

## Burden sharing: Bush's second front against allies

by Chris White

The finance ministers of the Group of Seven (G-7) industrialized countries met Jan. 20-21 in New York's Stanhope Hotel. The meeting ought to be seen as the opening of the second front in the war which Bush and company have unleashed in the Persian Gulf. This "second front" comes under the battle-cry "burden sharing," and is directed first and foremost at those among the allies of the United States, namely Germany and Japan, which still have functioning economies.

The theme is one heard often before: It has been voiced by such as U.S. Rep. Richard Gephardt (D-Mo.), and U.S. Senators Robert Dole (R-Kan.), Alfonse D'Amato (R-N.Y.), and Robert Byrd (D-W.V.), among others. How come, the refrain goes, the countries which are even more dependent upon Gulf oil than we are in the U.S., don't send troops, and don't pay their fair share? They should help carry the burden.

This is a suicidal piece of nonsense. It is a demand that the economies upon which a real world economic recovery from depression depends, submit themselves to self-destruction to bail out the collapsing free-enterprise usury regime of the U.S. and Britain, among others. If successful, the "burden-sharing" demand will ensure that there can be no recovery from present deepening world depression, because the means by which that recovery might be accomplished will have been destroyed.

### Pay for the U.S. depression, allies told

The burden-sharing demagoguery is a suckers' game to pull the ignorant into support of something which the sane would leave no stone unturned to defeat. What is behind the demand has nothing to do with the war in the Persian Gulf, except to the extent that the war serves as a pretext for what is now to come. What is demanded in the name of burden

sharing, is that Germany and Japan commit part of their economic potential to paying the price for the depression in the United States and the rest of the collapsing Anglo-Saxon world, and provide the loot which will help Bush and company shore up the collapsing economy and banks.

As the U.S. Congress provided a blank check for war, so the allies are now expected to provide another blank check, to support the dollar and the U.S. credit system.

The upshot of the meeting was a communiqué which stated that ministers and central governors of the Group of Seven nations were "prepared to respond as appropriate to maintain stability in international financial markets."

Behind the scenes, the major focus of the Jan. 20-21 G-7 summit of the seven industrial nations—U.S., U.K., Canada, Germany, Japan, France, and Italy—was to extract assurances of joint G-7 support for the U.S. dollar, and to present some form of U.S. blackmail demand on the "allies" on burden-sharing to cover the huge costs of the Gulf war.

The carrot for the negotiations was apparently provided by pledges from Saudi Arabia to guarantee that "post-Gulf war" oil prices remain at a low price of approximately \$12 per barrel in order to "help the U.S. economy recover from its current recession." This pledge, according to sources in London, was attributed to the former Saudi Oil Minister Zaki Yamani. Low oil prices and G-7 support for the dollar would be used to permit Federal Reserve chairman Alan Greenspan to dramatically lower U.S. interest rates without fear of triggering a full dollar disinvestment by foreign investors.

### Permanent oil blackmail

The stick is the threat of no oil at all. As war started, Saudi Arabia shut down its production facilities to make the point. While opened again later, Saudi Arabia had in the

meantime become an importer of refined petroleum products to provide the jet fuel for Bush's bombing runs against Iraqi targets.

Yamani is not only pushing such oil blackmail against U.S. allies, but he is also advocating a world reorganization of the oil industry which would make such blackmail a permanent feature of every nation's life. From Geneva, he has proposed a new tripartite form of organization of the world oil and refined products industry, in which producers and consumers get together with oil companies to establish stable long-term supply agreements among themselves.

The precursor for this proposal was put forward to the Republic of Korea and Japan this past August, the idea being that Saudi Arabia, in this instance the oily front for British and U.S. finance and military power, will undertake to provide oil on a long-term basis to the two countries, on condition that a to-be-determined portion of both countries' refining capacity be turned over to Saudi ownership, and that profits on sales of the refined products be divided on an equal basis between the producing and consuming nation.

Under the terms of this type of proposal, Japan and South Korea were being offered oil in exchange for surrendering national control over a portion of their energy supplies, provided they cough up the funds to help Bush and company keep the rotten, bankrupt dollar afloat.

### **Japanese cough up**

Publicly the approach has resulted, at least from the Japanese side, in further promises to provide more funding for Operation Desert Storm. A package of up to \$9 billion had reportedly been put together which Japanese Prime Minister Toshiki Kaifu was to lay before his cabinet in the aftermath of the New York meeting. Subsequently, disagreements among leaders of Japan's political factions prompted the withdrawal of the package.

David Hale of Kemper Financial Services reports that the U.S. may have other alternative demands if cash is not readily forthcoming, for political reasons.

Hale proposes that the Japanese Ministry of Finance use its exchange stabilization fund to engage in large-scale market purchases of U.S. Treasury bonds, or special securities designed specifically to finance the war in the Persian Gulf. He cites the Vietnam War era agreements with West Germany, in which German purchases of U.S. securities were used to offset troop stationing costs, as a precedent for what would now be demanded of Japan.

And this proposal brings us right back to the original thesis. Bush's war is the pretext for the "burden-sharing" demand, to force allies to pick up part of the tab for the U.S. depression. In this case, Japan would now be expected to act, as Germany did in the late 1960s and 1970s, and as Japan did between 1985-87, to provide a floor for the dollar internationally, leaving Bush and company supposedly free to deal with the internal banking crisis and related matters.

### **U.S. Congress told to cough up, too**

In the United States the threats are a bit different. Treasury Secretary Nicholas Brady isn't quite threatening to cut off Congress's oil supply. But the effect is the same. Now the Bush bunch wants the same kind of blank check it demanded for fighting the war, to deal with the domestic banking crisis. Brady and the Treasury have demanded that Congress cough up \$80 billion extra, without strings attached, to finance the continuing reorganization of the savings and loan institutions. The presumption, of course, is that not doing so would sabotage the war effort and trigger a collapse of the U.S. banking system.

Yamani's proposal to reorganize the way the oil industry functions opens the window further on what Bush talks about as his New World Order. *EIR* and its jailed founding editor, Lyndon LaRouche, warned from early August on that the war unleashed in the Gulf was a pretext for the application of the NATO doctrine known as out-of-area deployments, on behalf of raw materials control and population reduction wars. Now, Yamani has put the raw materials control agenda to the fore.

The proposed tripartite form of organization of the oil industry would create a stranglehold over supplies and thus a stranglehold over the fates of consuming nations. Under this arrangement, there would be the promise of supplies, but no independent means to ensure that there would be oil. It is a proposal which envisions the application of Mussolini fascism-modeled corporatist arrangements to the world economy as a whole, on behalf of dictatorial control by those who organized their war pretext in the Persian Gulf.

### **Complementary food control**

The proposal complements the approach that has been taken by the Anglo-Saxon-dominated "food-producers" cartel, known as the "Cairns Group," during the General Agreements on Tariffs and Trade (GATT) negotiations which collapsed last December. The U.S. and British tactics at GATT have been designed to eliminate any independent food production capacity worldwide. Success in that would lead to the same institutionalized top-down control over food supplies which Yamani now proposes for world oil.

At the Group of Seven meetings, Germany and Japan were singled out by the U.S. delegation, led by Treasury Secretary Nicholas Brady, for special treatment. The burden-sharing demand was not only presented in the full session meetings. There were separate meetings, between the Americans, and the Germans and Japanese individually, to follow through on the demands that had been made. The discussions are supposed to be continued at the foreign minister level.

This is a path of national suicide for the United States, for it means the destruction of the only global capability which could help transform the depression wreckage of the U.S. economy as well as of the world.