

Reality refutes the Lyons communiqué

We publish here substantial portions of the economic communiqué issued at the Lyons summit of the Group of Seven on June 28, under the title "Making a Success of Globalization for the Benefit of All" (the bracketed portions are summaries of longer sections). In the right column, we refute the fantasy-world which the communiqué portrays, by reporting a few hard, cold facts from the real world of a collapsing economic and financial system.—*Marcia Merry Baker*

The communiqué

Preamble

1. We, the Heads of State and Government of seven major industrialized democracies . . . [have held discussions] within the framework of a reflection on benefits and challenges posed by increasing economic globalization.

2. Economic growth and progress in today's interdependent world is bound up with the process of globalization. Globalization provides great opportunities for the future, not only for our countries, but for all others too. Its many positive aspects include an unprecedented expansion of investment and trade; . . . opportunities for more developing countries to improve their standards of living; the increasingly rapid dissemination of information, technological innovation and the proliferation of skilled jobs. These characteristics of globalization have led to a considerable expansion of wealth and prosperity in the world. . . . [T]he process of globalization is a source of hope for the future. . . .

3., 4. Globalization also poses challenges. . . . Its benefits will not materialize unless countries adjust to increased competition. In the poorer countries, it may accentuate inequality and certain parts of the world could become marginalized. The adjustment needed is, however, imposing rapid and sometimes painful restructuring, whose effects, in some of our countries, can temporarily exacerbate the employment situation. Globalization of the financial markets can generate new risks of instability which requires all countries to pursue sound economic policies and structural reform.

5. [There must be] increased international cooperation. The adaptation of our international institutional structures; liberalization of markets, fair rules and their extension to new players; the capacity to respond to crises of varying scale and nature. . . .

I. Strengthening economic and monetary cooperation

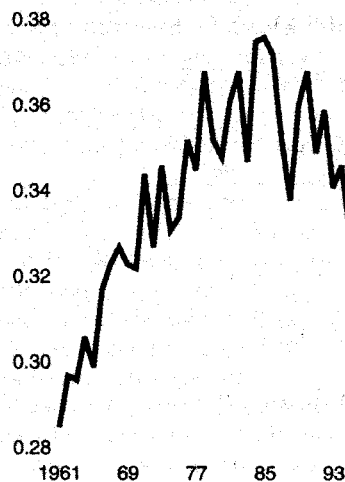
6. Growing international economic interdependence . . . holds out new opportunities . . . [adding] collective responsibilities. . . .

7. Since Halifax, economic developments have been on the whole positive and disparities of economic performance among us have been narrowing. Canada and the United States continue to enjoy sustained non-inflationary growth. In Japan, the recovery

Reality

FIGURE 1
World grains production, per capita

metric tons per capita



Source: FAO Agrostats.

No economic growth. There has been no economic growth on the earth since the 1960s. Now, the world's physical economy has deteriorated to the point, that relative to the 5.3 billion population, the reproductive ratios of essentials per capita (food, water, power, area in cultivation, inputs per unit area cultivated, and so forth) are lacking, and breakdown is seen at locations on all continents.

Food shortages. World grain produced per capita (a marker) is declining, as shown on the graph.

We should be producing 3 billion tons of grain annually to give every person a quality diet; as of 1990, less than 1.9 billion tons were produced yearly. An estimated 800 million people are suffering some degree of malnutrition.

Spread of disease. There are rising rates of new diseases, and resurgent ones, including tuberculosis, toxigenic *Escherichia coli*, drug-resistant pneumococcal pneumonia, hepatitis B and C, chol-

is gathering strength. Some European countries, admittedly, experienced a slowdown, but economic fundamentals are improving . . . [and] growth will pick up in the second half of the year. . . . [E]conomic fundamentals remain sound and well oriented . . . [but] public deficits and debt remain too large and national savings too low. . . . Outside the G-7 sphere, economic prospects also look very encouraging. Emerging economies are experiencing robust growth. . . .

8. . . . [O]ur economic policies will continue to be directed at sustaining non-inflationary growth. . . . [In the medium term, we are committed to]: credible fiscal consolidation programs, successful anti-inflationary policies and as a consequence low interest rates, and strengthened structural reform . . . [which will help jobs, investment, and growth]. Such policies will contribute to reducing external imbalances, thereby promoting international monetary stability and maintaining the conditions for harmonious growth in global trade and business.

9. Sound economic policies [needed for] preventing exchange rate misalignment that may heighten uncertainty in the global economy. . . . [Ministers of finance should cooperate on improved] practical measures to deal with risks relating to the operation of the global financial markets . . . [to be addressed at the 1997 summit].

10. The globalization of the financial markets has contributed to the creation of a more complex financial environment. . . . [There is a need to preserve] the stability of the international monetary and financial system [through more regulation and supervision, and] disclosure and enhanced surveillance.

11. Cooperation among regulatory and supervisory authorities should continue to adapt to financial innovations, and to the growth in cross-border capital movements and internationally active financial institutions. . . . [More regulation is needed, and] maximum progress on the following objectives: [cooperative] supervision of internationally active financial institutions; . . . stronger risk management and improved transparency in the markets. . . . especially in the innovative markets; . . . international financial institutions and bodies should increase their efforts to promote effective supervisory structures in these [emerging] economies; . . . [a study on] methods for retail electronic payments. . . .

12. . . . The International Monetary Fund . . . [must be strengthened with surveillance capacity and an emergency financing mechanism]. . . . [The G-10 report addresses] resolving the liquidity crises of sovereign borrowers . . . [through] market discipline, and [G-10] calls for enhancement of current procedures for handling international financial emergencies. . . .

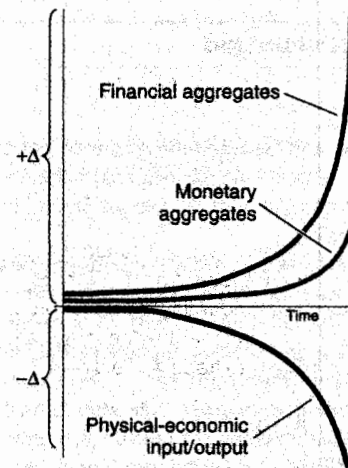
13., 14. . . . The IMF needs [more resources, including doubling the General Arrangements to Borrow].

15., 16. [We need to combat] . . . international financial fraud . . . [and devise new] tax policy. [An OECD report is expected by 1998.]

17. . . . [S]ustainability of our social security system [is of concern, given the aging of populations].

era, malaria, AIDS. In 1993, the World Health Organization declared tuberculosis a "global health emergency"; in October 1995, the WHO created the Division of Emerging Diseases. In the United States, mortality from infectious diseases increased by 39% from 1980 through 1992. The official, understated numbers of HIV-infected persons today are: World total—21.8 million; Sub-Saharan Africa—14 million; South and Southwest Asia—4.8 million; Ibero-America—1.6 million; North America—780,000.

FIGURE 2
A typical collapse function



World casino economy. The graph shows the triple-curve collapse function characterizing today's world "casino economy." While physical-economic input-output falls, monetary aggregates (inflation) rise, and financial aggregates soar (derivatives, currency trades, futures, swaps, etc.) Financial turnover globally of all types is now about *\$3 trillion a day* (including off-balance sheet turnover). The volume of derivatives (notional value) outstanding has grown from \$1.1 trillion in 1986, up to \$45 trillion as of 1995.

Average annual world growth rates 1986-1995

Derivatives	60+%
Steel	0.1%
Grains	-1.3%

Financial blow-outs. The rate of financial crises is at the point of blowing out the Big Bubble altogether, and bringing about a worldwide, reverse leverage crash of the whole financial system. Therefore, the IMF/G-7 calls for international "regulation and supervision."

Prominent blow-outs include:

- Bankers Trust/Procter & Gamble, October 1994
- Orange County, Calif., December 1994
- Mexico, December 1994
- Barings Bank, February 1995
- Sumitomo/London Metal Exchange, June 1996
- U. S. hedge-to-arrive corn contracts, July 1996

II. Promoting strong and mutually beneficial growth of trade and investment

18. Expanding trade and investment has led to marked increases in global wealth and prosperity and should continue to play this role in the future. Growth in trade and investment will be sustainable and therefore most beneficial to all if conducted within a strong multilateral framework of rules.

19., 20. . . . [OECD is negotiating for a multilateral agreement on liberalizing investment, with protection and dispute settlement. There must be an open multilateral system and WTO-run rules.]

21. . . . [Stress is laid on] integration of developing countries in the global trading system as an essential element of sustainable growth and development. . . .

22., 23. . . . [The] first ministerial conference of the WTO in December 1996, in Singapore [will stress service sector, financial services, and Information Technology Agreement. Trade liberalization and environmental protection are mutually supportive].

24., 25., 26., 27. . . . WTO Conference [should] broaden its agenda to address the questions of . . . core labor standards . . . [encourage] more convergence between national standards and international norms, by further regulatory reform and by mutual recognition of procedures for testing and for certification . . . [promote] the Agreement on Government Procurement . . . [enforce] intellectual property disciplines . . . [standardize] customs procedures . . . combat corruption in international business transactions. . . . [We want] sustained impetus to trade liberalization.

III. Enhancing our approach to employment problems

28. . . . [A] more global economy and advances in information technology are engines of economic growth and prosperity. But [they may be seen] . . . as a source of dislocation and insecurity. . . . The private sector [has a] crucial role.

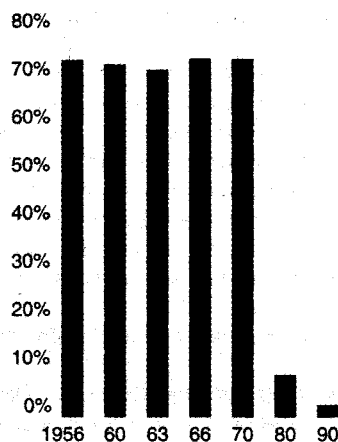
29. . . . We must define ways to reinforce people's employability throughout their working lives by facilitating the transition from one job to another; we pledge to carry out practical reforms, consistent with the specific situation in each of our countries, aimed at achieving a high level of employment and widely shared prosperity: these include tax and social system reforms to ensure that "work pays," particularly for the least well-off; lowering social security charges which place a burden on low-skilled jobs, in countries with high indirect labor costs; and improving public employment agencies. In order to foster entrepreneurship, we will modernize our regulatory frameworks where needed in the markets for goods and services, to enhance our economies' ability to respond to rapid change and to encourage job creation. . . . [W]e will facilitate the dissemination, notably in the direction of small and medium-sized businesses, of new technologies, which are creating plentiful, quality jobs.

30., 31. We thank the ILO and the OECD. [The next jobs meeting will be in Japan.]

IV. Implementing a new global partnership for development: an ambition for the 21st century

32. Thanks to sound domestic economic policies and to an increasingly global economy, many developing countries are experi-

FIGURE 3
U.S. mercantile trade as percent of foreign exchange



G-7 economies in crisis. All the so-called "advanced" economies are now showing breakdown, with unpayable debt, unemployment, eroded tax base, and infrastructure breakdown; yet financial valuations have spiralled. The accompanying graph shows an aspect of the evolution of this process. From the 1950s through the 1960s, the value of U.S. mercantile trade (exports and imports) ran about 70% of the value of foreign exchange turnover. In the 1970s, this fell to 7% (in 1980); today, there is next to no relation of mercantile trade to foreign exchange valuation. The latter is part of a huge take-off of financial turnover of all types, at an increasing rate over the 1970s, '80s and '90s.

To feed this speculative orgy, all types of necessary economic investment and activity have been sacrificed. In Canada and the U.S., the rail grid has shrunk; the aged air fleet is crashing; water systems are breaking down; medical services cut; there are state and local budget crises. Real unemployment is over 13%. Typical of the hollowing out of the economy: Much of the 1995 corn harvest was piled on the ground, because the deregulated rail sector lacked engines, cars, workers, and track to move the crop.

Japan resisted the "bubble" economy model until the 1980s; then acquiesced, with real estate and other speculative "booms." Now the nation is in a banking and general policy crisis.

In Europe, official unemployment rates are running at least 11-12% in France and Germany, and rising in Spain and other countries, as policies of "maximizing financial" value have superseded economic investment. In particular, Germany is facing the crisis of unpayable state and local debts, resulting from thwarted initiatives for German-Eurasian economic development.

Global slave-labor modes. "Outsourcing" and "free trade zones" refer to some of the many slave labor-type schemes imposed by the IMF globalizers. E.g., some 2 million people involved in *maquiladoras* in Mexico—factory zones serving cartel multinationals, using labor at low wages, with shanties for housing, no sewerage,

encing robust growth . . . [from] international trade and capital inflows. But there is a growing divide between these countries and those, mainly low-income countries, which are currently unable to benefit from these opportunities. . . .

33. [There is a need for] a new global partnership between developing countries, developed countries and multilateral institutions. . . .

34., 35. . . . [We must enable] all developing countries, whatever their stage of development, to share and participate in the benefits of globalization . . . [and] sustainable development . . . [as the] fundamental objective. Goals should include the reduction of poverty and social inequities, the respect of internationally recognized labor standards, protection of children, a strengthened civil society, protection of the environment, improved health and education. . . . [Concrete results should include] non-measurable qualitative factors. . . .

36. . . . [B]ased on a spirit of solidarity and burden-sharing among all those involved:

- The developing countries have a fundamental responsibility for promoting their own development. This means conducting sound and consistent economic and social policies, promoting a political and legal environment conducive to the development of the private sector, and encouraging domestic and foreign investment. Democracy, human rights, and good governance are indispensable components of development. It is up to these countries to give priority to funding social and economic development programs and to avoid unproductive expenditures, in particular excessive military spending, without prejudice to their right to self-defense. It is in their interest to commit themselves actively to the multilateral system and to promote regional cooperation; [we, the multilateral agencies, and bilateral partners, should] . . . encourage trade and private financial flows . . . [and] discourage unproductive expenditures. . . .

37. . . . [Four priority targets are: Differentiate between] countries in transition, emerging economies and the poorest countries; [give explicit priority to sustainable development, micro-enterprises, agricultural research and small-scale agriculture; small and medium-scale enterprises; integrate] Least- and Less-Developed Countries into the global economy. . . .

V. Enhancing the effectiveness of multilateral institutions for the benefit of development

38., 39. . . . [M]ultilateral institutions must pursue their efforts to adapt and reform . . . in order to increase their effectiveness. . . . The World Bank and the IMF are cooperating more closely with tangible results, for example in their joint studies on debt and public spending . . . [and there is a need for] closer cooperation between banks at all levels.

40., 41. . . . [We need] reform of the UN in order to rationalize and strengthen its role in [sustainable] development . . . and in promoting democracy, human rights and the rule of law, protection of the environment, emergency relief and post-conflict stabilization, and technical assistance to enable the poorest countries to participate in international trade and investment.

42., 43., 44. UN reform . . . could center upon [merging certain Secretariats], eliminating overlap, . . . [and having] rationalization of UN's economic analysis and reporting in consultation with other

nor other necessities. In Asia, factories in China now produce 50% of the U. S. shoe supply.

"House of Windsor" cartels. "Free trade" is the propaganda front for the consolidation of control over raw materials, and other strategic economic and financial flows, by cartels of private companies, mostly interlocked with London finance. British Commonwealth (i.e., British Empire) groups control:

Precious metals: 60% of world gold production; 30% of silver production; 78% of platinum.

Strategic minerals: 40% of nickel production; 25% of copper; 30% of lead.

Grains: 90% of wheat, corn, soybeans processing, and trade.

Petroleum: 35% of world distribution.

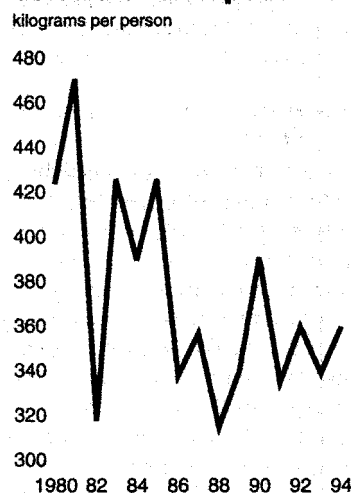
Among the prominent names in the cartels, on whose behalf the World Trade Organization, IMF, et al. are operating:

Precious metals: Anglo-American, RTZ, Barrick Gold.

Foodstuffs: Cargill, ADM/Töpfer, Unilever, Grand Metropolitan (Pillsbury).

Fossil fuels: Royal Dutch Shell; British Petroleum; Hanson Trust; Enron.

FIGURE 4
Mexico's per-capita cereals consumption



Source: EIR.

Mexico has to import feed corn for humans. The graph shows that Mexico's per-capita consumption of cereals (meaning all types of grains, for both human and livestock use) dropped over the 1980s-1995 era of free trade, as the IMF policies forced Mexico into greater food import-dependency. Right now, Mexico is importing low-quality, livestock feed-grade corn (U.S. No. 4), for tortillas, because the price is lower. U.S. farmers won't use No. 4 grade corn even for hogs, because of mold and lack of nutrient value. By official estimates, one-third of Mexico's 95 million people are malnourished as of 1995.

Looting of nations. Not even humanitarian food aid is now contemplated by the IMF. Annual tonnage of grains donated through the World Food Program has dropped from 10-15 million tons to

organizations involved in economic analysis such as the IMF, the World Bank and the OECD, [and the WTO]. . . .

45. . . . [M]eetings between the United Nations Secretary General, the IMF Managing Director, the World Bank President and the WTO Director General, and at other levels, would assure the coordinated and concerted action of these . . . UNDP [UN Development Program], other UN agencies, the World Bank, the IMF, the WTO and regional development banks could work together, in full cooperation with the host country, in the preparation of country strategy reports. . . .

VI. Providing the necessary multilateral support for development

46., 47., 48., 49. The replenishment of the concessional resources of the multilateral financial institutions must be completed . . . [and] continuing Enhanced Structural Adjustment Facility (ESAF) as the centerpiece of the IMF support for the poorest countries. . . . to hold out to the poorest countries the prospect of macro-economic stability and structural reforms aimed at growth.

50. . . . [F]orsome heavily indebted poor countries, we acknowledge the need for additional action. . . . [Solutions should be] case by case, [contingent on the poor nation's] commitment to pursuing its economic adjustment. . . .

VII. Toward successful integration of countries in transition into the global economy

51. The end of the cold war has given a decisive impetus to globalization by offering former socialist economies the opportunity to assume their rightful place in the world economy.

52. We welcome the good economic results achieved by many countries in transition which have undertaken macro-economic stabilization and structural reform. . . . especially in Central Europe . . . [where] resolute stabilization and structural reform have achieved robust growth. . . . We encourage all countries in transition to pursue their economic reforms in order to achieve or consolidate these gains. . . .

53. We support Ukraine's efforts to continue with political and economic reforms and to further integrate into the world economy . . . [and] we welcome the latest agreement with the IMF and encourage Ukraine to fully implement the agreed reform program. . . . [W]e welcome the financial decisions already taken by the international community [such as the Moscow Summit declaration] and we stress that all parties concerned must respect the agreed agenda of the comprehensive program.

54. We support Russia's ongoing political reform and its commitment to democracy. Economic and political reforms are mutually reinforcing. . . . Russia's economic success and its integration in the world economy depend on full implementation of its commitment [to financial stabilization and reform]. Crucial for economic recovery is now private investment which requires a reliable economic, legal and administrative environment. [Talks will take place on whether Russia can become a creditor for Paris Club debtor nations.]

55. [Next year's G-7 summit will be in Denver, Colorado.]

under 7 million. Over the last 25 years of "free trade" looting by IMF/GATT/World Bank policies, nations were forced into food import dependency; now, they can't afford imports; nor is food available.

What the globalists call "democracy" is fascism. The pseudo-democracy movement is a cover for operations by the IMF and UN-registered non-governmental organizations (NGOs) against national sovereignty. Countries targeted by the IMF nexus are being ripped apart by various separatist, racist, indigenist, ecologist, and/or narco-terrorist movements, operating under the cover of "democracy." For example, the Zapatista narco-terrorist movement deployed against the Mexican Republic. Worldwide "Project Democracy" was announced in the British Parliament, in June 1982 (the date of Argentina's capitulation to London over the Malvinas Islands) in a canned speech by President Ronald Reagan; subsequently, the U. S. National Endowment for Democracy (NED) was formed, and similar IMF/UNO-serving agencies in other countries.

Strategic targets include: in Africa, Sudan, Nigeria, and South Africa. The Sudanese government, ignoring IMF's food dependency dictates, has become food self-sufficient (at minimum levels); "Project Democracy" operations against Sudan include accusations of slavery, dictatorship, and state-sponsored terrorism.

One-world government coup. In the 1944, at the Bretton Woods Conference, when many of the UN-related agencies were first formed (such as the IMF and World Bank), several other agencies were proposed, that were roundly rejected as anti-nation-state, and therefore, unacceptable, by the United States and other powers. One example was a 1940s proposal for an International Trade Organization (ITO) that was defeated. The promoters of these postwar one-worldist agencies were private interests, centered in London. They continued their campaign, for example, in 1986, the General Agreement on Tariffs and Trade (GATT) "Uruguay Round" was started, which succeeded in overcoming eight years of opposition from nations protecting their sovereignty, and established the new World Trade Organization. The Lyons G-7 summit amounts to a cold coup for these one-worldists.

Russia: IMF economic catastrophe. One million more Russians are now dying each year than are being born, which ratio began in 1993, just two years after the start of IMF-imposed "reforms." Russian heavy industry output has declined by up to 50%, depending on the sub-sector; light industry had declined by up to 40%. The 1995 grain harvest came in at only around 65 million tons (due to lack of inputs, mechanization, etc.), far below the 1980s yearly average of 100 million tons produced under Soviet command economy methods, which were themselves poor. The last five years of IMF "reform" have brought a return of all the diseases of poverty: diphtheria, tuberculosis, cholera. During the same period, IMF-allied Western interests (of the London-centered cartels) shipped out and sold abroad huge volumes of Russian commodities, such as potash and aluminum, reaping great profits.

Ukraine: IMF economic catastrophe. This country, once the breadbasket of the Eurasian region, is now in breakdown. The 1996 grains harvest is expected to be only 26-28 million tons, in contrast to the 50-plus million tons annual average of the 1980s. This year's harvest will hit a 17-year low. There are fuel shortages throughout all sectors. The poverty diseases are all making their comeback.