

IMF readies surveillance over the U.S. economy

by Kathleen Klenetsky

According to all available reports, the meeting of the International Monetary Fund's Interim Committee which opens in Washington April 17 will dictate a package of policies to the "Free World" economies that would make Nero blanch.

The IMF's diktats will apply not only to Third World economies, which are all too familiar with the bloody price exacted by this gang of elegantly dressed loan sharks, but to the advanced-sector nations as well—with emphasis on the United States.

Stripped of their verbiage, the IMF's marching orders amount to the following:

- Third World countries must legalize their domestic drug traffic in order to repay their debts.
- The more advanced nations must submit to the same kind of murderous "conditionalities" which have already devastated Africa and Ibero-America.
- The United States must accept deep cuts in defense spending.

This agenda for the meeting—already worked out in detail by the Swiss, British, and other oligarchical powers which run the International Monetary Fund at the top—was disclosed at an April 2 press conference sponsored by the Washington-based International Institute for Economics (IIE).

IIE is headed by C. Fred Bergsten, a former top economics official in the Carter administration and leading participant in the Council on Foreign Relations' "1980s Project," the pre-Carter studies by subsequent officials in the Carter administration (Vance, Brzezinski, Blumenthal, et al.) which called for "controlled disintegration" of the world economy.

The IIE functions as a think tank for the international creditors' cartel, the so-called Ditchley Group. The press conference was called to release a new IIE report, *Bank Lending to Developing Countries: The Policy Alternatives*, detailing a set of measures to be adopted at the upcoming IMF meeting that would ensure the integrity of the international debt structure.

Co-authored by Bergsten and fellow IIE economists William R. Cline and John Williamson, the report proposes:

- strengthening the powers of the IMF;
- continuing IMF conditionalities;
- forcing Third World countries to sell off their equity as a guarantee of future loans;
- bringing more financial institutions, both public and private, into the pool of credit sources;
- absolutely *no* debt forgiveness.

That last point was repeatedly stressed at the IIE's press conference. "We must avoid any kind of debt forgiveness or moratoria," Bergsten and his fellows insisted at every possible opportunity. "That would be a bad idea, not just for the banks, but for the debtor countries as well. They would write themselves out of the credit market."

Grow dope, give up defense

But the more interesting line emerged after the press conference, when *EIR* cornered Williamson, an adviser to the IMF and former "economic consultant to Her Majesty's Treasury." Asked if he agreed with the view pushed by various oligarchical spokesman, including the powerful Swiss

financial newspaper, *Neue Zürcher Zeitung*, that legalizing drugs would enable developing-sector countries to better service their debt, Williamson replied:

"Oh, yes. I'm very sympathetic to that view. If countries like Colombia could tax their drug traffic, they could reap tremendous revenues, and that would certainly help their debt situation."

Williamson added that laws prohibiting drug use in countries like the United States are "utterly absurd" given that "so many people are using cannabis and other drugs in our cities. We could solve the crime problem in our cities and the debt problem at one stroke by legalizing drugs."

Williamson also confided to *EIR*, "Of course, the issue of extending IMF surveillance to the U.S. will come up" at the IMF's Interim Committee meeting. In fact, Williamson disclosed, this will be a major focus of the Fund's discussions, and the major immediate target will be the U.S. defense budget.

"The IMF is somewhat reluctant about taking on the defense issue directly, because it's such a sensitive issue," said Williamson "We prefer to work through technocrats in the [U.S.] government itself to get our views across."

IMF moles

As Williamson himself was quick to point out, there are plenty of such "technocrats" in the U.S. government right now who are willing to sell out American national sovereignty to supranational controls. Williamson identified U.S. Treasury official Charles Delarra—who simultaneously functions as the U.S. executive director at the IMF—as one such technocrat, and indicated that both White House Chief of Staff Don Regan and Treasury Secretary James Baker subscribe to the IMF's goals.

Williamson's estimate has been more than borne out by statements Baker and Regan have made recently about the need to slash U.S. defense spending and create a "small committee" inside the IMF to issue regular "report cards" on the U.S. economy, complete with policy dictates.

But perhaps the strongest signal of the intentions of leading monetarists within the Reagan administration to sell out the President's commitment to defend the United States was the speech given by Federal Reserve chairman Paul Volcker at the Atlantic Bridge conference in Dallas, Texas March 31. In a statement the *Washington Post* described as "distinctly different from that of the Reagan administration," Volcker called for the acceptance of "hard ways" to get greater stability on the international currency markets.

"Certainly the exchange rate today is too important an economic variable to ignore in our policy-making," Volcker pontificated. The Fed chief's reference-point was the mass of complaints from Europeans and the Third World about the U.S. budget deficit and the outrageously overvalued dollar—a groundswell which the IMF and international bankers plan

to use to create a special surveillance committee within the U.S. government.

U.S. government support for genocidal IMF conditionalities for the Third World and Western Europe has created conditions under which most of the world's nations would be only too glad to see the IMF put the United States through the wringer. A spokesman for the American Enterprise Institute, a key Republican think tank in Washington, told *EIR* that a number of Third World countries would be exerting pressure at the upcoming Interim Committee meeting to do just that. Should this occur, however, it will only be the Soviet Union which is the winner—as the U.S. defense budget and real economy is further sacrificed on the altar of "cutting the deficit."

The President's dilemma

The policies of the IMF pose a real dilemma for President Reagan. On the one hand, he has been convinced by his economic advisers—Don Regan above all—that he must support the IMF if he wishes to avoid a global debt blow-out. On the other hand, the IMF is attacking two of the programs to which the President is most strongly committed: the strengthening of U.S. military forces and development of a strategic defense; and the war on drugs.

Indeed, the same day that IMF adviser Williamson was discussing the need for extending surveillance to the United States, Defense Secretary Caspar Weinberger termed any such move a "serious infringement" on U.S. national sovereignty (see article, page 52). And two days later, the President himself joined with Colombian President Belisario Betancur to declare himself "irreversibly committed" to wiping out global drug traffic.

The President can't have it both ways: Either he makes a total break with the IMF and the financial powers it represents, or his war on drugs—which traffic, as Williamson's statements indicate, is itself an IMF "conditionality"—will become a farce. Either Reagan breaks with the International Monetary Fund, or he will find himself increasingly stripped of real power, as the United States is stripped of military and economic power. The President who garnered one of the greatest landslide victories in American electoral history will find himself relegated to the same role played by the puppet presidents of banana republics.

The best strategy for President Reagan at this point is to bring his economic policy into accord with his Strategic Defense Initiative, by endorsing the call of Helga Zepp-LaRouche for an Indira Gandhi Memorial Summit, at which the countries of the North and South would meet to work out a real solution to the global economic crisis, one based on a credit system designed to promote a second, worldwide industrial revolution. To that conference, not a single official of the suddenly defunct International Monetary Fund would be extended an invitation.