
CONFERENCE REPORT

Trilateralists stage defense of Volcker's credit policy

by Scott Thompson

"I'm not sure that the business of the world should be run by the heads of state," said David Rockefeller, chairman of the Chase Manhattan Bank and founder and North American chairman of the Trilateral Commission.

Rockefeller's grandiose statement capped the four-day annual meeting of the Commission—a body of 300 powerful bankers, political figures, and trade-union leaders from Europe, Japan, and North America—that convened at the L'Enfant Plaza Hotel in Washington, D.C. on March 29. I attended all the public sessions and press conferences.

If the heads of state are not to shape world policy, as Rockefeller suggests, who then will do so?

Throughout the conference, Trilateralists were assured that they were members of an elite that would usher in a "multipolar world" of regions that is to be "overarched" by such international institutions as the World Bank and IMF.

Such designs for "one-world governance" are not new, nor is the means by which they are to be imposed: through "controlled disintegration of the advanced-sector economies," first publicly advocated in the Council on Foreign Relations' 30-volume "1980s Project" released last year. Attempts to tighten control over such key resources as food and energy, and especially to gut the industrial base of advanced sector economies through Federal Reserve Chairman Paul Volcker's high interest rates, are all part of this "controlled disintegration" scenario.

What was significant about the Commission's Washington meeting is that one leading speaker after another endorsed prolonging high interest rates, despite strong warnings from such spokesmen as Baron Leon Lambert, president of Bruxelles Lambert, S.A., that such a policy courts economic catastrophe and the potential loss of Europe from the "Trilateral world."

For the United States, the intended effect of this "controlled disintegration" policy was spelled out by Ryokichi Hirono, a consultant to both the Trilateral and

Brandt Commissions, in a task-force paper discussed in closed-door session March 30. In his section of the paper titled "'Trilateralism' in the International Economy of the 1980s," Hirono states: "In the economic sphere the erosion of United States dominance will persist, in spite of the sincere efforts of the administration in restructuring or reindustrializing its economy."

As for the Third World, Hirono states: "More labor-intensive methods of production and technology . . . [should] be adopted by producers in both rural and urban sectors. . . . Transnational corporations and governments of Trilateral countries, as well as international development institutions, will be asked more than ever to assist Third World countries, including low-income ones, to develop appropriate technology. . . ."

That the technocrats of David Rockefeller's Trilateral Commission believe they can continue to "control" the depression of the advanced-sector economies and carry out "resource warfare" and enforced backwardness throughout the Third World, while maintaining a "stable climate for investment," is one of the more dangerous cases of mass delusion in the world today.

Back on the track

True, the irrational budget cuts by OMB Director David Stockman will fuel the "controlled disintegration" of the U.S. economy. Yet the Reagan administration, particularly the inner White House circle around Presidential counselor Ed Meese, is viewed as a potential danger to the goals of the Trilateralists.

Commenting on this, one highly influential source who helped make Al Haig Secretary of State said, "The Trilateralists will never get their policies through as long as Meese is there."

According to George S. Franklin, Trilateral Commission coordinator and past executive director of the Council on Foreign Relations, the need to correct this problem is a principal task for the Commission. "Don't worry," Franklin told an interviewer before the conference, adding: "We'll all get together and work things

out. We need to get the administration back on the right track."

Lending support to this effort were Vice-President George Bush, Secretary of State Haig, and Secretary of Defense Caspar Weinberger, each a member of the Commission before they joined the Reagan administration. Haig even opened up the State Department to host the entire Trilateral Commission for its last dinner together on March 31. Commenting on his closed-door meeting at his press conference the next day, David Rockefeller said: "Considering the fact of what he had been through 24 hours before with the attempted assassination of the President, we were very pleased he would take two or three hours to be with us."

The fact that Haig and Weinberger, two of the most powerful cabinet members, would appear before the Commission the day after the President was shot is a sign of the Commission's influence. This influence has waned, however, compared with the Carter administration, when 17 cabinet members and undersecretaries were drawn from the Commission's ranks.

In order to reverse their "one-world conspiracy" image, the Trilateralists mounted a major public relations effort during the conference. Still, it was surprising that Vice-President Bush, who, in contrast with Haig, has sought to work with other members of the "Reagan team," made a sudden Sunday-evening appearance.

"I am very, very pleased that Mr. Rockefeller asked me to be here today," Bush told his former Commission colleagues, adding: "It might be appropriate for me to say here and now that this administration as other administrations are grateful to him."

After briefing the Trilateralists on the new administration's three-phase economic policy of budget cuts, tax cuts, and further deregulation, Bush apologized for not touching upon foreign-policy issues. He concluded saying: "If we [the administration] haven't figured these problems out, please figure them out for us."

On this cue, Rockefeller closed the public session with Bush, stating: "We hope you will join us again. We hope you will join us for other meetings" long before Bush is officially able to rejoin the Commission.

A multipolar world

In a section entitled "Trilateralism and the Governance of the International Economy," Miriam Camp, a former adviser to the State Department, CFR, and Royal Institute for International Affairs, presented "Five Propositions for the 1980s":

1) **The New Multilateralism:** Ideally the original Bretton Woods conception should be "completed" by a new global trade and production organization which would supersede both the GATT and UNCTAD while retaining much of

importance now done by both organizations. . . .

2) **Leadership and Steering:** Consultation and cooperation on exchange-rate policies and on monetary and other macroeconomic policies among the key countries . . . should [increasingly] take place within the IMF as part of the intensified "surveillance" that all IMF countries agree is desirable. . . . Today there are few global institutions that are efficient enough or tough-minded enough to make "steering" by collective action from within a global organization a wise prescription. But the IMF would seem to be one place where it could be done. . . .

So far as summitry is concerned, it is not well-suited to the kind of continuing consultation on macroeconomic policy that could usefully be carried on by a restricted group within the Fund. . . .

3) **Regionalism:** There are signs that the international system is becoming organized around several poles with the strongest industrialized centers each dominating . . . a less-developed hinterland: the U.S. and Latin America; Western Europe and Africa; Japan and Southeast Asia; the Soviet Union and the countries of Comecon. . . . A more pluralistic system with . . . a few efficient global institutions combining in new ways common rules and procedures . . . seems likely to be a more efficient, a safer, and a more widely acceptable pattern.

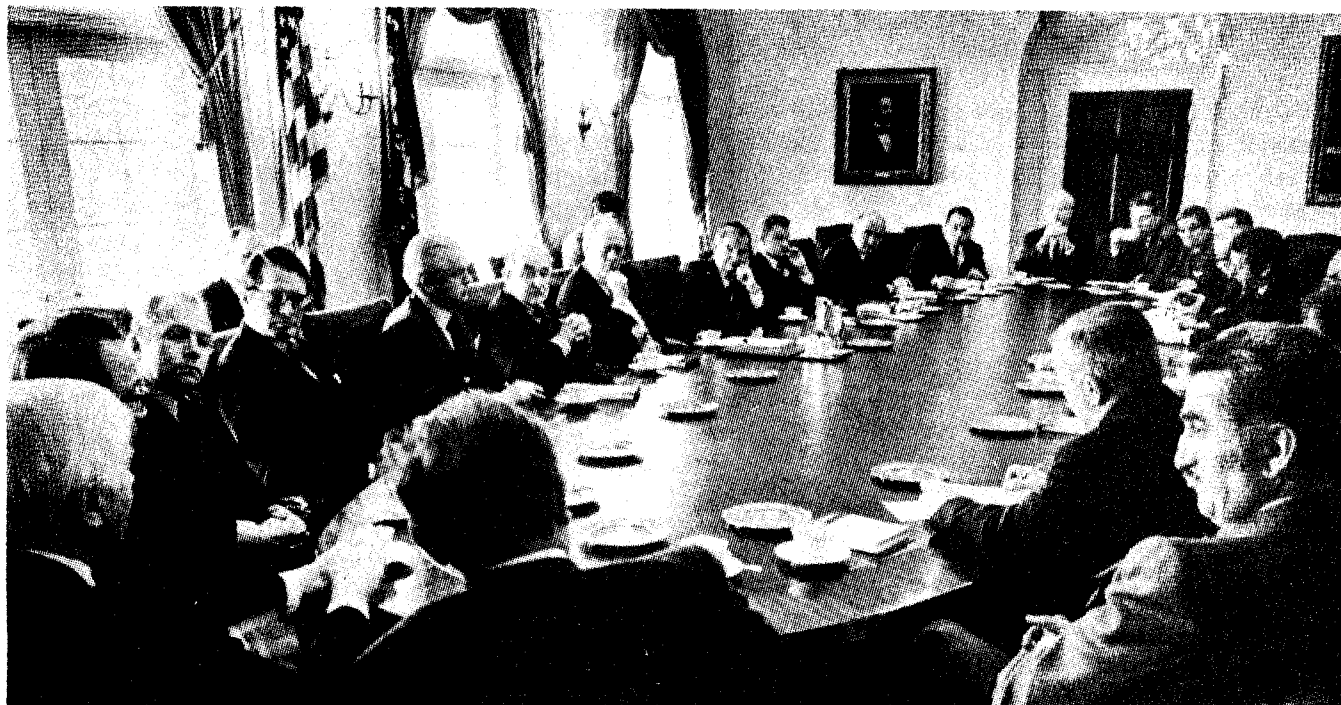
4) **Overloading:** Priority should be given to continuing to reform the IMF, the World Bank and the GATT/UNCTAD. . . Much of the global-level "governance" that the international economy requires could be supplied by these three. . . .

5) **National Policies:** . . . Key country consultations can be made more aware of and sensitive to the needs of the international economic system as a whole by embedding them in a global institution like the IMF.

A debate over policy erupted on the first day of the conference following a presentation by Alan Greenspan, former chairman of the Council of Economic Advisers and now a member of President Reagan's CEA. In a later press conference, Greenspan sketched in double-speak why it was necessary to maintain high interest rates:

"I pointed out [to the Commission] that we do not have a choice in the United States of living with higher interest rates. . . . Unless and until interest rates are brought down, we are threatened with a major crisis in our credit institutions, particularly the savings and loan institutions. . . ."

Still, Greenspan argued: ". . . Interest rates cannot be changed merely by presidential or congressional



Courtesy of the Trilateral Commission

Trilateral Commission members offering an earlier Republican President their advice.

measures . . . because of the perception that our federal fiscal policies are out of control and that borrowing of all sorts by the federal government had to be reduced. . . . So long as this inflation premium exists, so long as the expectation is there and embodied in the interest rate structure, it will be very difficult to mold the economy from its state of stagnation and to reduce inflation. . . .”

When I questioned him later, Greenspan admitted that high interest rates were a more significant cause of double-digit inflation than federal spending; however, he added, as long as “people perceive that inflation is government-induced and that high interest rates make it more difficult for the government to borrow,” it will be impossible to lower them.

Greenspan’s presentation to the Trilateral Commission was strongly challenged by Baron Lambert, who later said of his intervention:

“I spoke about high interest rates this morning. I think that short-term interest rates are too high. In all humility I think that high interest rates are more the cause of inflation than the cure. I think that one hasn’t given enough attention to the international repercussions of these very high interest rates.”

Asked what Europe could do, Baron Lambert responded: “So far I see nothing Europe can do. The only thing that Europe *has had to do* was increase its own interest rates, although it’s detrimental to our own situation. Why have we had to increase our own rates? In order to keep the value of our currencies up in

relationship to the dollar. . . .

“I think that one of the things to do so far as short-term interest rates are concerned would be an international Western agreement to pull them down all simultaneously by the same amount. . . . I don’t foresee it being done, but I think that it should be done.”

On April 1, two days after Lambert made this attack, the Belgian central bank, in an effort to destroy the European Monetary System, raised interest rates an incredible 3 percent and the government fell! Whatever Lambert’s motives (his family is a major influence at the Belgian central bank), the fact remains that the Trilateralists dismissed his warnings.

In a “let-them-eat-cake” response to my question as to whether he supported the interest rates that were strangling the European and U.S. economies, David Rockefeller said: “I do not think there will be any sudden relief. Interest rates will continue to *drift downward along with inflation.*”

Camp David revisited

Another major issue raised at the Trilateral Commission was how to co-opt into the Camp David framework the European initiatives and those of Labour Party leader Shimon Peres for broader peace negotiations.

In a task-force paper titled “The Middle East and the Trilateral Countries,” the following three-part program was adopted:

- 1) Using “Camp David as a useful base on which to

build," simultaneous pursuit (until the Israeli elections) of Begin's autonomy arrangements for the West Bank Palestinians as called for in the Israeli-Egyptian Treaty and of Peres' broader "Jordanian option." "The ultimate aim, utopian though it may appear today," the Trilateralists state, "could be the creation of a regional security system and a regional development plan, both supported by Trilateral resources, know-how, and political-military power."

2) Pursuit of "greater energy independence" (i.e., austerity) in response to an expected "series of dramatic 'emergencies' of a political nature which could even endanger the economic and political stability of the Trilateral regions." One of the chief current "convulsions" of this sort is the Iran-Iraq war, which the Trilateral task force not only predicted would be "protracted," but would possibly force Iraq to adopt Trilateral-type policies.

3) A new "containment policy" in which "the industrialized democracies will have to prove that they are able also to contain the potential Soviet menace in the newly threatened areas of the Middle East, and to strengthen their position in the European theatre." In this context, the Trilateralists endorsed the Rapid Deployment Force and called for Europe to create similar units.

In a Monday, March 30 press conference that followed their presentations to the Commission, the task-force members—including Arrigo Levi, columnist for *La Stampa* and *The Times* of London, and Joseph Sisco, former U.S. Undersecretary of State—said that there was broad agreement on their proposals, including that of former Secretary of State Henry Kissinger, former National Security Adviser Zbigniew Brzezinski, and Mideast negotiator Sol Linowitz.

Georges Berthoin, European chairman of the Commission, said in an interview on this: "As a result of the discussion, Europeans now have a far better sense of the importance of Camp David. . . . And I feel on the part of the Americans there is a better understanding of the need for European participation in the peace-making discussions." What was incredible was not this, but rather their suggestions that Europe should participate directly with the United States as part of a force buildup in the region.

"The effectiveness of a military presence would be enhanced if it were collective in nature. Europeans ought to respond to the increasingly strong feeling in the U.S. that other NATO members should recognize more explicitly the vital nature of the Gulf and assume a more substantial direct role, within the limits of their capability. *Likewise a reassessment is needed of the current NATO policy limiting its security concerns to the immediate geographic perimeter of the Alliance.*"

The Soviet threat to the Gulf was also used by the

Trilateralists to push for European "force modernization," a constant theme throughout the conference. Echoing National Security Adviser Richard Allen's "better dead than red" formulation, the authors state:

"On the American side, the more cautious European approach to the U.S.S.R. . . . is seen as flirting with neutralism. . . . The U.S. has been dissatisfied with signs that European defence budgets have not increased according to agreed plans and that the NATO decision of December 1979 to modernize Europe's nuclear capacity is meeting with new difficulties in certain countries."

Such "linkage" of NATO to the Middle East no doubt raises the problem in many Europeans' minds that the last NATO deployment into the region was when Al Haig's deputy, General Huyser, was sent to Iran to oversee the coup against Shahpour Bakhtiar that finally ushered in Khomeini.

A quadrilateral world?

According to confidential documents obtained by *EIR* from sources within the European Executive Committee of the Trilateral Commission, a key part of the secret discussion at the Executive Committee-level dealt with "contacts with Peking and Moscow."

Among these documents is the agenda for a four-day conference of the Commission's leadership with members of the Chinese People's Institute of Foreign Affairs to be held in Peking on May 19-23, 1981. Asked about the meeting in a later press conference, David Rockefeller stated: "This is a very informal meeting between some members of the Commission and the Chinese government who asked us to meet with them."

The broad discussions—ranging from "Cooperation in the Economic Sphere" to "The Global Political Environment"—comes at a time, however, when a revitalization of the "China Card" is under consideration as a possible response to Soviet moves in the East bloc. Only a week earlier, National Security Adviser Richard Allen announced at a meeting of the Conservative Political Action Committee that a "strategic alliance" with China is being discussed.

Among those who plan to participate in the Peking meeting, in addition to Rockefeller, are Georges Berthoin, European Trilateral chairman and international chairman of the European Movement; Takeshi Watanabe, Japanese Trilateral chairman and past president of the Asian Development Bank; Robert Ingersol, deputy chairman of the board, University of Chicago; Winston Lord, president, Council on Foreign Relations; Bruce MacLaury, president, the Brookings Institution; Henri Simonet, former Belgian prime minister; Denis Healey, member of Parliament and deputy leader of the British Labour Party; and Sir Philip de Zueleta, chairman, Anthony Gibbs Holdings Ltd.