EIR Economics

'AN ASSEMBLY OF LUNATICS'

Reverse the Insane G20 Decisions

by Claudio Celani

April 3—The Group of 20 meeting in London April 1, which the LaRouche Youth Movement in Germany ridiculed as "The Summit of Impudence," and French politician Jacques Attali compared to "a gathering of Alcoholics Anonymous members in a wine bar," surpassed all negative expectations. In response to the release of the official communiqué today, Lyndon LaRouche stated: "What they are proposing is the equivalent of recommending the use of cyanide for the cure of a headache. It is a permanent cure."

The kernel of the verbose and bombastic 29 points release are the statements: "We believe that the only sure foundation for sustainable globalization and rising prosperity for all is an open world economy based on market principles, effective regulation, and strong global institutions," and, "We are undertaking an unprecedented and concerted fiscal expansion . . . that will, by the end of next year amount to $5 trillion, raise output by 4 percent, and accelerate the transition to a green economy."

LaRouche characterized the above statements as "tantamount to the confessions of an assembly of lunatics."

"This is fascism in its British form of Oswald Mosley. Mosley would be ecstatic, he and H.G. Wells, who was backing Mosley back in 1933. At that time, the City of London's allies on Wall Street supported Mussolini, as did the great American pragmatist, John Dewey. They also supported Hitler as the German Mussolini.

"This is fascism combined with insanity. It is a case of the criminal mind going insane."

LaRouche stated that he hoped "there will be enough patriotic men and women in the U.S. Congress to prevent the adoption of this agreement. It would be the death of the U.S. and much more besides. It has to be stopped. It must be stamped out now."

Obama Manipulated by the British

In a revealing statement during one of the final press conferences, Italian Economics Minister Giulio Tremonti said: "Usually, at these summits, the sherpas, our assistants, work a lot; ministers work a lot, and prime ministers do almost nothing. Here in London, it was the opposite: We, the ministers, have done nothing and the heads of government did everything by themselves; they worked and applauded themselves, among themselves."

In this environment, British Prime Minister Gordon Brown was able to manipulate President Obama to the point that, in a press conference after the conclusion of the Summit, Obama endorsed Brown's entire agenda, personally expressing his appreciation for the work of Brown and his staff. Moreover, he claimed to have himself played a decisive role in "forging a consensus."

LaRouche pointed out that the British suckered the U.S. President, based precisely on the profile Obama has of himself, as the forger of consensus. As a consequence, LaRouche said, Obama is "on the edge of going down. They didn't have to control him, because he could control himself. This is tragic."

White House/Chuck Kennedy

Lyndon LaRouche commented on the G20 meeting in London, "What they are proposing is the equivalent of recommending the use of cyanide for the cure of a headache. It is a permanent cure." Shown: The Ship of Fools; President Obama is at the center.

"This agreement cannot be accepted," LaRouche said. "If it were, it could very well lead to riots in the United States, the break-up of the nation, and to terrorism. Therefore, this must be rejected. The U.S. must not sign any treaty agreement with these elements. No patriot will allow this to be confirmed, no matter which side of the aisle he or she is on. To sign this would be to betray the United States."

Funny Money

The worst aspect of the "unprecedented fiscal expansion" decided at the G20, is the decision to print $250 billion in the International Monetary Fund's Special Drawing Rights (SDRs), representing the intention of going to a system of a "supra-sovereign" currency, like that advocated by George Soros, Gordon Brown, and other agents or dupes of the British Empire. As LaRouche cited, the origin of this world currency scheme can be found in the immediate post-World War II writings of British fascist Sir Oswald Mosley, who was also the intellectual author of the European Monetary Union.

As the final communiqué states, the G20 heads of state and governments decided "to treble resources available to the IMF to $750 billion, to support a new SDR allocation of $250 billion, to support at least $100 billion of additional lending by the MDBs [multilateral development banks], to ensure $250 billion of support for trade finance, and to use the additional resources from agreed IMF gold sales for concessional finance for the poorest countries." In total, this is a $1.1 trillion program.

Additionally, the communiqué announces that the "unprecedented fiscal expansion . . . by the end of next year, [will] amount to $5 trillion."

In fact, any move to replace the U.S. dollar as the world's reserve currency, as the proposed SDR scheme, at least implicitly, does, means the blowout of the entire financial system. This move, if taken any further, would crash the dollar, which would not only destroy the United States, but would blow out China and many other countries which hold vast dollar-denominated assets. The idea that Obama fell sucker to what was, at heart, a vicious British anti-American scheme, and took pride that he was the "consensus-maker," is indicative of the magnitude of the problem.

By agreeing to the SDRs, Obama has allowed a dangerous drift towards British schemes of imperial monetary government. The SDRs are mere "bits of paper printed by IMF officials in the basement," as the *Wall Street Journal* wrote on April 1. However, once a country applies for SDRs, the loan will be denominated in a national currency. For instance, if the country wants dollars, its SDR account is debited, and America's SDR account is credited. The same goes for other national or regional currencies, such as the euro. Thus, the IMF becomes the ruling body of a supranational monetary system, which, de facto, issues national currencies over which nations have no power whatsoever.

So far, the U.S. Congress has blocked a previous IMF resolution to double its number of SDRs, because it correctly considered it to be U.S. foreign aid, whose conditionalities are not determined by Congress. U.S. lawmakers now confront a new challenge, and as LaRouche said, if they do not act patriotically, it will be the "death of the U.S., and much more besides."

The Apprentice Sorcerers

The hyperinflationary character of the G20 decisions is no mystery to anyone. It's an intention, as Lord Ralf Dahrendorf, former head of the London School of Economics, candidly revealed in an interview March

31. Speaking to the Italian daily *Corriere della Sera*, Dahrendorf said that "some economists speak about a 'controlled inflation,' insisting that some years of inflation between 6% and 10% will be enough to downsize the public debt. The problem is that such an inflation will be paid for by the poor and the elderly." Dahrendorf, however, believes that this is not enough. "The recovery will be long and slow, and it will not be enough to serve the interest on the debt that states are meanwhile piling up."

The long-term consequences of the crisis, Dahrendorf said, will be that, "in the end, we all shall have reduced standards of at least 20%. We shall go back to about the levels preceding Ronald Reagan and Margaret Thatcher; for some aspects, to a way of life a bit similar to the 1950s and the '60s, with much more technology but without the optimism of those decades."

Behind these words, you get the smell of utopian thinking, a stink of the same incompetence that gave us this terrible world crisis. It looks like the same people who thought they could run the world economy through mathematical-statistical models, are now casting new models and new variables and, like the Sorcerer's Apprentice, trying to fix the mess they have created with the same wrong methods. They delude themselves that they could create and manage an inflation rate that would downsize the financial debt, and in this way, resuscitate the system from bankruptcy. In the first place, they do not care if their policies will cost the lives of millions of people—there is no way the world economy could sustain a physical downsizing of 20% without genocide, especially in poor countries. Secondly, their models won't work: they are igniting something that is going to get out of control. It is like a group of people who decide to have a barbeque in the woods in Southern California, in the midst of a drought!

Fake Regulation

As a concession to French President Nicolas Sarkozy and other leaders who called for re-regulating the financial system, a few proposals were included in the G20 communiqué, which have been hailed by the media as a crackdown on tax havens and even on hedge funds, as if this would put an end to financial speculation. Nothing could be further from the truth.

A "blacklist" of tax havens was adopted, and the communiqué speaks of extending "regulation and oversight to all systemically important financial institutions, instruments and markets. This will include, for the first time, systemically important hedge funds." This led Sarkozy to triumphally state: "The era of banking secrecy is over."

However, this view was immediately ripped to pieces by the French judge Jean de Maillard, a specialist in financial crime, in the Paris daily *Libération* on April 3.

De Maillard says one should contemplate the FBI's famous saying that, "A woman can't be a little bit pregnant," when one deals with tax havens. Instead of outlawing tax havens, or at least announcing the objective of driving them out of business, "the G20 only talks about sanctions against those that are uncooperative." Undoubtedly, says de Maillard, the state of Delaware or the City of London will never be considered as non-cooperative, while in reality . . . the City is one of the most important and opaque financial markets of the world."

Looking at the OECD "blacklist" of "non-cooperative entities," which is the list adopted by the G20, only four countries are listed: Costa Rica, Malaysia, the Philippines, and Uruguay. On the "grey list" of "cooperative entities" which still have to come up with self-regulation, one finds a whole list of British dominions, such as the notorious Cayman and Virgin Islands, Luxembourg, and Monaco, but also, real nations such as Chile, Austria, or Belgium. On the "white list," naturally, one finds the U.K. (City of London), Guernsey, Malta, Mauritius, Cyprus, Ireland, and Barbados.

Of course, the wolf is assigned to watch the sheep. The Financial Stability Forum is going to be replaced by a Financial Stability Board, "including all G20 countries, FSF members, Spain, and the European Commission."

And since all Psalms end in "Glory," the G20 communiqué contains a commitment to curb financial leverage, i.e., the banks's capacity for indebtedness, as well as to restore adequate reserve obligations. This is a reference to the pre-deregulation financial system; however, this shall be implemented "once recovery is assured." In other words, the ill person is promised a cure, after he has recovered!

The G20 decisions will go down in history as an act of collective insanity by foolish leaders of nations. Their announcement of a heavier dose of the same virus that has knocked out the system will provoke another phase of collapse. The time is ripe to put a stop to all this, suspend the bailout of the bankrupt system, and start an investigation on the model of the 1930s Pecora Commission.