

Reflections by Comrade Fidel

A Colossal Madhouse

This is what the G-20 meeting that started yesterday in Seoul, the capital of the Republic of Korea, has been turned into.

Many readers, saturated with acronyms, may wonder: What is the G-20? This is one of the many miscreations concocted by the most powerful empire and its allies, who also created the G-7: the United States, Japan, Germany, France, the United Kingdom, Italy and Canada. Later on they decided to admit Russia in a club that was then called the G-8.

Afterwards they condescended to admit 5 important emerging countries: China, India, Brazil, Mexico and South Africa. Then the group membership increased after the inclusion of the member countries of the OECD –another acronym-, the Organization for Economic Cooperation and Development: Australia, the Republic of Korea and Turkey. The group was also joined by Saudi Arabia, Argentina and Indonesia, and they all summed up 19. The twentieth member of the G-20 was no other than the European Union. As from this year, 2010, one country, Spain, holds the peculiar category of “permanent guest.”

Another important international high level meeting is taking place almost simultaneously in Japan: the APEC meeting.

If patient readers bother to add to the former group the following countries: Malaysia, Brunei, New Zealand, the Philippines, Singapore, Thailand, Hong Kong, the Chinese province of Taiwan, Papua-New Guinea, Chile, Peru and Vietnam -all of them with a significant trade volume, with coasts washed by the Pacific Ocean waters- the result would be what is called the APEC: the Asia-Pacific Economic Cooperation Forum, and with that the entire jigsaw puzzle is completed. They would only need a map, but a laptop could perfectly provide that.

At such international events crucial international economic and financial issues are discussed. The International Monetary Fund and the World Bank, with decision-making powers when it comes to financial matters, have their own master: the United States.

It is important to remember that after the Second World War, the US industry and agriculture remained intact; those in Western Europe were totally destroyed, with the exceptions of Switzerland and Sweden. The USSR had been materially devastated and scored huge material losses that surpassed the figure of 25 million persons. Japan was defeated, in ruins and occupied. Around 80 per cent of the world's gold reserves were sent to the United States.

In a remote, though spacious and comfortable hotel at Bretton Woods, a small community of the US north eastern state of New Hampshire, the Monetary and Financial Conference of the recently created United Nations Organization was held from July 1st to 22 of 1944.

The United States was granted the exceptional privilege of turning its paper money into an international hard currency pegged to a gold standard mechanism fixed at 35 US dollars per one Troy ounce of gold.

Since the overwhelming majority of countries keep their foreign exchange reserves in the US banks -which is the same as granting a significant loan to the richest country in the world-, the gold pattern mechanism established at least a ceiling for the unrestricted issuance of paper money. This was at least some sort of guarantee on the value of the reserves that countries kept in US banks.

Based on that enormous privilege -and for as long as the issuance of paper money was limited by the gold standard mechanism- that powerful country continued to increase its control over the planet's wealth.

The military adventures of the United States in alliance with the former colonial powers, particularly the United Kingdom, France, Spain, Belgium, the Netherlands and the recently created West Germany, led that country into other military adventures and wars that plunged the monetary system established at Bretton Woods into a crisis.

At the time of the genocidal war in Vietnam, a country against which the US was at the verge of using nuclear weapons, the US President took the shameless and unilateral decision of suspending the dollar's gold pattern. Ever since then, there have been no limits to the issuance of paper money. That privilege was so much overused that the value of the Troy ounce of gold went from 35 dollars to figures way above 1 400 dollars, that is, no less than 40 times the value it kept for 27 years until 1971, when Richard Nixon took such nefarious decision.

The worst thing about the present economic crisis that affects the American society today is that former anti-crisis measures applied at different moments in the history of the US imperialist capitalist system have not helped it now to resume its usual pace. The US is wracked by a national debt close to 14 billion dollars -that is, as much as the US GDP- and the fiscal deficit remains unchanged. The sky-rocketing banks bailout loans and interest rates almost equal to zero have hardly decreased unemployment to figures below 10 per cent. The number of households whose houses are being closed out have barely decreased either. Its gigantic defense budgets which are much higher than those of the rest of the world - and what is worse, those devoted to the war- have continued to grow.

The US President, who was elected hardly two years ago by one of the traditional parties, has been dealt the biggest defeat ever remembered in the last three fourths of a century. Such a reaction is a combination of frustration and racism.

The US economist and writer William K. Black wrote a memorable phrase: "The best way to rob a bank is to own one". The most reactionary sectors in the United States are sharpening their teeth and have appropriated an idea that

would be the antithesis of the one expressed by the Bolsheviks in October of 1917: “All power to the US extreme right.”

Seemingly, the US government, with its traditional anti-crisis measures, resorted to another desperate decision: the Federal Reserve announced it would buy 600 billion US dollars before the G-20 meeting.

On Wednesday November 10, one of the most important US news agencies reported that “President Obama had arrived in South Korea to attend meetings of the world's top 20 economic powers.”

“Tensions over currencies and trade gaps have simmered ahead of the summit following a decision by the U.S. to flood its sluggish economy with \$600 billion in cash that has alarmed leaders around the globe.

“Obama has defended the move by the U.S. Federal Reserve.”

On November 11, the same agency reported to the world's public opinion the following:

“A strong sense of pessimism shrouded the start of an economic summit of rich and emerging economies Thursday [...] with world leaders arriving in Seoul sharply divided over currency and trade policies.

“Established in 1999 and raised to summit level two years ago, the G-20 has—encompassing rich nations such as Germany and the U.S. as well as emerging giants such as China and Brazil — has become the centerpiece of international efforts to revive the global economy and prevent future financial meltdowns...”

“Failure in Seoul could have severe consequences. The risk is that countries would try to keep their currencies artificially low to give their exporters a competitive edge in global markets. That could lead to a destructive trade war.

“Countries might throw up barriers to imports — a repeat of policies that worsened the Great Depression.

There are countries, such as the United States, whose top priority would be “to get China to allow its currency rise” against other currencies that would allow for a reduction of the huge trading surplus of the Asian giant with Washington, since it will make Chinese exports to be more expensive and US imports cheaper.

“There are those which irate over U.S. Federal Reserve plans to pump \$600 billion of new money into the sluggish American economy”. They see this measure as a selfish move to fill markets with dollars, thus devaluing that currency and giving US exporters and unfair price edge.

“The G-20 countries [...] are finding little common ground on the most vexing problem: What to do about a global economy that depends on huge U.S. trade deficits with China, Germany and Japan?”

“Brazil's president, Luiz Inacio Lula da Silva, warned that the world would go "bankrupt" if rich countries cut back on consumption and tried to export their way to prosperity.”

“If the rich countries are not consuming and want to grow its economy on exports, the world goes bankrupt because there would be no one to buy. Everybody would like to sell...”

The summit started amid a rather pessimistic ambiance for Obama and the South Korean President Li Myung-bak, “whose negotiators failed to agree on a long-stalled free trade agreement that it was hoped could be reached this week.”

“G-20 leaders gathered Thursday evening at Seoul's grand National Museum of Korea for the dinner that marked the official start of the two-day event.”

“Outside, a few thousand protesters rallied against the G-20 and the South Korean government.”

Today, Friday 12, the summit concluded with a declaration that contained 20 items and 32 paragraphs.

Presumably, the world is not made up only by the 32 countries that belong to the G-20 or only by those which belong to the APEC. The 187 nations that voted in favor of lifting the blockade against Cuba, as opposed to the two that voted against and the two that abstained, make a total of 192. For 160 of them there is no forum whatsoever where they could express a single word about the imperial plundering of their resources or about their urgent economic needs. In Seoul, the United Nations does not even exist. Won't that honorable institution say a single word about it?

In these days European news agencies have been publishing really tragic news about Haiti –where, in only minutes, an earthquake killed around 250 000 persons in January this year.

According to reports, the Haitian authorities have warned about the speed with which the cholera epidemic is spreading throughout the city of Gonaives, in the northern part of the island. The Major of that coastal village, Pierreleus Saint-Justin, asserts he has personally buried 31 corpses on Tuesday, and expected to bury another 15.

“Others could be dying as we speak”, he added. The report states that as from November 5, 70 corpses have been buried only in the urban area of Gonaives, but there are more people who have died in rural areas nearby the city.

According to the report, the situation is becoming catastrophic in Gonaives. The floods caused by hurricane ‘Tomas’ could make the situation to be even worse.”

Last Wednesday, the health authorities in Haiti fixed at 643 the number of victims who had died until November 8 in the entire country as a result of the epidemic. The number of persons infected with the cholera virus during the same period amounts to 9 971. Radio stations report that the figures to be released on Friday could include more than 700 deadly casualties.

The government asserts now that the disease is taking a serious toll on the population of Port-au-Prince and is threatening the capital outskirts, where more than one million people have been living in tents since the earthquake on January 12.

News are reporting today a figure of 796 deaths and a total of 12 303 persons infected.

More than 3 million inhabitants are now threatened; many of them live in tents and among the rubble left by the earthquake, without potable water.

The main US agency reported yesterday that the first part of the US Fund for the Reconstruction of Haiti was already on the way now, more than seven months after being committed to help rebuilding the country devastated by the earthquake in January.

Reportedly, in the next few days, the agency will transfer approximately 120 million dollars –around one tenth of the amount promised- to the Fund for the Reconstruction of Haiti, managed by the World Bank, as was stated by P.J.Crowley, the State Department's speaker.

An assistant of the State Department stated that the money allocated to the Fund would be used to remove the rubble, build houses, grant credits, support and educational reform program to be implemented by the Inter-American Development Bank and support the Haitian government budget.

Not a single word has been said about the cholera epidemics, a disease that for years affected many countries in South America and could spread throughout the Caribbean and other parts of our hemisphere.

Fidel Castro Ruz
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