, 1993, pp. 46-47).

In Rome, the same day as Craxi was pointing the finger at Anglo-American financiers, an Anglo-American delegation was meeting with Italian government officials, bankers, and business leaders to demand that Italian firms be privatized. Representatives of Lehman Brothers and Lazard Frères were at the meetings. Lehman Brothers was represented by Mario D'Urso, Jim Schlesinger, and Robert Barbera, while Lazard was represented by Felix Rohatyn and Mario Garraffo, manager of the new Lazard office in Milan.

Killing for geopolitics

In the Anglo-American drive for privatization, the question of murder is now raised. At the end of February, Sergio Castellari, former director general of the Italian Public Industry Ministry, died mysteriously. Castellari was involved in German-Italian collaboration on investment in the Middle East and Eastern Europe—activities opposed in principle by London and Washington (story, page 6).

In response to all the dramatic evidence of this murderous Anglo-American intervention against Europe, denials are issuing forth from London and Washington. One such demur was titled "The Pound-Dollar Plot," a ridicule-piece penned in Brussels by Lionel Barber, European Community correspondent for the London *Financial Times.* Barber began by acknowledging that there are "charges that the United States and United Kingdom are manipulating the world's currency markets," especially since last September's Black Wednesday. This is followed by almost 1,000 words to refute the "notion of an Anglo-Saxon plot."

The gentleman doth protest too much. Look at his ending paragraph: "The prospect for Europe is blood, sweat and more tears. The message for the Clinton administration is simple: Keep a dry handkerchief and brace yourselves for a good deal more anti-American conspiracy theories on this side of the Atlantic."

Economic crisis in G-7

Even while the lisping voice of the *Financial Times* denies financial warfare, evidence of economic collapse in the Group of Seven is plain for all to see. Yet the next scheduled G-7 heads-of-state meeting is not until July, in Japan, although European Community head Jacques Delors has called for a special session in April.

On March 4, a London economist at the bank-rating agency, IBCA, provided this news service a more accurate view of the state of affairs of some of the G-7 nations: "It is amazing to me how complacent the governments of the G-7 are. Look at each of the G-7 economies. Italy is up against the wall, already deep into the so-called 'debt trap.' Payment of debt service by the government on state debt already takes more than the total of private savings, meaning nothing is available to invest in industry. It will be a slump lasting years, as it looks now.

"Canada is in some respects even worse off than Italy, because Canada has far less savings ratio to draw on. It has for some time been forced to issue state debt in foreign currencies. Now, as the Canada dollar falls lower, because of weak domestic economic and political conditions, Bronfman, O&Y [the Olympia and York real estate empire], etc., this is severely increasing the cost to the government of servicing its debt in foreign currencies. One-half of Canada's current account deficit is to pay interest on this foreign debt. The credit situation in the provinces is such, that they also must go to foreign currencies to finance deficits.

As for Japan, "although it has huge, untapped reserves and an extraordinary central structure—unlike anything in Europe or North America—to fall back on, [its] corporate debt as a share of GNP is disastrously high—some three times more, even, than U.S. corporate debt to GNP. Now, with the industrial slowdown worldwide in the past two years or so, Japanese corporations face this huge debt burden at the same time sales have plunged. The result has been corporate profits at a 35-year low. But even more alarming is the situation with Japanese unused industrial capacity. Japan today has a total of unused industrial capacity equal to that of entire Western Europe['s] unused capacity. Sooner or later they will be forced to flood the world with their products at dumping prices merely to avoid snowballing bankruptcies."

And as for the bankrupt United States, he noted that "Clinton's new tax plan, while it is pleasing financial markets for the moment, will raise taxes and depress the economy further, which will *worsen* the U.S. deficit."