

## "Towards A Renovated International System"

...None of the problems at the heart of international concern in the first half of the 1970s has disappeared. The North-South dialogue, which in these years increasingly moved toward a North-South confrontation, has added new ones. In many cases where a breakdown was apparently avoided, this was done by postponing the impact to the future or shifting it from stronger states to weaker ones as, for example, in the case of the balance of payments deficits following the oil price increases. In East-West relations, detente, despite its advances, has not progressed at the desired rate, thus giving rise to a new debate about its goals and substance....

### *The Current Predicament*

...Intensive interaction between societies at various levels is an essential element of our modern societies, which share the goals of economic efficiency and the achievement of an adequate standard of living for individuals. On the other hand, however, interdependence produces mutual interference across national frontiers which jeopardizes the very advantages of interdependence. Interdependence requires steering mechanisms among those involved....

While interdependence is a web that connects practically all states of the globe, it remains fragile. Nuclear proliferation and undesired ecological change are two increasingly important threats to these ties. Avoidance of nuclear war is rarely discussed as part of the problem of interdependence. It is, however, generally regarded as a condition for the solution of all other problems of world order, for nuclear war threatens the survival of mankind. Throughout the postwar era, the many states of the global system have had to rely on effective arms control among the few nuclear powers, notably the United States and the Soviet Union, including as well the potential nuclear states in conflict areas.

Now, however, the problem of nuclear weapons is posing itself on a new worldwide scale as industrialization and diversification of energy sources make the widespread use of nuclear energy an economic imperative. The quantity of weapons material and the corresponding possibility of misuse is increasing. Effective measures against proliferation, therefore, can no longer be handled by a few but involve a large number of states with divergent outlooks and interests, and different economic status, all of which have to act in some degree of concordance. Proliferation concerns no longer focus on countries like Germany and Japan — since they have ceased to be a problem in this respect, if they ever really were — but on unstable or adventurous countries in the developing world, especially in areas of conflicts and violence, which could acquire a capacity to build nuclear weapons. In fact, unless the states of the world are capable of innovation in this field a period of instability and violence could be opened compared to which the past quarter century may appear as a *belle époque*.

Undesired ecological changes present a different problem. If a nuclear explosion occurs it will be visible and have its awesome impact; no doubt surrounds its reality, which mankind has been spared since the bomb was used in Japan. The origins of ecological changes may, in contrast, not be clear. When their first symptoms occur, they may already be irreversible. Today the pressure of man on the environment is so considerable that many undesired changes already occur, and partial breakdowns are no longer an absurd notion.

The origins of the environmental problem lie in industrialization, the introduction of modern agricultural techniques and the expansion of population — though the perception of the wide-scale importance of the problem is recent. It is an international problem in that pollution in one country often affects the environment in others as well. In the case of ecological interdependence, the transmission of the effects of local or national action can be much less resisted by outsiders than in other types of interdependence where a limited option of withdrawal exists by cutting transnational links and interaction — though at considerable cost.

A breakdown of the globe's biosphere is unlikely during this century, but there can be no certainty of its avoidance. Later, with industrialization progressing in currently less-developed countries, the probability rises....

For these reasons contemporary interdependence has an inbuilt mechanism by which it could well be destroyed, unless countermeasures are taken. Tariffs, export subsidies, industrial policy, privileged treatment and so forth, the very instruments used to implement social policy nationally, inherently threaten the systems of interaction and interdependence which are a source of wealth in the industrial world and a precondition for meeting and surpassing minimum human needs in the developing countries....

...Development policy of the past is perceived as having failed, since it has insufficiently improved the situation of the Third World. Relations with the industrialized "North" are viewed as having increased wealth there but not in the developing "South" and as having been structured according to the needs of the former. Why produce cash crops like cocoa for overfed people in the North, it is argued, when the same soil could produce desperately needed foodstuffs for the hungry masses of other developing countries? Some intellectuals, groups, and governments in the Third World increasingly lean toward a strategy of disassociating North and South. Various suggestions at the 1976 Colombo conference of the nonaligned states and at the 1976 Mexico City conference on economic relations among developing countries clearly express such goals, e.g., proposals for a developing countries payments union, the establishment of a joint development bank, preferential treatment, multinational corporations of their own, and so forth.

These tendencies to disassociate from interdependence need not necessarily be viewed with alarm. On the contrary, a healthy policy of increased self-reliance may require some cutting of old links or dependencies. Moreover, such a strategy would have to overcome many obstacles before it could become a feasible policy. But the problem has to be taken seriously; for unless interdependence effectively solves the problems of the weaker states, the trend toward disassociation from interdependence is likely to grow. A more effective contribution of the industrialized world to development is required. Otherwise the success of the extreme disassociation strategies will create a series of disturbances unpleasant for the industrialized world, and probably even more harmful to the developing world....

...Human dignity demands, furthermore, that individuals enjoy freedom of expression, a significant say in the running of their political and social affairs, and access to their own culture. If basic human needs are understood to include these individual rights, a policy which attempts to meet these needs is confronted with the dilemma of reconciling the acceptance of a pluralistic world structure with a desire to promote human rights....

...The Trilateral countries face the dilemma of where to draw the line between acceptance of political pluralism and promotion of human rights. A policy which promotes democracy and human rights will inevitably come into conflict with prevailing conceptions in other states, including some developing countries extremely jealous of their newly won sovereignty and particularly sensitive to any interference by outsiders. However, a totally "standoffish" policy on human rights is not acceptable, for several reasons: First, is basic human solidarity with the oppressed. Second, a world in which democracy and freedom of the individual were confined to the countries of the Trilateral region would be likely to affect negatively the future of democracy within the Trilateral region itself. Finally, a world order that does not fulfill the minimum of human dignity and freedom for the individual does not correspond to the objectives for which mankind should strive. If the liberal democracies renounce any effort to promote human rights in other parts of the world, the struggle for freedom and dignity, already taking place in an unfavorable environment, can only be less successful....

...A global sense of community among human beings is important for a functioning world order. It is necessary in order to generate the energy and motivation for sacrifices, for transfer of resources, and for support of domestic socio-economic changes to facilitate economic progress in poorer areas of the world....

#### *Obstacles*

...A realistic strategy of action must take into account the major obstacles to cooperative management of interdependence. Obstacles of particular importance are the desire for national autonomy, the impact of domestic politics, disparities in conditions among countries, and political barriers.

The desire for national autonomy and the traditional concept of sovereignty aggravate the tension between national policies and transnational interaction in a

situation of interdependence. They tend to support attitudes and actions which disregard the effects of national measures on outside states or groups and they hinder the observance of the rules of international cooperation. States which have an absolute conception of sovereignty are less able to make the compromises or engage in the day-to-day routines of consultation necessary for managing an interdependent world. These attitudes exist to some extent in all countries, often fluctuating over time in intensity. In developing countries, under pressure to make particular efforts to alleviate poverty, the desire for autonomy poses special difficulties. Anxious to assert their independence in all fields, they often tend to regard the types of accommodation and consultation necessary in interdependent relationships as interference in their domestic affairs and an encroachment upon their sovereignty....

...the pressures of domestic politics encourage a short-term view of problems. The fact that politicians must present themselves to the voters every few years has the unfortunate effect of concentrating their attention on issues which will secure their re-election and not on problems of the more distant future. It rarely pays domestically to raise long-term problems, particularly if this means confronting voters with difficulties ahead and the need for sacrifices to master them. Thus long-term problems and strategies to solve them are not discussed as concrete political issues. The failure of American and European politics to respond adequately to the necessity to reduce oil consumption provides a telling example...

#### *The Trilateral Role In Global Tasks*

...The communist countries are avowedly hostile to the economic and political system of the Trilateral countries, and Trilateral countries are hostile to communism, so the basis for joint maximizing behavior is simply not present on issues involving the economic system in an important way, such as the nature of the international monetary system, the modalities of global economic stabilization, or the role and responsibilities of multinational corporations. This does not of course preclude close cooperation on some specific issues....

#### *Elements Of A Global Strategy*

Given the broad characteristics of our current circumstances, what principles should guide the Trilateral countries in their approach to managing our increasingly interdependent world? With its numerous complexities and uncertainties, the temptation will be strong to adopt a completely pragmatic approach: to take each problem as it arises and try to deal with it as expeditiously and efficiently as possible, in short, to "play it by ear." Future international relations will no doubt contain a great deal of such a pragmatic approach, perhaps even more so than in the past. But we believe that the Trilateral countries should surmount this limited view; their aspirations should go beyond merely coping with future events to *shaping* these events...

...Containing the spread of nuclear weapons to other nations or non-governmental groups is a central aspect of preventing nuclear war. Preventing nuclear proliferation has become enormously more complicated

with the growing dependence of the world on nuclear reactors as an alternative source of energy, and thus the possible diversion of nuclear fuel into weaponry. The radical proposal by the United States in 1947 to internationalize the control of nuclear materials is no longer possible, but the current nuclear powers should cooperate to prevent the spread of nuclear weapons, and the Trilateral countries should seek stringent controls on the use of nuclear fuel and the reprocessing of nuclear waste material, not only within their own borders but also in all countries to which they provide reactors and fuel...

...East-West tension will remain high for a long time. The autocratic, single-minded nature of communist regimes will make difficult genuine relaxation of tensions with more pluralistic societies in the modern industrialized countries of the West. The policy of detente attempts gradually to change the nature of East-West relations while aiming above all at maintaining peace. Detente should in the long run create a variety of links between communist and non-communist countries, thereby gradually building up a network of interdependence which will, it is hoped, create additional incentives for resolving conflicts peacefully and for finding cooperative solutions to common problems. But the process is likely to be both uncertain and prolonged, and is complicated by the worldwide rivalry between the two dominant Communist countries, the Soviet Union and China. Despite slow progress and setbacks there is no alternative to stabilizing and gradually reducing East-West tensions, which, more than any other set of tensions in the modern world, endanger the survival of mankind as a whole if they erupt into war...

...Assuring steady, vigorous growth in demand for the export products of developing countries is perhaps the single most important thing the industrial countries can do. The experience of the 1960s shows that, under conditions of steady growth in demand, economic development can proceed at a rapid pace in those developing countries able and willing to take advantage of the opportunities that good export markets provide. (We appreciate the complexity of the problem of economic growth, including issues both of the quality of growth and of the distribution of higher incomes, but we do not believe, as is sometimes popularly supposed, that the unavailability of natural resources represents a practical limit to growth. As in the past, technology should permit mankind to stay ahead of the always imminent "exhaustion" of particular commodities, although the costs of adaptation may be heavy in many cases.)

Second, sound economic management can be supplemented by explicit schemes for stabilizing both export earnings of developing countries and prices of certain primary products of special interest to developing countries, either as importers or as exporters. We already have the compensatory financing arrangement of the International Monetary Fund to provide special loans to countries whose export earnings have fallen below certain historical norms; and this is supplemented for some less-developed countries by the Rome Agreement of the European Community, although the amounts potentially available under the latter scheme

are quite small. If it seems necessary in the light of future demand management, these two facilities should be improved....

...Production and trade in primary products inevitably carry certain risks. Weather is quite important in the production of many of them, and others are subject to strong inventory cycles in the industrial countries. Without supportive arrangements, these risks could inhibit investment in relevant primary product sectors, or encourage costly national attempts to avoid the risks. Some — by no means all — of the risks associated with primary product production could be reduced by appropriate management of buffer stocks of the commodities in question. Where private markets seem on past record to be unable to provide an adequate degree of price smoothing, governments should consider the establishment of buffer stock reserves in order to dampen price fluctuations....

...At their best, foreign-owned firms can be a powerful stimulus to economic development by introducing more efficient management and marketing techniques, production technologies, and capital. Foreign-owned firms have frequently been charged with introducing inappropriate technology into developing countries, and no doubt many examples can be cited. But that has largely been a response to national policies in the host country that distort the choice of production techniques, e.g. toward capital-intensive means of production. Countries that want economic development would be well-advised to welcome foreign firms on appropriate terms. Where necessary, they can obtain outside assistance, for example from the World Bank, in negotiating with such firms...

...Finally, a negotiated monetary framework needs to apply only to the five to ten leading countries in international trade and financial transactions. With an agreed framework among these "core" countries, other countries are likely to adopt similar arrangements; and if they find it preferable to adopt different arrangements, better suited to their individual circumstances, they can do so without jeopardizing the central framework. For example, many smaller countries could adopt flexible exchange rates without threatening a regime of fixed exchange rates among major currencies; or may smaller countries could fix the exchange rate of their currencies in one fashion or another without threatening a system of flexible exchange rates among major currencies. In *this* sense, the international monetary system is a question primarily for the major non-communist countries. Other countries, however, have a major interest in how it works. (Communist countries have by choice insulated themselves from the world's monetary arrangements through tight, occasionally brutally tight, exchange controls. Their influence is small, and is likely to remain small so long as they contain these tight controls.)...

...Central tasks for the next decade are to learn how to operate a system of flexible exchange rates and to assure that the SDR provides most if not all of the incremental reserves needed by the world economy. The first of these tasks involves developing practical guidelines to prevent large and erratic movements in exchange rates, which are damaging to foreign trade and other normal in-

ternational economic transactions, and to prevent competitive manipulation of exchange rates, e.g. deliberate international economic transactions, and to prevent competitive manipulation of exchange rates, e.g. deliberate under-valuation of a currency to help create an export surplus and domestic employment...

...Such discussions should encompass not only official reserve holdings, but also the growth of international liquidity, some in official hands, some in private hands, that occurs annually through the medium of the international financial markets, and especially the euro-currency market. This market is only lightly regulated, and while it has been the source of much of the strength of international financial relations during the past decade, it also represents a source of potential vulnerability to the system's stability as well as a relatively uncontrolled source of international liquidity.

With respect to both tasks, it is desirable that the International Monetary Fund increasingly evolve into a central bank for national central banks. It already performs this function as a source of financial support, although it is not yet a true lender of last resort due to limitations on its resources. If SDRs become the principal reserve asset, the IMF will play a central role as a creator of international reserves. Moreover, under the

Jamaica agreement of 1976 the IMF is charged with exercising close surveillance over currency interventions to influence exchange rates, with a view to assuring their consistency with agreed objectives and limitations on the use of exchange rates...

#### *Problems Of Peaceful Use Of Nuclear Energy*

The magnitude of the expansion of the nuclear sector raises serious questions about the safeguard system developed through the NPT and the IAEA. They appear increasingly inadequate to deal with the danger of nuclear proliferation by way of the sensitive parts of the fuel cycle, notably through enrichment and reprocessing procedures which offer the potential for producing nuclear material of the quality required for weapons.

Finally, the rise of terrorism has made us aware of the great potential danger from the nuclear energy sector's vulnerability to terrorist attacks. Hence the physical security of both nuclear installations and transport of nuclear materials has become a major problem and will become even more important in a world of hundreds of operating nuclear reactors, each requiring supplies of fissile material and removal of dangerous waste products...

**EXCLUSIVE**

## "Remaking Foreign Policy":

# The Trilateral Commission Plan for U.S. Dictatorship

Prior to the November elections, David Rockefeller's Trilateral Commission drew up plans to seize control of the U.S. Executive Branch and assume dictatorial powers over U.S. economic and foreign policy. Immediately following the elections, Trilateral Commission member Graham Allison and supporter Peter Szanton received Rockefeller and Ford Foundation funds to publish a detailed plan to "streamline" the U.S. Congress and reorganize the Executive Branch in line with the pre-election plan, which premised its success on credible "crisis-management."

The Allison-Szanton report calls for replacing the National Security Council (NSC) with an executive committee of the cabinet, in which "emergency powers" are delegated to "crisis-management" subcommittees chaired by "czars" of energy, defense, and foreign and domestic economic policies. The report calls for dismantling the institutional means of power of the traditional military officers corps and constituency-based Senators and Congressmen; it calls for strengthening the State Department at the expense of the CIA and the military services.

Within days of the inauguration, the Carter "team" rushed to implement the bulk of the Allison-Szanton proposals, and at this writing, we are in the midst of a con-

trived natural gas crisis managed by the "Energy Czar" (of the report), James Schlesinger with Carter already having sent a bill to Congress to give Schlesinger dictatorial powers.

The Allison-Szanton report, entitled "Remaking Foreign Policy," was originally commissioned by Trilateral members and David Rockefeller's Council on Foreign Relations in 1975. A draft was written up in the fall and winter of 1975-76 and circulated well in advance of the 1976 Democratic National Convention. With Trilateral Commissioners Carter and Walter Mondale now formally heading the Executive Branch and the 11 other Commissioners confirmed or designated for high Cabinet or sub-Cabinet positions, their premeditated insurrection against the U.S. Constitutional process is now on record in the public domain — a report which denounces the Constitutional process, and proposes to dismantle it.

Allison has long been a Trilateral Commission instrument for attacks on the Constitution. As Dean of Harvard's Kennedy School of Government, he assisted in recruiting Samuel Huntington and a Harvard staff to draft "Crisis in Democracy: Report on the Governability of the Democracies to the Trilateral Commission," which proposed replacing democratic governments wherever they are found. Huntington, Allison and their colleague