

PART I

Behind Kissinger's Cold War: A Trilateral 'New World Order'

The most important element of the current campaign to devolve international relations back into Cold War has been, so far, left largely unsaid. While Henry Kissinger, Zbigniew Brzezinski, Gianni Agnelli, and their various press allies have painted a paranoid picture of "moral collapse" and the West's inability to deal with crime, Communist penetration, Kremlin-funded terrorism, and strategic "tests of wills" with the USSR in Africa, the Mideast, etc., these same spokesmen have been extremely vague about what a possible solution to this nightmare might be.

We should expect that lack of clarity to be remedied in the coming weeks. The "solution" which Kissinger, Brzezinski, et al. have been converging on — one already agreed upon well before the "Reds are coming" alarm was first sounded — is detailed in a recent policy document by the Trilateral Commission: a new "world order" in which City of London-dominated supranational institutions like NATO and the IMF will replace national governments in enforcing austerity and the end to industrial growth.

In fact, it would be most appropriate to say that implementation of the July, 1977 Trilateral document, "Towards a Renovated International System," is the *primary purpose* of the current pronouncements of Commission Executive-Director Kissinger, and of the increasingly confrontational statements coming out of a U.S. Administration which boasts nearly two dozen Commission members in ranking posts (including, as is well known, President).

That is, the current Cold War drive is fundamentally economic in purpose. The roaring anticommunism and hysteria-mongering is the psychological warfare "barrage" which softens the population up for the City of London's control of the globe's political and financial institutions. Already, we see aspects of "Towards a Renovated International System" creeping into statements by Kissinger (who, with a studied vagueness, linked "capital-intensive growth" with the decline of the West), Agnelli (who this week stressed the inability of national governments to deal with terrorism), and the Mondale-Schlesinger-Blumenthal faction in the White House (which is attempting to equate energy conservation, nonproliferation, and labor-intensive "public works" employment with the stability of the U.S.).

This "creeping" process is standard operating procedure for the Trilateral Commission: first the creation of a conducive psychological environment, and only then do the hundreds of well-placed politicians, financiers, and journalists which make up the Commission begin the

"public debate" on what devastating measures are necessary to get the West out of the hoaxed-up crisis. Illustrative in this context is the fact that Henry Kissinger did not — as is commonly believed — first give his "Iron Curtain" speech to open the new Cold War on the well-publicized January NBC-TV special; the original version of that performance was given at the Oct. 1977 Trilateral Commission meeting in Bonn, a meeting at which "Towards a Renovated International System" was also a major topic.

New British Empire

This "debate" will be entirely defined by "Towards a Renovated International System's" goal of the re-creation of the City of London monetarism's "Concert of Europe" looting system on a global scale. Although the document has been worked over by linguists to make its Schachtian proposals sound palatable, the contents are clear.

At this moment, the world's ability to resist and destroy the City of London's plans for a zero-growth nightmare relies largely on four things. Firstly, the understanding of competent political forces in the West, East, and developing sector that the end to the current depression — and London's debt stranglehold — must be based on a vast expansion of industrial production and export. Secondly, the understanding by those forces that this solution demands a new monetary system, and that the monetization of gold would be a crucial step toward such a system. Thirdly, the recognition that such industrial growth necessitates a full commitment to nuclear energy development and export. Fourthly, the world's future economic health depends on the ability of the world's leaders to continue to realize the aspirations of their constituents.

This last point is too often underplayed. Today, despite the well-financed and well-publicized ranting of the ecologists, most of the world's population is overwhelmingly committed to technological and intellectual progress — they are republicans who see their own advancement mirrored in the development of their nation. Thus, in most cases, a political leader's commitment to his constituency — to patriotic national interest — coincides with those measures which will ensure world progress and the end to the City of London's domination.

"Towards a Renovated International System" is aimed at the destruction of each of these four vital factors in the world's future:

*Vitality needed technology transfers and industrial investment are merely advanced-sector "imperialism"

which would only upset the labor-intensive economies in which most developing nations are now enmired. Exports of strategic raw materials including food must be controlled through "reserves"—i.e., diverted into funds to pay off London's debt service.

*A new monetary system, yes — but based on the genocidal IMF. Gold must be removed from monetary activity.

*If public sentiment for nuclear power is too massive, then let nuclear energy be put under prohibitive controls and essentially banned from the Third World.

*The principle of national sovereignty and national interest must end, and be replaced by a "new order" based on already existing supranational institutions, or else the problems of growth and progress will plunge the world into chaos.

No amount of cosmetics by the City of London's linguists can cover up the fact that "Towards a Renovated International System" is the *Mein Kampf* of the 1970s.

'Towards A Renovated International System'

This report, published July 1977, was authored by Richard Cooper, now Undersecretary of State for Monetary Affairs, Karl Kaiser of German Society for Foreign Affairs in Bonn, and Masataka Kosaka of Kyoto University, in consultation with Zbigniew Brzezinski.

The management of interdependence has become indispensable for world order in the coming years. Its origins lie in the extraordinary expansion of interaction between modern states and societies. Although such interaction existed in earlier times, the development of modern technology and the evolution of the international economic and political system have brought a quantitative and qualitative change....

Among the negative aspects of interdependence are the threats of nuclear proliferation and harmful ecological change. Avoidance of nuclear war is rarely discussed as part of the problem of interdependence. Yet it is a condition for the solution of all other problems of world order, since nuclear war threatens the survival of mankind. Throughout the postwar era a stable nuclear balance, which affects the many states of the global system, has depended on the few nuclear powers, and primarily the United States and the Soviet Union.

Now, however, the worldwide resort to nuclear energy for power creates much wider risks of the spread of nuclear weapons. Effective measures against proliferation, therefore, can no longer be handled by a few; they require joint action by a large number of states with divergent outlooks and interests, and different economic status. 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 conflict and violence, which could acquire a capacity to build nuclear weapons. In fact, unless the states of the world can cooperate 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. They may not be foreseen, and may already be serious or irreversible when their first symptoms appear. The environmental problem has its origins in industrialization, modern agricultural techniques and the expansion of population — though the perception of its wide-scale importance is recent. The problem is often international in that pollution in one country frequently affects the environment in others as well. Moreover, outsiders do not have the limited option to reduce the harm by cutting transnational links and interaction, as they can in many other types of interdependence — though at considerable cost.

The pressure of man on the environment has already caused many undesired changes, and could threaten partial breakdowns. A breakdown of the globe's biosphere is unlikely during this century, but there can be no certainty of its avoidance. Later, as the LDCs industrialize, the danger will increase. The prevention of ecological damage and breakdowns (and the repair of existing damage) are major tasks for the globe as a whole....

Interdependence, despite its many benefits, complicates the management of the modern welfare state — it creates disturbances, interferes with national priorities and policies, and transmits problems from other systems. Conversely, conflicting national priorities of modern welfare states inevitably complicate the problem of managing a system of interdependence....

Thus politicization of the international economy lies in the logic of modern welfare states. National intervention is inevitable in the name of a more just society, but it should be guided through international agreement and joint action in such a way as to preserve the advantages of interdependence....

An international system must be able to accommodate shifts in power among nations and their desires for new roles. In the postwar period, the industrialized nations were able to adapt their decision-making structures to reflect the rise of the Federal Republic of Germany and later of Japan. Now the problem arises in two forms.

Certain developing countries have risen rapidly to positions of economic weight and political influence on the basis of the critical importance of certain raw materials (in particular, oil) or of successful development. Understandably, they demand a greater say in the decision-making of the international system commensurate with their newly acquired position.

But the issue also arises at a second and more difficult level as a result of shifts in perceptions. To many developing nations the hierarchy of power characteristic of the postwar world is no longer acceptable. They reject the central legitimizing concept of the liberal world economy, the maximization of global welfare through the market system, and assert that the formal equality of all participants has not been accompanied by a fair sharing of benefits from the division of labor in the present world economy.

For the weaker developing countries, interdependence appears as a system of dependence....

Some intellectuals, groups and governments in the Third World increasingly advocate a strategy of

dissociating 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., a proposals for a developing countries' payments union, the establishment of a joint development bank, preferential treatment, multinational corporations of their own, and so forth.

Such tendencies to "dissociate" need not necessarily be viewed with alarm. On the contrary, a healthy self-reliance may require some cutting of old links or dependencies, though it would have to overcome many obstacles before it could become a feasible strategy. The problem has to be taken seriously, however; for unless interdependence effectively serves the interests of the weaker states, the trend toward extreme dissociation is likely to grow, and to create disturbances damaging for the industrialized world, and probably even more harmful to the developing world....

The conditions of the contemporary world make it obvious that concerted efforts will be necessary to deal with current crises in order to contain violence and prevent breakdowns in the global economy or ecology. That is the minimum cooperation required for managing from day to day.

The effort to get at the roots of many of these problems will take a long time indeed. Thus deterrence and detente should be able to avoid major war between East and West, but it will take a very long period to remove the sources of conflict and rivalry. Similar is the goal of meeting basic human needs of the poorest billion or more people. Even with immediate and energetic efforts, it will take decades to achieve substantial progress on a large scale.

The requisite cooperation for both the short and long term must be based on the shared conviction that it maximizes overall gain and increases the welfare of all those involved. The philosophical roots of such a conviction go back to the 18th century notion of progress, that the human condition as a whole could be improved through human efforts to master parsimonious nature. Such thinking represented a revolutionary departure from the age-old notion that one man's gain must be another man's loss, or that one group could improve its condition only by robbing or exploiting other groups....

...Some global sense of community among human beings is important for a functioning world order. In particular, it is necessary in order to generate the energy and motivation for sacrifices, the transfer of resources, and for support of domestic socioeconomic changes to facilitate economic progress in poorer areas of the world.

Neither the widespread application of cooperative behavior nor the existence of a global sense of community implies that conflict and competition between states, groups, and different political creeds will disappear. In fact, a pluralistic world system is a creative asset to be preserved. But the presence and strength of a cooperative predisposition and of a global sense of community will decisively influence whether the ongoing change in world politics can take place without major disturbances or breakdowns....

Obstacles to Cooperation

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, political barriers, and sheer number of countries.

The desire for national autonomy and the traditional concept of sovereignty aggravate the tension between national policies and transnational interaction. They tend to support attitudes and actions which disregard the effects of national measures on outside states or groups. They hinder the observation of the rules of international cooperation and impede the compromises and 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.

The public and leaders of most countries continue to live in a mental universe which no longer exists — a world of separate nations — and have great difficulties thinking in terms of global perspectives and interdependence. Consequently, in the environmental field, for example, there is still widespread belief that countries can in practice afford to pollute the biosphere across their own borders despite commitments to the contrary. In the rich democracies, it is extremely difficult to convince publics of the necessity for substantial aid to developing nations. The development aid lobby is weak, even though aid policy is partially employment policy for the rich countries, and remains imperative for reasons of enlightened self-interest, as well as ethics.

In developing countries, many of which have become independent so recently, the desire for autonomy poses special difficulties. Jealous of their independence, 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.

Although the social, economic, and political life of many modern states depends on functioning interaction with the outside world, the structure and issues of domestic politics continue to be shaped primarily by domestic concerns. Foreign issues remain secondary except in times of crisis. Political leaders rise or fall primarily on their performance on domestic issues. The concept of legitimacy remains confined to the territorial state, leaving aside the growing involvement of outside forces and the impact of national action on others. Values, traditions, institutions and habits are still heavily dominated by the concept of the traditional sovereign state.

The negative impact of domestic politics on the management of interdependence is two-fold. First, since domestic politics is inevitably more shaped by internal than external priorities, the political process produces varying degrees of parochialism which disregard the impact of national action on the outside world and show little understanding of the requirements of interdependence. The pressures for protectionist measures or export controls provide endless examples.

Second, 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 immediate issues which will secure their reelection and not on problems of the longer 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....

In this interdependent world, most countries have an interest in the management of many of its problems, even if that interest is sometimes strongly attenuated. Does this mean that nearly 150 nations should participate in all, or virtually all, matters of international discussion, negotiation, and collaboration?

If so, it would seriously impede the necessary cooperation. The mere presence of large numbers does inhibit the close discussion that is often essential for negotiation and agreement....

Is it feasible to meet this problem by a system of representation, as has been used in the International Monetary Fund for years and tried in the 27-nation Conference on International Economic Cooperation opened in Paris in December 1975 to discuss energy, raw materials, development, and financial problems?...

With interdependence growing, the world community faces two challenging tasks: It must manage the urgent problems of survival and economic prosperity on a continuing basis; and at the same time, it must seek to develop a more adequate system of world order which is more secure, more effective in solving social and economic problems, more responsive to basic human needs, and more respecting of human rights.

The basis for the cooperation among the nations of the world required to achieve these tasks does not now exist. It faces the staggering obstacles....

...In the LDCs, the idea of greater self-reliance, which is, in fact, an indispensable goal of development policy, could degenerate into a rejection of an integrated world economy if present trends continue. Similarly, in the advanced countries, the confrontational atmosphere in North-South relations tends to strengthen tendencies toward a closed and exclusive bastion of advanced countries, leaving the LDCs to their own fate. And the links of cooperation between the communist world and the West are clearly precarious. We believe that the best way to resist these tendencies is through effective, constructive actions by the advanced nations.

...For example, the responsibility for stabilization of the world economy falls overwhelmingly on the trilateral countries and, especially, on the United States, Germany and Japan as the three largest national economies. But other countries have a deep interest in the actions taken by those countries, and coordination among the trilateral countries should take this into account....

During the past decade, the monetary system has been substantively modified, notably by creation of the SDR as a new reserve currency, and by the adoption of flexible exchange rates for the major currencies.

Central tasks for the next decade grow out of these changes. One is to develop a cooperative system among at least the core countries for operating the system of flexible rates, with guidelines to control erratic shifts and competitive manipulation. The second is the management of world reserves and international liquidity with greater reliance on SDRs. For both tasks the International Monetary Fund should play a major role, gradually evolving into a central bank for national central banks....

A global strategy for the trilateral countries must also seek to foster economic development and alleviate poverty in the poorer countries of the world. Inevitably, the major effort for economic development must be made by those countries themselves; development cannot be imported. But the trilateral countries can facilitate economic development elsewhere in the world. They can also help to reduce the risks of interdependence and to distribute its risks and benefits more equally between the weak and the strong....

...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 ...Some — by no means all — of the risks associated with primary product production could be reduced by appropriate management of buffer stocks....The major food grains (where developing countries are primarily importers) and some of the non-ferrous metals (where certain developing countries are major exporters) offer the best opportunities for success....

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. But the industrial countries should avoid seeming to push direct foreign investment onto unwilling developing countries. There are many paths to economic development and if countries choose one with minimal foreign ownership of local business firms, other countries should not object....

A great deal of our past thinking on economic development has failed to put human beings in the center of transitional strategies. The almost exclusive emphasis on GNP per head in much development planning neglected the conditions of certain strata or groups; rising per capita GNP figures may well obscure increasing misery within the state in question....

Meeting basic human needs is not necessarily the same

as fostering economic development, although it is difficult for a malnourished, rapidly growing population in bad health to make great economic progress. Alleviating poverty is a worthy objective in itself. In addition, there is evidence that it can contribute to economic development by raising the productivity of the labor force and in time contribute to the vitally important objective of reducing birth rates. We would encourage further the tendencies that now already exist in foreign aid programs to shift the relative emphasis away from big capital projects in the industrial sector toward those activities mentioned above which alleviate poverty more directly and tend to provide jobs for more people, especially in rural areas. We would also increase substantially the total amounts of foreign assistance now being offered....

In general, the prospects for achieving effective international cooperation can often be improved if the issues can be kept separate — what we call piecemeal functionalism. Progress on solutions is likely to be faster and the solutions are likely to be more durable.

Where cooperation on a functional issue offers all participating countries potential specific gains, these gains are most likely to be achieved by focusing on the issue in question rather than combining it with negotiations cutting across many areas. By narrowing the negotiation, it can be kept concrete and deal with specific arrangements and procedures. In such cases, specialists (who are more likely to dominate more limited discussions) may be better able to reach agreement than political generalists for whom issues are more likely to become symbolic of victory or defeat for particular national or regional political viewpoints. Specialization creates common bodies of knowledge and intellectual frameworks among experts from many nations. Coalitions of specialists can be built across national boundaries in specific functional areas, blunting the nationalism that might otherwise hinder international agreement....

In devising international arrangements to deal with a particular problem or manage some continuing aspect of interdependence, the objective should be to minimize the extent and complexity of cooperation required. In general, there should be a deliberate effort to design the international regime as a framework of rules, standards, and procedures and to decentralize decision-making and operational management as much as is consistent with attaining efficient and equitable solutions to global or regional problems....

At the international level, emphasis should be placed on *rule-making* rather than management. By rule-making we mean establishing frameworks of rules, standards, and procedures (e.g., for taking or refraining from specific actions or for settling disputes) which leave operating decisions — within the rules — to the participating nations or even to private firms or individuals. Such rule-making constrains operating decisions in such a way that national decisions aggregate into a consistent and beneficial whole rather than working at cross-purposes....

In most cases cooperation can be carried out most

effectively through international or regional institutions....

While new institutions may be required in some areas, the general emphasis should be on the adaptation and reform of existing institutions, such as the IMF, GATT, OECD, World Bank and its affiliates and others. New agencies may, however, be needed for the oceans, oversight of multinational corporations or stabilizing commodity prices. As argued in the earlier report, these reform efforts deserve high priority in the overall task of "making the world safe for interdependence."

...Some group of nations will have to take the responsibility for insuring that the international system functions effectively. No single nation appears to be likely to assume this role in the near term. The United States no longer seems willing to play it fully. Japan and the European Community are not yet ready to assume such leadership. Accordingly, it can only be done collectively for some time by the members of the trilateral region and notably some of its key states. They must act to provide the initiatives and proposals for wider acceptance. They must be on the watch to assure that the system does not break down as a result of the various tensions and pressures....

The monetary system is an area in which rule-making with decentralized management is eminently feasible; with general agreement on actions that should be avoided or occasionally those that should be taken, the actual execution of actions can be left largely to individual countries. The major exceptions to this generalization are international lending and creation of new international reserves. The latter is intrinsically collaborative if it is not to favor particular countries — those that produce gold or those whose currencies are used as international reserves....

Substantial changes have been made in the last decade. First, a new, man-made international money, the SDR, has been created for central banks. Related to this, the monetary role of gold in the international system has been diminished, just as it was diminished in domestic monetary systems decades before....

These are major changes in international monetary arrangements, and they have not yet been fully digested. 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 second task is world reserve management. This involves wider cooperation, since the key to world reserve management is restraint in the additions to central bank holdings of gold and of reserve currencies such as the U.S. dollar, the German mark, the British pound, and the French franc. So long as countries build up their international reserves with national currencies, the SDR will remain a secondary source of reserves....

The next issue of the Executive Intelligence Review will include a history of the Trilateral Commission's role as an "action body" for the implementation of the City of London's policies.