

Bipartisan trade-war drive promotes economic suicide

by Nick Benton

The United States is lunging into the April-May round of crucial international economic negotiations with an unprecedented bipartisan commitment to economic suicide.

The tone for the talks—beginning with the Paris meeting of the Organization for Economic Cooperation and Development (OECD) on April 11, through the series of meetings around the Washington D.C. assembly of the International Monetary Fund (IMF) Interim Committee on April 17, and culminating with the May 3-5 Bonn economic summit of leading industrial nations—is being set by the raging hysteria to punish Japan for the collapse of the U.S. economy, all in the name of “free trade.”

Before recessing for Easter on April 4, the House and Senate overwhelmingly passed non-binding resolutions calling for “retaliatory measures,” threatening a trade war against Japan because of its \$36.8 billion trade surplus with the United States. The margins were 92-0 in the Senate and 394-19 in the House. This was followed by a vote of the Senate Finance Committee to put a binding law onto the floor.

These moves compelled Japanese Prime Minister Yasuhiro Nakasone to go on Japanese national television on April 9 for an urgent appeal to his population to avert a trade war by increasing purchases of American imports, although he still correctly insisted that the trade imbalance was not Japan’s fault—but the result of the strength of Japanese industry, the weakness of U.S. industry, and the artificially overvalued dollar that is creating the false illusion of a “recovery” based on an overall U.S. trade deficit of \$123.3 billion in 1984.

However, Nakasone’s dramatic appeal to “buy Ameri-

can” only served to underscore the savage dedication to both strategic and economic suicide of the bi-partisan “free trade” maniacs in the United States. As we warned in an *Executive Intelligence Review Document* in the Economics report of our last issue, the effect of trade war measures against Japan will bring down the Nakasone government, which is currently giving crucial support to the Reagan administration’s Strategic Defense Initiative. Thus the “free traders” are serving the interests of Moscow and its U.S. agents-of-influence, like Henry Kissinger, who oppose the SDI.

Signals of growing anti-Nakasone dissension within his own ruling Liberal Democratic Party were, indeed, gleefully reported in all the major Eastern Establishment press in the United States following his broadcast.

In the meantime, also, the broadcast only served to further whip up the passions of the “free traders” of the Congress and American “business community.” Former U.S. trade representative Bill Brock led the pack, insisting that Nakasone did not offer any “concrete action” in his TV appearance, nor did the report of a Japanese advisory committee headed by former Foreign Minister Saburo Okita.

Brock’s remarks were echoed by Missouri Sen. John C. Danforth, a Republican, who introduced the binding bill that passed the Senate Finance Committee by a wide margin in the first week of April. “This is just a package of promises,” he said. Democratic Congressman John Dingell from Michigan added, “Nothing has changed.” Rep. Don Bonker (D-Wash.) chimed in that Nakasone’s package is “riddled with gaping loopholes,” while Sen. Bob Packwood (R-Ore.), chairman of the Senate Finance Committee, also dismissed

the Japanese moves as "nothing new."

"It will be a benefit to both nations," remarked Sen. Lloyd Bentsen (D-Texas), a supporter of retaliation, to "get back to free trade."

A chorus of "boos" against Nakasone also came from American trade and "business community" interests. For example, the National Association of Manufacturers, the Advisory Council on U.S.-Japan Economic Relations, the American Electronics Association, GTE International, the American Chamber of Commerce in Japan, and the Electronics Industries Association, were all critical of Nakasone's response to the trade-war threat.

Donald Regan, the White House chief of staff who has wielded his considerable influence to push the "free trade" ideology upon the President, reported Reagan's pleasure at Nakasone's apparent effort to address the trade imbalance problem. But Regan added his voice to the trade-warrior chorus, intimating that Nakasone's measures "did not go far enough."

And, while President Reagan remains personally misled by the "free trade" myth, the strategic implications of losing the Nakasone government, as *EIR* warned, have perhaps not been entirely lost on the administration. Vice-President George Bush attacked congressional attempts at trade war in a speech to the Export-Import Bank on April 9. Retaliation, he said, would "backfire" on the United States.

Japan should become weaker?

Nakasone attributed his nation's industrial strength to "the national character of Japan," which makes it a country that "takes care of its people well in order to prevent disasters or other problems."

As a result of this policy, he said, "the quality of telephones or the inspection of drugs, for example, have become higher than in other countries. By international standards, the Japanese government intervenes too much. Now we are asked to restrict the government's intervention and let consumers and clients judge safety and quality for themselves."

In these remarks, Nakasone made it clear to his population that the United States is threatening retaliatory trade war in order to lower the quality and standards of Japanese production—that is, to make the United States more "competitive," not by improving the quality of U.S. production, but by lowering the quality of Japanese production.

The irony is that Prime Minister Nakasone in his nationally televised address was only pointing to Japan's application of a sane economic policy which has been abandoned by the United States. On the history of this policy, the "free traders" in the United States are woefully or willfully ignorant. Japanese industrial policy was originally developed by that country's patriots as an echo of the American System policies of Alexander Hamilton, Henry Carey, and Erasmus Peshine Smith, in the 19th-century "Meiji Reformation," and was supported as the basis for renewed economic develop-

ment by the American Gen. Douglas MacArthur in the Japanese postwar reconstruction.

According to official labor statistics, Japan remains the only one of the industrial powers in the non-communist advanced sector to continue to show growth in the size of its industrial labor force (see page 4ff.), and the effort of U.S. threatened trade war with Japan is therefore to drag the Japanese economy down to the levels of industrial collapse of the United States.

"We cannot deny the possibility that some industries may suffer pain because of the enforcement of these new trade policies," Nakasone confessed.

Other allies will be attacked

But as the United States prepares to move into the critical round of economic negotiations, it is not only the threatened trade war with Japan, but U.S. pressures to collapse all the economies of our trading partners, that points up the scope of risk to the nation's strategic security involved.

As Treasury Secretary James Baker III moved to Paris for the OECD meeting on April 11, he was expected to launch the administration's proposal for a new round of General Agreement on Trade and Tariff (GATT) talks for 1986 aimed at an escalation of measures to break down national barriers to "free trade." While European nations are correctly protesting that the U.S. dollar is overvalued by a factor of three, the United States is fueling Socialist International efforts to break Europe from the dollar (in favor of a Soviet ruble-convertible European Currency Unit, the ECU) by crudely insisting that the Europeans "streamline" their economies, eliminate "restrictive work rules" and "government impediments to starting new businesses," and implement tax cuts.

Similarly, the United States' expected continuation of its support for the International Monetary Fund (IMF) at its interim meeting in Washington threatens not only to perpetuate the famine and uncontrollable pestilence sweeping Africa, but to drive deeper wedges between the collapsing U.S. economy and the developing nations it is exploiting to prop up the phony recovery. For example, while U.S. spokesmen gloated that the recent Mexican compliance with the IMF to implement an import stimulation program called "Dimex," represented "potentially the biggest dent in Mexican protectionism in decades," a Mexican government economic pronouncement made no mention of the program this week. Instead, mass demonstrations, led by the Schiller Institute, against the IMF, began unfolding throughout Ibero-America with a 4,000 turnout in Lima, Peru April 8.

Perhaps it is only shocks concerning the military-strategic implications of IMF and related "free trade" policies—like that manifested by Defense Secretary Weinberger April 2 at the Pentagon when an *EIR* correspondent reported to him IMF designs on oversight control of the U.S. defense budget—that will awaken Reagan and the Congress to the profound folly of the nation's current economic course.