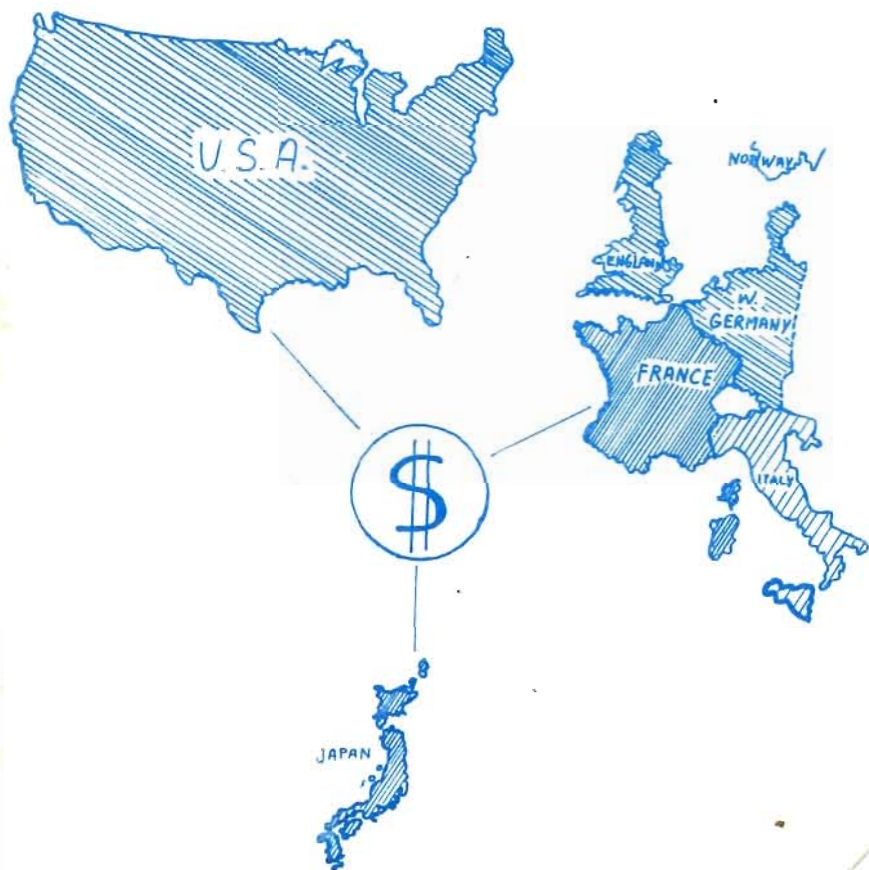


# TRILATERAL COMMISSION:

The new U.S. Imperialist World Strategy



**TRILATERAL: The New U.S. Imperialist World Strategy**

**A general evaluation of the Trilateral System within the framework of the current world crisis of U.S. hegemonist imperialism and against the backdrop of the historical development of capitalism in the 20th Century.**

**By the Movimiento de Liberacion Nacional  
(M.L.N)  
-1979-**

Japanese economies each time there is a price increase in basic commodities, particularly petroleum, the impact is softened by the increasing value of the currencies and the payment of dollars (huge amounts of which are in the hands of Germany and Japan in particular) for the imports of these nations.

U.S. imperialism, however, its hegemony threatened even within the framework of the imperialist center, exerts enormous economic and political pressures on its partners to cut back on their exports to the U.S.

Recognizing both the nature of the crisis and its long term impact on the imperialist center, the capitalist countries of Europe, the United States and Japan began a series of studies in 1971 to determine what changes were needed in the structural relations among the imperialist countries and between them and the rest of the world. A number of suggestions made during the 1960s were put to the scrutiny of experts and new areas of world economic and political relations came under study. In 1972, a series of conferences were held in which government, industrial, and academic experts joined to discuss and identify the principal policy issues and identify the sources of friction among the imperialist powers of the center, now called the Trilateral countries. These conferences closed in December of 1972 in Columbia, Maryland and paved the way for all the studies that followed.

In July, 1973, David Rockefeller, chairman of the Chase Manhattan Bank and one of a handful of powerful capitalists at the helm of U.S. imperialism, called the first meeting of the Trilateral Commission. Some 12 areas of study and 14 task force reports were commissioned by the Trilateral powers in the areas of the governability of democracy, the oceans, commodity markets, international institutions, trade with communist countries, and the renovation of the international imperialist system. In all, 14 papers were published between 1974 and 1975 on these and other major topics.

What characterized the Trilateral process was the common desire, spurred by the U.S. capitalist class, to establish a new framework for imperialist cooperation, preferably within the framework of the Bretton Woods Agreement. Consultations among the imperialist partners have become common as a result of the Trilateral process. A certain amount of coordination of policies is in evidence. But it cannot be concluded that Kautsky's "ultra-imperialism" has emerged. Conflicts among the imperialist powers continue to exist, and in some instances are sharpening. The motive force of intercapitalist competition for markets is still the dominant characteristic of the imperialist system, and is reflected in national policies within the Trilateral region and in relations between the center and the periphery.

Leonard Silk, an economics reporter for The New York Times, writing in the financial section of the newspaper for January 7, 1979, observes that "the grand alliance" of the Trilateral countries does not now look "so grand as it once did." He blames the Swiss, German, and Japanese governments for "arrogance" and makes them responsible for the policy frictions among the Trilateral countries. These frictions must, however, include U.S. policies. In 1971 the U.S. unilaterally devalued the dollar in answer to OPEC price hikes, thereby destabilizing the currencies of its Trilateral partners who were suddenly faced with having to pay more for the petroleum of the Organization of Petroleum Producing Countries. In 1978, France and Germany decided to create an European Monetary System, threatening the Bretton Woods Agreement of 1944 and striking a blow against U.S. hegemonism in the imperialist camp.

Even cooperation is marked by self interest. When Germany invested \$50 billion marks in 1978 to stabilize the dollar, it did so to prevent the unchecked increase in the value of its currency. When the U.S. lent Great Britain \$5 billion to stabilize the value of

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## I. INTRODUCTION

Beginning in 1971, the central capitalist economies of Europe, the United States, and Japan, entered a prolonged period of economic crisis caused by the rapid collapse in the equilibrium of the imperialist international monetary system. This system, which governs payments, loans, interest rates, purchases, and asset holdings in monies, was organized by the imperialist powers at Bretton Woods, New Hampshire in July, 1944. Since then, the system—which marks the value of all currencies in terms of U.S. dollars—has regulated the financial relations of the entire imperialist world and placed imperialist hegemony in the hands of U.S. imperialism.

The crisis of this international system of imperialism has been unevenly distributed. The U.S. has experienced the worst destabilization among the imperialist countries. But Europe, particularly Germany, and Japan have not escaped its profound effects. The crisis has created a new set of antagonisms within the imperialist powers, and between these powers and the emerging capitalist nations of the world which have been deeply affected by the destabilization of imperialist monetary relations.

Within the imperialist world, the search for a new equilibrium has resulted in the resurgence of protectionist tariff policies, dollar hoarding, and market scrambles. The result of these antagonisms has been political and economic pressures applied by one or another of the imperialist powers on its partners for greater and freer access to the internal markets of the other, trade restraints, and the reordering of import-export relations. The emerging powers in the periphery of imperialism have turned to the demand for technology necessary to their industrialization efforts as a means to developing their own industrial production

capabilities and the greater share of the world trade market such production would imply. In pressuring the imperialist center, the peripheral capitalists are using their newly gained control over the national resources, preying on the fears of socialism and revolution of the imperialist center.

The crisis is further complicated by the growing success of national liberation struggles in the periphery, and the emergence of socialist revolutionary government in several resource-rich former colonies. The impact of all these factors on the crisis of the international imperialist system tends to prolong what would otherwise be a complex institutional crisis, of a relatively short duration. As a matter of fact, the first chinks in the international monetary system were first observed around 1967, and by 1968 a number of adjustments were being made in the system with limited amounts of success. That the same system went into a prolonged crisis in 1971 was due to the external economic pressures brought about by political changes in the world.

The recognition that such political changes were now inevitable led the central imperialist countries, in particular the United States—still reeling from its defeat in Viet Nam—to propose the creation of sub-imperialist centers in the periphery of imperialism. The proposition was for the transfer of industrial technology to “key” nations in the periphery, located in strategic geographical areas of the world. These sub-imperialist powers would, singly or in conjunction with their satellite nations, control their region and make the area safe for imperialism. Their economic relations vis-a-vis the central imperialist powers would take on a new character, that of supplying basic manufactured goods. The industrialization of sub-imperialist nations would leave the countries around those new centers in their characteristic historical

roles of suppliers of raw materials. Some would supply agricultural produce to the new centers. Together, the periphery would maintain the central imperialist powers supplied with the basic necessities and commodities, allowing the imperialist countries of Europe, the United States and Japan to turn their production to a host of new products.

The proposed accommodation, however, has not yet worked well. It has recently received a profound setback in Iran, which was in the process of transformation into the first major sub-imperialist power. As a result, the entire policy is currently under review.

The effects of the loss of the once absolute control over the world's raw materials on the imperialist center, monetary destabilization and the growing political pressures on the imperialist center tend to deepen the crisis and forces the center to turn increasingly inward in its exploitation of labor in order to sustain its high profits. In turn, the search for means of stabilizing the profit margin, which imperialism deems essential to the planning of economic growth, has led to alternating periods of inflation and economic recession; high costs of living, monetary devaluations, cut-backs in production and employment, internal tightening of fiscal policy, and occasional relaxation of the money supply. None of these measures have worked over the last nine years.

The crisis, however, is one general to the system of imperialism. Profits in the imperialist center continue to grow dramatically, but the real value is diminished by the monetary devaluation necessary (in the case of the U.S.) to maintain an unfavorable trade balance within the lowest possible real costs. Thus in real terms, profits are not growing significantly in the U.S. This is not the case in Europe and Japan where the decreasing value of the dollar is forcing currencies upward in value. Thus, despite the inflationary tendencies which mark the European and

the pound, it did so to prevent a decline in the purchasing power of the British worker in a climate of increasing labor tension and unrest. Japan, likewise cut down on its exports of luxury items (cars and electronic components) to the U.S. to help balance the U.S. trade deficit with Japan, but increased its investment in manufacturing facilities within the U.S. to defeat U.S. protectionist measures.

Within these world-wide strains, the mult-national corporations which govern the capitalist countries have moved to reorganize the central imperialist markets. This reorganization was placed before the Trilateral Commission in 1973. The result was a book-length study entitled "The Crisis of Democracy," and identified as Task Force Report No. 8.

The total output of the Trilateral Commission studies has been transformed into a set of U.S. government policies under the James Earl Carter administration (Carter was a member of the Trilateral Commission, as are many of his top cabinet members). The European and Japanese governments, however, do not seem to have followed the Trilateral recommendations too closely.

In the next pages we will discuss the present crisis within the framework of the emergence of capitalism in Europe, its development into imperialism, and U.S. hegemonism in imperialist and world politics. We will look at certain key features of the Trilateral Commission; the task force recommendations, and the key advocates of a new imperialist world system under continued U.S. hegemony.

The importance we attach to this paper in allowing for an understanding of U.S. and imperialist world policies is obvious. The analysis here presented should serve as a guide to the development of a movement for the 1980s in the U.S.; identifying the issues which should receive

priority attention in the area of democratic rights, and the circumstances in which revolutionary struggle will be waged.

-M.L.N.-  
POLITICAL STUDIES SECTION  
-1979-

## II. HISTORICAL BACKGROUND TO THE CURRENT CRISIS

### A. The Emergency of Capitalism and Its Transformation Into Imperialism:

The origins of capitalism can be traced to the liquidation of feudalism and its primitive forms of relations in separate parts of the world. European capitalist development, however, outstripped all others as a result of the exploitation of the American continent and the massive enslavement of Africans in the closing decade of the 15th Century, and in the four centuries that followed.

The earliest forms of capitalism can be found in classical times, but its development was arrested by the massive Germanic invasions of the Roman Empire. The decentralization of the centers of power, the emergence of religious hegemonism, the rise of warlordism, and the return to subsistence farming, all contributed to the emergence of feudalism. But with the rise of a mercantile system, the centralization of power, the emergence of the city state, and the expansion of the market, feudalism gave way to direct landlord management of farming, the transformation of the tenant farmer into a peasant laborer, and the rise of a profit system which enabled capitalism to become the dominant factor. This form of agricultural and mercantile capitalism arose in Asia and Africa as well as in Europe and for a time had a more or less even development.

But with the colonization of America, the plunder of huge wealth, and the enslavement first of Native Americans and then of Africans, European capitalism—particularly that of France, Great Britain, Holland and Belgium—gained great wealth with which to expand their primitive industries. Those countries without a capitalist class, like Spain; and those whose bourgeoisie had not yet managed national

unification, like the German, lost ground increasingly, and saw the plundered wealth transferred through purchases to the French, British, Dutch, and Belgian businessmen and bankers. Another means for the transfer of wealth to the bourgeoisie came in the form of debts accumulated by the aristocracy in loans against future gold from the American continent. Both the Spanish and French aristocracy accumulated huge debts in this way.

European production and intellectual development based on leisure thus had the material basis on which to progress at a quicker pace than its Asian counterpart, which received less intellectual and economic stimulation from the traditional mercantilist forms.

The colonization of America, at first motivated by the search for gold and other forms of wealth, later turned to settler colonization, the enslavement of the native populations and the development of agriculture for export to Europe. The introduction of enslaved Africans into the continent made agriculture a major generator of wealth, comparable to mining in importance. Both mining and agriculture were exclusively in the hands of Europeans who became enormously wealthy. A portion of this wealth was invested in developing manufacturing and newer forms of production. From the 16th to the 19th Centuries, mechanized production first evolved and then exploded into an industrial revolution which transformed the world and made capitalism the dominant economic and political feature of European society.

In the course of these three centuries, the feudal remnants and aristocracies were either destroyed or pushed aside and made subservient to the bourgeoisie in Europe. The American continent itself became transformed, with a creole class emerging to eventually seize power in the 19th Century and creating over 21 separate governments. It was in the 19th Century that the United States established

its hegemony over the American continent.

Imperialism, as the highest stage of capitalism, emerged with the expansion of stable bourgeois governments into world economies beginning in 1870 and continuing in expansion until 1914. At the start of the first world war, the world had already been divided into empires and zones of economic and political influence by the European powers and the U.S. The First World War was the result of the entry of Japan, Italy, and Germany into international competition for empire, and the clash of their respective interests with each other and with those of the other imperialist powers. The end of the war saw the empire of Austria-Hungary broken into fragments, and the Asian possessions of Germany transferred largely to Japan.

Capitalism, at first characterized by the accumulation of wealth and its investment in land, property and machinery for production, became characterized in the imperialist stage by the export of capital, finance, and monopoly of production. In this later stage conglomerates, trusts, and international branches were established. The ownership of the means of production have become increasingly concentrated in fewer and fewer hands. One of the characteristics of the finance aspect of imperialism was the emergence of banks to finance enterprises at home and abroad, tending through this process to influence both government and independent industries through the outstanding debt and interest on the loan. In the U.S., banking early on became a principal method for the establishment of monopolies, and today the principal capitalist families in the U.S. are all bankers.

U.S. banks have also played a principal role in the establishment of U.S. hegemony over the world market, through the financing of such projects as railroads, mining, and direct loans to government.

These loans have not only placed Third World governments in debt to the U.S. bourgeoisie, but have gone directly into the construction of facilities to increase the plunder of raw materials and transport them speedily to coastal docks where U.S. ships would pick up and take back to the U.S. for processing.

An example of the indebtedness of a country is Brazil, which has a \$40 billion debt to the Tri-lateral countries, principally the U.S., and which must pay an annual \$8 billion in interest and related charges. Finance capitalists lend monies for war as well, often financing both sides in a war, but more often financing an anti-communist government to such an extent that its success would spell the end of its independence because of the huge accumulated debt. Very often, the debtor state—in order to pay off the loan—must refinance the debt for a longer period, often at the added burden of granting some political or material concession to the capitalist lender.

The developing phase of finance capitalism led to the establishment of protectorates, captive markets and military occupation of independent countries. Together with the established colonial empires, finance capitalism made of imperialism an aggressive and impersonal global system of plunder of the world's wealth.

Imperialism, however, as Lenin pointed out, is doomed by its own inherent contradictions. Having absorbed all available markets by 1914, imperialists were doomed to wars for the redivision of the world's markets. For the next three decades, until the end of the Second World War, imperialist powers fought and worked against each other for hegemony. The historical course of imperialism has been the concentration of wealth and political power in fewer and fewer hands. This concentration of the world's wealth and power has, ironically, also marked the decay of imperialism.

The process may be likened to The Second Law



of Thermodynamics in which a **thing** in motion imperceptibly expends energy as it produces motion. This loss of energy grows with every effort to maintain motion. The greater the motion, the greater the loss of energy. In the end, the **thing** collapses and comes to a halt as the fatigue builds up and the energy is expended.

Imperialism today is in its final phase of the expenditure of its energy. It is in full and desperate struggle to maintain its motion in a world which is rapidly changing.

The first major setback for imperialism was the Soviet Revolution in Russia. Even as imperialism passed from several hands to fewer hands, the War produced the collapse of the Russian Czarist army. The war, the mass demands for social justice, the repression of the people, all produced the conditions which united large number of disaffected soldiers with the workers and peasants to launch an uprising against the monarchy. Of all the parties and organizations which attempted to provide leadership to that struggle, only the Bolshevik Party led by Lenin had the program and the theory on which to base a correct struggle for power. In October, 1917, the first socialist government under the leadership of a Marxist-Leninist party came to power. The first base of anti-imperialism was established even as imperialism grew and consolidated into fewer hands.

The principal historical struggle in the capitalist era has been that between the bourgeoisie and the workers. The Russian Revolution marked a major historical step in that struggle, which always involves the drive for state power and the ownership of the means of production. The advance of socialism in the world has always been marked by the defeat of imperialism and the contraction of the imperialist economics, based on the loss of markets. National Liberation struggles became a phenomenon

of the 20th Century in Africa and Asia, and were imbued with more radical ideology than those of the previous century in the Americas, largely as a result of the influences of Marxism-Leninism. Their growing success in the course of the century has also been a destabilizing factor in the imperialist economies, aggravating the process of market contraction by depriving imperialism of its absolute control over markets and raw materials.

Today, the combined successes of socialism and national liberation in the world have aggravated the crisis of imperialism.

### B. U.S. Imperialism and Its Rise to World Hegemony:

In 1886, the world imperialist powers of Great Britain and France were well under way to global expansion. Japan was emerging as the Imperialist power in Asia, and the U.S. held sway over the American continent. The British Empire, above all, held a huge portion of the world market because of its naval might, its colonial possessions, its military technology, and its industrial capacity. The U.S. ruling class at this time had many proponents of an American world empire backed by military might.

Industrial capitalism in the U.S. established absolute control over the economic life of the country at the close of the Civil War in 1865. This war was undertaken by the northern industrialist then in control of the Republican Party, and whose president was Abraham Lincoln, to crush the southern landed aristocracy and landlord capitalists whose wealth was based on the export of agricultural commodities and the use of mass slave labor. The war became inevitable with the development of an aggressive northern industrial economy, the wresting of the west from the native nations, and the colonization

of the new territories. The southern states wanted the new territories to become slave states. But the north wanted to break the power of the south in government, and feared that the new states, if they became slave states, would broaden the power of the south and prevent the development of industrial capitalism.

Most significant, the south was also a principal supplier of cotton to the British, and an important market for English manufactured goods. This was a market which needed to be brought under hegemonist control by the industrialists of the north, and to do this the south had to be broken.

After the war, the south was devastated. Industrialists obtained their hegemonistic aspirations and the country's new territories were opened up further to massive immigration from Europe to populate them with workers and farmers needed by the capitalists. In 1863 Alaska was purchased from Russia in what became the opening shot of the new imperialism of the U.S. bourgeoisie. The end of the Civil War also saw the construction of the first railroad system linking the Pacific and Atlantic land mass in 1869. A series of engineering innovations in 1866, and continuing into the present, soon allowed U.S. industry to attain a higher level of quality, efficiency, and volume than their competitors in Europe.

But the major change in the capitalist's perception of their imperialist role came in 1896, when William McKinley became president on the Republican Party ticket. Until then the principal debate between imperialists and conservative capitalists had been fought around the constitutional limits to expansionism. The traditionalists argued that the "founding fathers" had intended the U.S. to limit itself to the American continent and to stay out of European politics and rivalries. The imperialists argued that empire was a pre-requisite for

economic growth, and even the future safety of the American Republic.

In the course of the Bryan vs McKinley presidential campaign, these concerns were argued intensely, with the imperialists adding the concepts of manifest destiny, and the "blessings of civilization," as duties to be bestowed upon the native populations of the lands to be colonized.

The ideologues of imperialism were: Theodore Roosevelt, Henry Cabot Lodge, and Alfred Thayer Mahan. Roosevelt was the first to attack traditional U.S. foreign policy, which, according to Charles and Mary Bear's **Basic History of the United States**, "rested on the proposition that the fundamental interest of the American people rested on their continental opportunities." This policy had been originally advanced by George Washington, and later expanded on by Thomas Jefferson. It was formally codified in President James Monroe's Doctrine.

Roosevelt, however, advanced the principle that peace was making the American people "soft," and called for U.S. entry into the global scramble for colonies as the best insurance for prosperity. Lodge, a scion of a wealthy family, argued that the world was being swallowed by the European imperialist powers and these threatened both U.S. foreign and domestic economic and political interests. Mahan argued that protection for the expanding U.S. merchant fleet required a powerful navy to defend merchant ships and sea lanes used by the U.S. in its trade. Mahan called for the establishment of far flung "coaling" and naval stations.

Others, such as Albert J. Beveridge argued that the U.S. produced more than it could consume, and thus must have new markets "and colonies" or the American market "would be paralyzed with surplus wealth." A condition of near depression in the economy in the Democratic administration of President Grover Cleveland between 1892 and 1898,

and growing labor and political unrest added to the increasingly pro-imperialist sentiment within the U.S. ruling circles.

McKinley's administration thus presented the first opportunity to put the new U.S. imperialist politics to work. In 1898 the U.S. annexed Hawaii and launched war on Spain. For the first time the press, under the leadership of the William Randolph Hearst's publishing empire, played a role in the shaping of mass sentiment for the war. The defeat of Spain brought Cuba, Puerto Rico, Guam and the Phillipines into U.S. hands. Local resistance was overcome through various means. Puerto Rico became an outright colony, Cuba was given independence four years later under the Platt Amendment which established a protectorate there and gave the U.S. the rights of intervention at any time to secure its interests in Cuba. The Phillipines were colonized, but promised independence at an undetermined point in time. Guam came under direct U.S. colonial control. The U.S., in a single year had established a rudimentary empire in the Atlantic and Pacific.

In 1899 the U.S. entered the China market by obtaining concessions for trade from the Mandarins under the "Open Door Policy" imposed by the imperialist powers of Great Britain, France, Germany, Russia, Japan and the U.S. In the 1900 the U.S. sent troops to put down the "Boxer" Rebellion in China which threatened to expel all foreigners from China.

In 1900 McKinley was again elected President. But this time the Vice President was the arch-imperialist Theodore Roosevelt who was to prod U.S. public opinion and the U.S. Congress into further expansion. The Roosevelt image had been carefully built by imperialism through a new mass propaganda weapon—the Press. Although he did very little fighting in the Spanish-American War, he emerged as a fighting hero of the Cuba campaign.

He, more than McKinley became the public personality of imperialism and its morality of national ism. Roosevelt preached American "honor, virtue and destiny" in the world. In 1901 McKinley, "the reluctant imperialist," was assassinated and Roosevelt became President.

In 1904, the U.S. backed a revolt in the Colombian territory of Panama, installed a government, and promptly annexed the Panama Canal Zone through the creation of the Panama Canal Company. Under the cover of this company, the U.S. built the Panama Canal and established its hegemony in Central America. With the consolidation of the Puerto Rican colony in 1900 under the Foraker Act and Civilian government, the Panama Canal and the Cuban protectorate, the U.S. proceeded to the establishment of a naval and military presence in the Caribbean and Central America which resulted in a permanent threat to all of Latin America. In 1907, the U.S. sent a naval fleet around the world in a display of American sea power, stopping at all the U.S. possessions.

In 1908, plagued by a market glut and economic recession, the U.S. obtained restrictions in Japanese immigration into the U.S., and established a protectorate over Santo Domingo in the guise of protecting that country from the threat of force by European powers to whom the Dominican government owed money. That same year, and with Roosevelt's two-terms in office closing, the Republican party ran arch-conservative William H. Taft, and again won the elections.

Imperialist expansionism continued. In 1911, a protectorate was established over Nicaragua under the latest disguise of Imperialism, called now "Dollar Diplomacy," and which stated that U.S. interests lay in protecting their investments wherever they existed. President Taft said that the purpose of this policy was: "...an effort frankly directed to

the increase of American trade upon the axiomatic principle that the government of the United States shall extend all proper support to every legitimate and beneficial American enterprise abroad."

When Woodrow Wilson became President in 1912 under a Democratic administration, imperialism was so rooted in U.S. politics that although he openly renounced it, it could not be changed. In 1914 the U.S. landed the Marines in Santo Domingo, and two years later occupied the entire country. In 1915, the U.S. moved into Haiti to crush a revolution and establish a protectorate over that Latin American country. In 1914, and again in 1916, the U.S. invaded Mexico to remove a government and advance its economic claims. Wilson now advanced the imperialist design further by claiming that the U.S. would not recognize the legitimacy of "any government" which did not adhere to the principles of "U.S. Democracy."

In 1917, with its trade threatened by German submarine warfare against Great Britain, the U.S. intervened in the First World War for the reorganization of European imperialism, and thus embarked on a process of domination which was to bring it into hegemonism over the world imperialist economies.

### **C. The Role of The American People In U.S. Imperialist Expansion.**

The relationship of the American masses to U.S. imperialism since 1898 has fluctuated. In the course of imperialist expansion and its immediate aftermath, a period of prosperity has followed in which employment has gone up, farmers have experienced a boom in prices and sales, and the people have generally been dazzled by the excitement of war and political developments. But great working class and rural upheavals have shaken U.S. capitalism and also functioned well, checking obvious excesses in internal

capitalist development and ensuring that the most glaring contradictions between the bourgeoisie and the working class are ameliorated through legislation propoganda and social programs.

Most significant of all, however, is the decision of capitalism in the U.S. to combine reward and repression with great accuracy (carrot and stick policy).

The popular vote for representatives has been one such tool of rule, allowing local politicians with a keen nose for issues to represent the people of a locality in Congress. Public Works programs, the social utilization of public tax monies, as an adjunct to private enterprise has been another method. And response to mass pressure on issues has been still another. In a period of U.S. imperialist expansion, these have been key measures for incorporating the masses into a peaceful domestic stance essential to the successful pursuit of U.S. imperialist foreign policy. It seems, therefore, that domestic support, or at least indifference to imperialism is closely connected to the capacity of the U.S. capitalists to satisfy the demands of its masses, particularly workers. This appears to be so, particularly when viewed against the experiences of the War in Viet Nam, when the escalating costs of war in men and materials could not be balanced by domestic prosperity and economic measures, setting off an increasing display of protests against war. On the other hand, that these protests did not reach the level of mass sustained insurrection can be adscribed to the general economic prosperity of the U.S. in the course of the war (and to institution of social programs (war on poverty) on a mass scale.

Nothing in U.S. history, however, indicates any permanent attachment of the masses of American people to U.S. imperialism. But everything indicates that support for the U.S. system is dependent on what that system can produce for the masses

of people.

The shutting off of unregulated immigration into the U.S. has also been a major component of regulating domestic peace and prosperity for U.S. capitalism. U.S. capitalism was organized on the basis of unrestricted immigration. First, to populate the country; and second to provide cheap labor for growing industry. But whenever recession became a policy, and particularly after the U.S. capitalists accepted the organization of labor, Immigration was legislated and restricted.

The decision in 1917 to control immigration also enabled U.S. Capitalism to maintain a general prosperity growth which served to curb dissent and labor.

A major ingredient in facilitating public acceptance is the extreme control of public institutions by the capitalist system in the U.S. The press, social bodies and institutes, associations of professionals, all have come to serve the interests of capitalism in aiding in the shaping of public opinion and mass support for U.S. imperialist policies.

The inability of the U.S. working class to organize around a party tied to its own class interests corresponds to the seriousness with which the U.S. capitalists have viewed the emergence of such a party. The policy of the U.S. bourgeoisie has historically been linked to diverting and fragmenting efforts at the consolidation of a working class consciousness. To this end, concession and repression are tied to propaganda of an anti-communist nature, pacifism within the class, and alternative reform movements for social rectification. On occasion, the capitalist class has even supported the development of antagonistic left groups to counter-weight the threat of Marxist-Leninist extended influence.

The judicial system, domestic intelligence, police and informants have also been used as tools of re-

pression and regulations of dissent.

#### **D. U.S. Imperialist World Power After the Two World Wars.**

When European imperialist powers, and Japan, went to war in 1914, it was for the reorganization of imperialism. The late entry of Germany into nationhood left it without a significant share of world empire and trade. Its entry into the colonization of what France, England and Japan (also a latecomer) considered their spheres of hegemony brought conflict to Europe. The response to a German-Turkish-and Austro-Hungarian alliance, was the creation of another alliance between Great Britain, France, Imperial Russia, Japan, and Italy. The U.S. remained aloof from these preparations for war and continued to expand its trade with both sides, claiming neutrality. As the war progressed, however, Germany's interest lay in a complete blockade of its European enemies, and thus launched submarine warfare on ships trading with Britain and France. The U.S. trade became sufficiently affected for it to join in war on Germany in 1917.

The reorganization of imperialism which followed the surrender of Germany and its allies in 1918 saw the birth of many nations carved out of Austria-Hungary, the establishment of new protectorates over the former German holdings, and the expansion of imperialism of Japan. Germany wound up with a huge war debt of France and Great Britain in war materials supplied by U.S. capitalism, and credits for the war.

The collapse of the world capitalist balance, and the recession which followed in the U.S., however, brought about a general collapse of the capitalist economies beginning in 1921 and aggravating in the Great Depression of 1929.

In the U.S., recession brought massive unemploy-

ment and the use of armed force to crush labor protests. But by 1932, when the Democrats elected Franklin Delano Roosevelt to the presidency, capitalism was ready to reverse their policy.

The Roosevelt administration instituted "The New Deal," a massive public work program based on the use of public monies to generate employment and stimulate production. Congress pressured business to increase spending, and offered it incentives; such as the acquisition of farm lands devastated by the depression and now reorganized as Agri-businesses owned by U.S. corporations, and a guarantee on bank loans and default through the use of public funds. Labor was also restricted and was rewarded with a minimum wage and fixed working hours, collective bargaining was instituted. To facilitate the new domestic policy, the capitalists under Roosevelt created a number of "super agencies." Among these were: The Agricultural Adjustment Agency, Federal Relief Administration, the National Industrial Recovery Administration, The National Labor Relations Board, the Social Security Administration, and others fostered on state and city governments to meet particular needs in a given area.

A Security and Exchange Commission reorganized the stock market, a Committee for Industrial Organization was formed to provide direction for labor, the Federal Administrative Reorganization Act provided for the reorganization of government, and the prohibition against the consumption of alcoholic beverages was repealed. The results were gratifying to U.S. capitalism.

According to William E. Leuchtenburg in his book: **Franklyn D. Roosevelt and The New Deal**, by May, 1936, the New York Times Index of Business Activity had climbed 100 per cent for the first time since 1930. "Corporation profit sheets which showed a \$2 billion deficit in 1933, ran \$5 billion in

the black in 1936." The takeover of vacated farmlands by Agri-business also was profitable. "From the first quarter of 1933 to the third quarter of 1936, net income of **farm operators** almost quadrupled." Leuchtenburg says that when he heard the news about the recovery and bright business prospects for the future, the reformer Alf Landon "gave up the election as lost." Roosevelt won by a landslide, and the New York Times commented that if Roosevelt were to say a kind word about man-eating sharks, the public would probably agree.

The Roosevelt administration came in at the same time that German capitalism decided to back Adolph Hitler and the Nazi Party as a means of implementing its plan for the recovery of German imperialism. The choice of Fascism was thus a new political option open to capitalism for internal dominance. Fascism is an intensely ideological form of capitalist thought, tending to the mobilization of an entire society for the implementation of imperialist policies. It was no surprise then that German fascism has a broader appeal beyond its borders. In almost every country fascism found ideological proponents and movements. But it was also a threat to other imperialist nations in that it represented a German Fifth Column (supporters of Nazi Germany). A form of fascism took power in Italy even earlier, but it lacked the organization of the German Nazi variety.

Fascism appropriated parts of the class demands of workers, land reform and expropriations of trusts and corporations, but it never meant to carry them out. Instead, it pacted with the monopoly capitalists for the restoration of Germany through the revitalization of its mass production, Germany sought the colonization of Eastern Europe and the Low Countries (Belgium, The Netherlands), as well as the Scandinavian countries to the north. It launched an aggressive foreign policy aimed at the reconquest of markets, and finally when it was blocked by the competing

European imperialist powers, resorted to war.

Japan was likewise bent on expansion. After the First World War it inherited a portion of the small German Asian Colonies, but soon found that its export was a first step, but thereafter it too saw itself blocked by British, French and U.S. interests. The U.S. particularly felt threatened by Japanese expansionism because it had grand designs for economic expansion in Asia.

It is interesting to note that in this period of rising U.S. imperialism and hegemony the Roosevelt administration rejected a French proposal for an international trade and monetary system on the premise that it would hurt U.S. pricing. Roosevelt also rejected the lowering of tariffs, and called for each nation to pursue its own economic interests. The Germans hailed the decision.

Another facet of the global picture in which the U.S. imperialists found themselves was the rise of the Soviet Union. After the revolution of October, 1917, the Russian people were able to begin the construction of socialism. Led by an able Communist Party and workers councils (soviets) capable of defending the revolution against counter-revolutionary attempts and expeditionary forces of imperialism, the Soviet Union launched a major reconstruction of the economy. The ideology of Marxism-Leninism also had its adherents internationally, and capitalists saw the communist ideology as the major danger to its aspirations and even survival.

The Soviet-German Pact signed by Hitler and Stalin and promising non-aggression in war, ended imperialism's expectations that they could maneuver Germany into a war with the Soviet Union while escaping entanglement.

In the midst of this situation, the U.S. sought to extend its trade in the world on terms favorable to it. In Latin America, the U.S. continued its policy of intervention through the "Good Neighbor Po-

licy." Under Roosevelt the U.S. refused to recognize the Grau San Martin government in Cuba which came to power in 1933 in the overthrow of the Machado dictatorship. A year later, in 1934, the Grau San Martin government fell. The U.S., however, no longer intervened militarily. It now had sufficient economic control over Latin America to force the collapse of any government by subversion. In 1934, following an official announcement that the U.S. would no longer intervene militarily in Latin America, the U.S. Marines withdrew from Haiti. This policy, however, was temporarily discarded in 1965, when 15,000 U.S. Marines invaded the Dominican Republic to defeat the revolutionary forces and install a puppet government.

On his triumph in 1936, Roosevelt openly advocated war with Germany and Japan as an inevitability. In Chicago, on October, 1937, he warned that the U.S. would not escape involvement in the coming war, initiating a campaign against the isolationist tendency. That same year, the Roosevelt Administration launched an offensive against the Nationalist Party of Puerto Rico (1936) in an effort to destroy the independence movement in the colony. By 1939, U.S. foreign and national policy had coalesced around a war policy in Asia for U.S. imperialist expansion, and a domestic and colonial reform policy to secure mass support for the coming war.

Beginning in 1940, the U.S. began an aggressive number of maneuvers aimed at provoking Japan. It stepped up active support for British and French colonial interests in Asia, supplied advisors and arms to Chinese nationalist forces, and threatened Japan with economic sanctions if it continued its imperialist expansion. On January 27, 1941, U.S. Ambassador to Japan Joseph Grew warned Roosevelt that Japan was "planning a surprise attack on Pearl Harbor." The U.S. promptly removed several new

aircraft carriers from Hawaii, but deliberately docked the main portion of its Pacific Fleet there. On December 7, 1941, Japan attacked the U.S. at Pearl Harbor and the war was on.

The Second World War mobilized the masses of the American people as never before. Within a year of Pearl Harbor the U.S. was on the offensive in both Europe and Asia. Once again Europe and Japan were shattered by war. Only the U.S. remained untouched. At war's end in 1945, the U.S. emerged as the single most powerful nation in the world, with vast gold and monetary reserves, an active and aggressive economy, and a foreign policy geared to hegemonism and imperialist expansion.

#### **E. The Truman Doctrine, The Marshall Plan and U.S. Imperialist Hegemony.**

The U.S. strategy for hegemonism after the war was based on the Bretton Woods Agreement, and the supposition that neither Europe, the Soviet Union, or Japan could emerge as rivals to U.S. imperialism. It held the reins to an international monetary system, a World Bank, a vigorous industrial production system, military and political might, and internal stability.

But the Second World War, and the economic and political collapse of the central European powers and Japan also set in motion the colonial world over which these imperialisms had ruled. National liberation and wars for national liberation became characteristic of Asia and Africa, transforming these countries into free sovereign states which had to be dealt with within a new framework.

Additionally, as the Soviet Armies rolled over the Germans, Communist Parties in the liberated countries of Eastern Europe seized power. The arrival of Soviet and Imperialist armies in Berlin, saw the two

rival ideological blocks face to face.

The success of socialism in the course of the war, and the certainty of imperialism that communism stood to gain economic and political ground in the post-war world led to the decision by imperialism to impose a cold war (ideological war, war of nerves and economic and political pressures) on socialism. First, the imperialists began the reconstruction of the three-fourths of Germany they occupied without the usual consultations--they created a German currency, a government drafted from the remnants of the Nazi and conservative business sectors, and moved toward the creation of a Federal Democratic Republic.

The Cold War also saw U.S. military assistance to Turkish and Greek capitalists and monarchists in their civil war against communist revolutionaries supported by the Soviet Union and Yugoslavia. In extending intervention to those two countries, U.S. Imperialism issued the Truman Doctrine. In 1947, President Harry S. Truman announced from Congress that "at the present moment of history nearly every nation must choose between two alternative ways of life." imperialism and socialism. He then announced a \$350 million emergency grant to Turkey and Greece. The U.S. Cold War strategy called for the military and political alliances in Europe, Asia, and the middle-eastern states bordering the Soviet Union. The bases for this aggressive stance were to be Japan in Asia, Western Europe, and the near-eastern states of Iran, the Arab Republics, and the Southeast Asian states occupied by French, British and Dutch imperialisms.

To facilitate the function of the new strategy, the U.S. in 1947 created the Marshall Plan, pumping billions of dollars (\$341 billion) into the reorganized economies of Europe and Japan to reconstruct industry and the economic infrastructures of these countries. To stimulate the new industry, the U.S.



encouraged imports and made massive transfers of technology to Europe and Japan. Germany and Japan in particular experienced rapid growth. Japan, for example, registered an economic growth rate of 9.3 per cent between 1953 and 1958. By 1963 the rate of growth climbed to 16.3 per cent, and by 1969 Japan had achieved a gross national product of \$174.2 billion, and a per capita income of \$1,335.

Great Britain and France, however, had built their recovery on empire. But by 1947, their African and Asian colonies were rising, and trouble was brewing in the British colonies of the Caribbean. Viet Nam declared independence in 1945, and--encouraged by China's successful revolution in 1949--waged an increasingly aggressive war against growing French colonial troops. In 1950, the U.S. began large scale military equipment delivery to the French in Indo-China and at the same time intervened in the Korean Civil War with troops. In 1953, Korea was fought to a stalemate with China, and in 1954 the French settled for a division of Viet Nam into North and South, withdrawing from the whole of Indo-China. The U.S. thereafter stepped into the Viet Nam and Indo-Chinese vacuum of colonialism.

Britain, on the other hand, quickly decolonized most of its empire, preferring settlements to revolution. The exception was Malaya where it fought to defeat a communist national liberation struggle, and Kenya where they were defeated by a nationalist movement. Decolonization and national liberation placed severe strains on the economies of both France and Britain. France, however, began to experience a recovery in 1958 with the creation of the European Economic Community (Common Market) and the restoration of trade with many of the former colonies.

The creation of the Common Market in 1957 was a major step in the recovery of European capitalism,

and--although never admitted to--a blow to U.S. hegemonism. France, West Germany, Italy, Belgium, The Netherlands, and Luxemburg agreed to eliminate trade barriers between their countries, allowing goods to move about freely as they do in a single state. This enabled European products to compete advantageously with U.S. goods in Europe, which were subject to tariffs. At the same time, the E.C.C. agreed to subsidize agriculture and increase production for export at prices cheaper than those of the U.S. The result of all this was a growth of 168 per cent between 1958 and 1964 for the E.C.C. By extending "associate membership" to former colonies, and integrating Great Britain into the community, the E.C.C. balance of trade became extremely favorable. Additionally, its access to U.S. markets began to produce huge surpluses of U.S. dollars, and this strengthened the E.C.C. currencies. Japan also amassed huge amounts of dollars.

Thus the Cold War and national liberation struggles radically transformed U.S. hegemonist plans for the post-war period. U.S. economic policies in Europe and Japan created the conditions for the emergence of competing economies.

This new competition among capitalist states and blocs of states for a share of the world market, and the accumulation of monetary surpluses (in dollars) by Europe and Japan, were to combine with the rising tide of national liberation struggle in the world, and U.S. efforts to contain them through direct economic, political and military intervention, to further weaken U.S. hegemonism.

### III. FOUNDATIONS OF THE CURRENT CRISIS AND THE TRILATERAL COMMISSION RESPONSE

#### A. Foundations of the Crisis.

The economic order of post World War II Europe, Japan and the United States was founded on an international imperialist agreement to reorganize economic policies, trade, tariffs, and the international monetary system within a framework of cooperation, mutual monetary support, and U.S. hegemonism. This agreement was codified at Bretton Woods in 1944 and was broadened to include Germany and Japan after 1945.

The Key to the stability of the monetary system, the capitalist recovery of Europe and Japan, and trade tariffs, was the establishment of two institutions organized by U.S. imperialism—the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (now known as the World Bank). The IMF became the depository of imperialist money quotas from which member nations could draw to meet the internal economic and political needs. The World Bank made loans at fixed interest rates for economic and political needs. The World Bank made loans at fixed interest rates for economic expansion and the creation of economic infra-structures. Both of these tools, which were key in European recovery and the reconstruction of Japan after 1945, were based on the economic power and stability of the U.S.

In 1945, the U.S. emerged from the war as the only stable imperialist state in the world. It owned 40 per cent of the entire world income. It had the only stable monetary system, and controlled the gold on which the value of the dollar was based, arbitrarily holding the value of the metal at \$35 per ounce. Because of this, the international monetary system of imperialism, based on the U.S. dollar,

became strong and stable. This stability was further guaranteed by a series of political and military pacts among the imperialist powers through which the U.S. guaranteed their existence against the encroachments of socialist revolutionaries.

To guarantee the prosperity of Europe and Japan so that they would serve as frontline states against socialism, the U.S. assumed the role of world policeman for imperialism, creating a network of worldwide front line states against socialism in Europe, the Middel East and Asia, and embarking on war in Korea to establish a beach head there against China in 1950.

With the recovery and stabilization of Europe, the U.S. created the military North Atlantic Treaty Organization (NATO) to assume responsibility for the defense of the area. Later, it created similar military blocs in the Middle East and Asia.

The economic and political recovery of Europe and Japan, however, resulted in economic competitors for the U.S. in the world market. In 1957, several European capitalist states joined in the European Economic Community Pact (Common Market). Japan's imports of U.S. technology allowed it to begin manufacture of consumer articles at a cheaper cost. The competition of Europe and Japan soon led to huge accumulations of U.S. dollars by Japanese and European banks and to a deficit in the balance of payments (payments for purchases and outstanding debts) for the U.S. Later, it began to produce a deficit for the U.S. in its balance of trade (buying more than is sold) with its European and Japanese competitors.

The problem lay in the very system the U.S. had created for its hegemonism within the world imperialist system. Part of the Bretton Woods agreement, and the subsequent General Agreement on Trade and Tariffs (GATT) produced a policy of low tariffs and almost unrestricted trade among the imperialist

countries and Third World countries embarked on capitalism. This system at first favored the U.S. But with cheaper labor and the development of industry, Germany and Japan in particular soon were in a position to export goods to the U.S. and the rest of Europe and the Third World. They sought payments in dollars, which they amassed instead of converting into gold. Continuing U.S. prosperity at first, embroilment in the War in Viet Nam, and the internal problems resulting from that war and the demands of the oppressed peoples, created a new set of economic conditions which the U.S. mishandled.

First, the War in Viet Nam drained the U.S. economy of hundred of billions of dollars, or more than it recovered from the war boom. Second, a domestic policy of bribery (War on Poverty) of the masses to generate internal peace led it to huge internal expenditures—first for bribery and then for repression. To resolve the enduring dollar shortages, the Lyndon B. Johnson Democratic Administration printed more money than it actually had gold reserves for.

Following the stagnation in Vietnam, Europe and Japan began to seek partial conversion of dollars into gold, revealing that the U.S. could not in effect pay what it owed. In 1968, U.S. capitalism came to the realization that unless reforms in the international system were made, the monetary system of imperialism would collapse as a result of a general collapse of the dollar.

As early as 1966, the Trilateral countries had realized that the international monetary system created at Bretton Woods was in trouble. In that year, the E.C.C. and the U.S. agreed (France was absent in protest over policies) to create a new type of monetary asset. Discussions over the next two years produced an agreement on Special Drawing Rights (SDRs) by which monetary exchanges between the

imperial powers would no longer involve transfer of gold, but instead be limited to transfer of each other's currencies. These exchanges would be handled through the International Monetary Fund as agreed at Bretton Woods, and they believed that the result would be the stabilization of the U.S. dollar.

In 1969, a further step was taken by making the SDRs independent of the gold system. To parallel the gold standard of money, a \$10 billion SDR fund was created in the IMF to be used in the payments. But the creation of the SDR system did not halt the U.S. dollar drain. In fact, in 1969, the total number of U.S. dollars held by German and Japanese banks exceeded the gold reserves of the U.S.

The Nixon administration, which came to power in 1968, at first did nothing to solve the U.S. monetary crisis, although U.S. economists do not believe anything could have been done right away. In 1971, however, the Nixon administration took a first step in solving the critical monetary issue of the U.S. It devalued the U.S. dollar and eliminated its convertibility into gold. This devaluation forced the currencies of the E.C.C. countries to increase in value against the dollar, and at the same time guaranteed internal stability for the U.S. by guaranteeing that its gold reserves would not be depleted further. A similar, but unresolved crisis in the British pound sterling in 1931 had brought about the collapse of the British monetary system and plunged that country into a severe depression, having ripple-like effects throughout the world and intensifying depression in other countries. The International Monetary Fund (IMF) reacted to the Nixon measures by validation of the U.S. move, although Europe and Japan continued to reserve the right to amass dollars, and France refused to recognize any but the gold standard for the international monetary system.

The net effects of the devaluation of the dollar

the liquidation of dollar convertibility to gold was to decrease the value of foreign dollar assets and make the products of the U.S. more competitive with those of Europe and Japan. It also had an interesting side effect-it made raw materials cheaper to buy using the U.S. dollars. The U.S. also moved to protect its internal market through a number of agreements forced on Europe and Japan, whereby these countries would limit their exports to the U.S. Imperialism was now engaged in a limited form of economic warfare within the Trilateral Center.

The collapse of the international monetary system based on the value of the U.S. dollar, created in 1971 a crisis of economic stability in the imperialist world. U.S. and the IMF measures on SDRs and the dollar temporarily checked the pressures on the monetary system. Additionally, the U.S. opted for an end to the War in Viet Nam and the Anti-poverty program at home was severely curtailed, creating an internal measure of economic savings. This action was accompanied by a severe repression of dissent and radical sectors. Europe and Japan adjusted to the new situation, now marked by inflation resulting from the float of the U.S. dollar and the increased exploitation of the internal imperialist market.

Gold now became a floatation speculative commodity. By 1972 the capitalist world's gross national product had risen 7 per cent annually, from the 3.4 per cent the previous year. Imperialism continued, through the IMF, to seek a new monetary arrangement.

This growth and monetary reorganization was suddenly jolted by the decision of the Arab states early in 1973 to raise the price of petroleum four-fold and effect an embargo against nations trading with Israel. The price of the raw energy source suddenly rose from \$1.45 a barrel to about \$2.25. The economic impact of this move was to produce a new run on the dollar, intensify inflationary pre-

ssures on the imperialist economies, and bring to a halt any further reform of the international monetary system for fear that change would take imperialism into an unstable and unknown realm of monetary insecurity.

The U.S. response to the petroleum price increase was the further devaluation of the U.S. dollar, which in effect made the price increases practically negligible in cost to U.S. capitalists. This devaluation, however, intensified the pressures on the European and Japanese currencies which went up in value against the dollar and so resulted in Europe and Japan having to pay more for petroleum. It also increased inflationary pressures within the imperialist world, and profoundly shocked the economies of the developing countries tied to the imperialist world trade system.

According to John H. Lichtblau, executive director of the Petroleum Industry Research Foundation, writing in the New York Times Op Ed Page for December, 24, 1978, the OPEC price hikes were "a good thing". He argued that "the resulting money transfers were not beyond the ability of the international financial system to manage." He argued that in looking for the reasons to the post-1973 economic slowdown in the imperialist world, OPEC must be viewed as only one of "many factors contributing" to the economic situation. He pointed out that the prevailing growth rates in the imperialist countries "are not so low as to threaten their political or economic stability." OPEC price increases in a sense were a boon to U.S. imperialist stability. First, by further devaluation and European and Japanese currency up-valuation, the U.S. in effect paid the same for petroleum as before the increases. Second, the transfers of monies from Europe and Japan were predominantly in Dollars; since it now became cheaper to pay with them. This caused a decrease in Trilateral rivals holdings of U.S. currency and a shift to the Arab countries,

Iran, and Venezuela, who now turned the dollars over to the U.S. in exchange for aircraft, small scale technology for their micro-economies, and in the purchase of luxury items and construction. In effect, the U.S. benefited directly from the price increases. The increased value of the Yen and Mark also impacted the European and Japanese export market, by making their export products more expensive and U.S. exports more price competitive.

But this only explains the dynamics of inter-imperialist rivalries and the emerging capitalist countries in the periphery of imperialism. The crisis of imperialism is significantly more complex. Imperialism in the 1970's was characterized by interlinked systems of multinational corporations, international banks, Trilateral political and monetary agreements, the multinational military pacts and spheres of common interest. When the U.S. devalued the dollar, the European Economic Community (particularly Germany) and Japan moved to support the stability of the dollar by investing Marks and Yens on it through their banking systems. This was a protective measure, but also an indication of interdependence. The devaluation of the dollar also tended to promote the real value of the European and Japanese monies, making them more desirable currencies in international trade. Devaluation of the dollar further fed inflation in the U.S. as now more dollars were required to buy less—a factor of intense impact in the domestic population and internal policy of U.S. imperialism.

But just as important was the fact that while the U.S. devaluation continued to cause difficulties for the U.S., Europe and Japan were able to turn their inflationary crisis around, and in the case of Germany and Japan, actually produce surpluses (of \$21 billion and \$18 billion respectfully) in world trade—including a favorable trade balance with the U.S., which had a deficit of \$83 billion—in 1978.

Thus the major characteristic of the economic crisis of imperialism in the 1970's has been its impact on U.S. imperialist hegemonism and economic stability. This has been further enhanced by setbacks to that hegemonism in Asia, Africa and the near-east, and by the increased demands of peripheral capitalist countries for a greater share of the technology of production, and the profit.

### **B. Net Effects of the International Crisis on the U.S. Working Class.**

The impact of the collapse of the international monetary system on U.S. economic policies, its setbacks in the world political arena, the growing limitations to its hegemonism, has brought about an equally intense internal crisis.

First, the devaluation of the dollar unleashed an inflationary climb which cut deeply into the purchasing power of the U.S. worker and struck particularly harsh at the minorities. Second, capitalists intensified the grip over the internal economy by inflationary measures (price increases, wage freezes, etc.) aimed at increasing the return of profits on industrially produced goods. Massive price increases in food stuff and commodities for manufacture, and higher costs for luxury items (appliances, etc.), however, also produced a decline in purchasing and unplanned consumption by the workers and oppressed peoples. The U.S. government—a tool of capitalism for the use of tax monies, among other things—stepped in with the Food Stamps program to alleviate the growing hunger among the poor. Business, however, moved in the direction of recession (cutbacks in industrial production), creating massive unemployment of workers. By 1975, more than 12 per cent of the labor force was unemployed. The capitalist strategists, dissatisfied with unemployment benefit and food

stamp drains on the public monies, sought compensation by budgetary reform of the structures of government and its programs. Faced by rebellious cities and states, capitalism decided to black mail them.

By using Federal aid to states, and state and municipal debts to banks, the capitalists forced their supervision onto state and city government in large cities where social program and other government spending was highly dependent on Federal outlays of tax monies. This step led to a depression of the city economies as thousands were laid off the municipal employment rolls, and community programs were shut down.

In New York City, for example, where municipal, state and federal expenditures were greatest, capitalism enforced a superstructure of financiers and bankers on government to effect monetary fiscalization. In effect, such superstructures as the Municipal Assistance Corporation (popularly known as Big M.A.C.) and the Emergency Financial Control Board (EFCB) at the state level, cut deeply into the budgets while squeezing Washington for loans to the cities so that they could pay the banks for outstanding loans. These payments of public monies to the banks were used to replace losses in foreign payments and create a surplus for internal investment.

In 1976, with the world crisis of imperialism still unresolved, capitalism in the U.S. turned to expansion in production and modest price controls to relieve unemployment and increase consumption. Increased international drains on the dollar, however, kept the inflationary spiral going as the U.S. declined, partly in response to the expansion of production and because of the Federal Comprehensive Employment and Training Act (CETA). The dollar's continued devaluation in 1977, however, maintained the inflationary spiral, U.S. economic growth in 1978

amounted to only 4.2 per cent, and with a corresponding growth in unemployment of about 7.5 per cent. Private forecasts by U.S. Banking researchers predict a strong possibility of a recession. Thus U.S. economic planning, failing to stabilize capitalism with expansion, is now returning to a slowdown of the economy.

In 1978, also, Japan's trade balance showed a surplus of \$18.3 billion, causing concern in the U.S. that despite promises to the contrary, the Japanese would not act favorably to the U.S. interest in balancing its trade, which showed a deficit of \$10 billion with Japan. Germany's trade balance was favorable by \$21.0 billion. Both countries used their huge dollar surpluses to purchase raw materials in the Third World.

Continuing inflation hit 9 per cent in the U.S. in 1978, the highest since the sharp spiral of 1974, cutting deeper into the purchasing power of the U.S. worker and intensifying the economic difficulties of the poor.

Neither the U.S. worker, nor the oppressed peoples have mounted significant mass protests, contrary to leftist populist and Trotskyite expectations. Although labor strikes in the coal and trucking industries have been serious and militant, generally, labor has gone along with the bourgeoisified leadership of the unions in accepting minor raises in new contracts. The profits produced on the savings of the costs of labor supposedly would be used by business for expansion, but this will not be the case in 1979. The projected slowdown is aimed at cutting down production, reducing labor costs and social services, increasing unemployment and force a decline in consumption.

The principal factor in the containment of the masses of workers and oppressed peoples in the U.S. is rooted in the capitalist domination of labor in the present era, and in the absence of a unified

party of labor capable of giving direction to the rank-and-file and the oppressed masses.

Additionally, it seems that the era of economic prosperity for the working class in the 1960s allowed for enough material gains by the individual families so as to go beyond expectations. These gains brought enough satisfaction so that when the crunch came in the 1970s the average family could dip into savings or otherwise tighten their belts secure in their ability to at least maintain what they had acquired. This limited satisfaction of rising expectations weighs heavily in favor of inaction.

But inflation and recession tendencies in the U.S. economy cannot continue to be prolonged, as they appear to, without the masses making new demands upon government and business.

The decade of the 1980s will, if the crisis continues (and it appears it will) produce massive demands by the American people and increased repression by the U.S. government. It remains to be seen whether it will also produce a Marxist-Leninist center to give direction to the struggle.

### C. Net Effects of the Crisis in Puerto Rico.

The impact of the U.S. crisis in Puerto Rico has been significantly greater than in the U.S., its characteristics and approach a halfway point between that of the poor countries in the developing world, and that of the internal U.S. itself.

The U.S. international monetary crisis struck Puerto Rico at the same time as the U.S. manufacturing industry was in the process of massive shifts to Asia and other parts of the world. Thus from the very onset of the crisis, Puerto Rico was already undergoing its own colonial economic crisis. The additional impact of the new crisis resulted in massive lay offs and shutdowns, bringing about a transformation in public forms of protests from

those of an ideological independence nature to that of an economist labor content. Puerto Rico in the 1970s has thus been characterized by labor unrest (even Vieques and Culebra must be seen within this context). This fact explains why masses of workers who voted the Partido Nuevo Progresista and Partido Popular Democratico tickets are now the most militant demonstrators in strikes and picket lines.

U.S. Public works and welfare programs were extended to Puerto Rico in the same measure as they were in the U.S. in the 1970s. This has had an ameliorative effect on the population as a whole and has served to tie the masses to government in the traditional forms characteristic of colonialism; dependence on government handouts, political conservatism and fear of change, and the growth of a scarcity mentality tied to subsistence forms of security. Thus on the one hand you have strikes and demonstrations spurred by a pro-independence leadership, and on the other you have a profound fear of change in government.

The crisis is further aggravated by the nature of Puerto Rico's particular colonial characteristics. Historically, colonies have been defined as underdeveloped agricultural fiefs of the imperialist state with a small percentage of industrial workers. In Africa, Asia, Latin America and the Caribbean, European colonialism produced a system of exploitation of natural resources, maintenance of the masses in a backward stage of development, and the selective empowerment of landlords and creoles for civil service and government in the colony. The ratio of industry to agriculture was overwhelmingly in favor of the maintenance of the masses in a feudal peasant hold, with the working class in the colony rarely exceeding 20 percent of the work-age population.

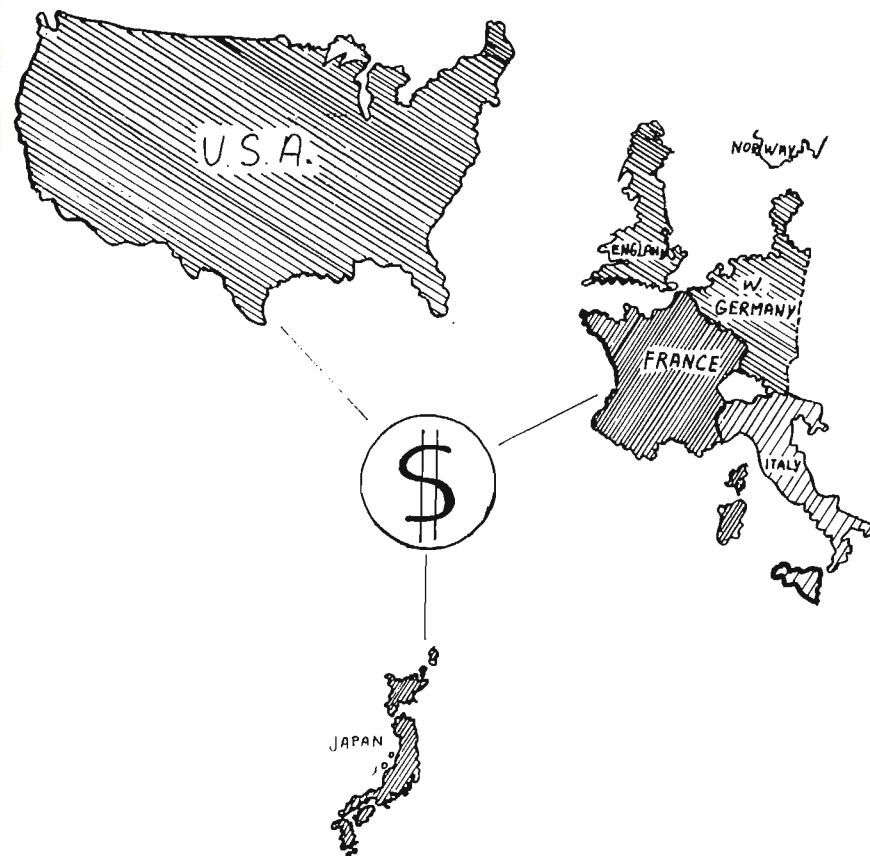
In Puerto Rico, however, the U.S. has developed

today a highly industrialized colonial economy which in many ways mirrors the economies of the independent neo-colonies in the high concentration of production industry and declining agricultural production.

Puerto Rico has been subject to all the changes in the world capitalist political and economic system, but without the benefit of formal independence. At the time when colonialism was the principal feature of imperialist domination, Puerto Rico was an agricultural fief of the U.S. sugar industry. Its Nationalist Party movement for independence paralleled that of other colonial countries seeking independence after the First World War. In 1940, the U.S. effected a transition which allowed Puerto Rico to develop the political-structural and industrial features of neo-colonial states and emerging capitalist countries in the periphery of imperialism, but denied it the formal state powers that permitted the formerly-colonial landlord bourgeoisie to amass capital and effect its autonomous capitalist development. In Puerto Rico, this class made the transition from landlord to industrial capitalism as an appendix to the colonial exploitation.

Puerto Rico thus made the transition from a predominantly agricultural colony to an industrial colony without national liberation, at a time when national liberation was the dominant feature of the post Second World War change in the political relations in the world. U.S. colonialism has shown itself, consequently, to be highly adaptable and intelligent in Puerto Rico.

The very features of the post-war colonialism in Puerto Rico defines the forms of the present struggle. Clearly, it is not an agrarian struggle of masses of peasants, but an urban struggle of masses of workers. Because of this, Puerto Rico's struggle for national liberation is necessarily a struggle for





the transformation of the social relations of labor—a struggle of the working class for socialism. And yet, because national liberation has not been achieved, it is still a struggle with features that could yet correspond to the real aspirations of the liberal sectors of the national capitalist class, which may aspire to ownership of the means of production if the continuing crisis of U.S. imperialism proves unable to maintain their level of prosperity.

It is reasonable to consider that as basic commodities (copper, petroleum, nickel, gold, etc.) are shown to have great capital value in Puerto Rico, a tendency of capitalist national self-assertion will emerge in contradiction with the colonial structures and desires of imperialism. This, however, is not necessarily so and is dependent on how the contradictions between the imperialists and the colonized bourgeoisie are resolved or not resolved—and because the native colonial bourgeoisie may fail to identify the source of capital necessary for their appropriation of these commodities.

The present crisis presents the classes in Puerto Rico with a set of antagonisms vis-a-vis the capitalists of the U.S. The prosperity of the native bourgeoisie is undermined in the present crisis by threatening to wipe away their gains and the social basis on which their chimerical power rests. This generates demands on the part of that bourgeoisie in the colony for economic security in the form of additional investments from the U.S. metropolis, and for increased government grants with which to pacify the colony. The working class demands more purchasing power, jobs and security. The U.S. capitalist, on the other hand, cannot allow for a colony that does not produce quantitative profits—even if that colony has a fundamental military value. U.S. military interests in the technological revolution of warfare have also reduced the needs for extra-continental bases, and in any case, neo-colonialism would still allow for such an arrangement in Puerto Rico or elsewhere in the Caribbean.

Against this basic economic, political and military reality, the determining factors for change in general are to be found in the labor struggle and ultimately in the strategic and tactical capabilities of the independence movement. Labor's tendency in economic crisis is to fight economist battles, unless a working class party of profound ideological content emerges to educate, train and lead it into the struggle for power.

The only ideological movement with this potential is the independence movement, which at present times has been transformed into a predominantly socialist movement of varying hues. If the independence movement truly is the determining factor in leading the laboring masses from economism to state power, then it is the strategic factor which will determine the future of Puerto Rico. Its sophistication, its quality of cadre, its political and military vision, will then be the factors determining its capacity to lead the masses into independence and socialism—both of which are possible at one and the same time due to the predominance of the proletariat in the capitalist relations of production and labor.

It is an inescapable conclusion that the U.S. imperialists are completely aware of this fact and have thus developed alternatives to the present colonial status. One such alternative is the ideologization of the statehood and popular democratic party apparatus. Statehood, currently enthroned, is in reality nothing more than the scarecrow of imperialism in Puerto Rico. This is so because what determines the colonial relations is fundamentally economic and the U.S. is not about to absorb a colony which is a drain on an already critical U.S. monetary and political structure. But the ideology of statehood has an impact on the masses of the Puerto Rican people and on the colonial parties and organizations (and that includes all sectors of the independence movement). This impact takes the form of the mobilization of public opinion to support the continuation and de-

velopment of ties to the U.S. and break the impact of independentism on the public consciousness, provide a cover for repression, economic austerity, and increases exploitation of the working class without generating a public consciousness of colonialism.

The Popular Democratic Party, long the monopolist of ideology, but more recently bankrupt, is in the process of the recreation of an ideology whose definition will inevitably be an evolved colony—evolved into a “free-association” within the colonial framework (this takes the shape of greater gubernamental autonomy, but continuation of economic colonial relations). This ideologized Popularism continues to be the desirable center for U.S. imperialism, and may be heavily pushed in 1980 in response to the isolation of the Statehood party from the working class. It is the alternative of capitalism for continued colonial domination in a colonial crisis.

The U.S. also has a vital interest in controlling the political development of the independence movement and the policy options. As the crisis of imperialism deepens, its control is even more desirable to the U.S. ruling class. Consequently, the legitimization of the pragmatic reform sectors (the P.I.P and P.S.P.) of the independence movement plays an increasingly important role in U.S. domination. Within the independence movement the determining factor in liberation will be, in the 1980s, the revolutionary sectors and their capacity to achieve a strategic and tactical plan for winning independence and socialism, and for leading the working class up the road of Peoples' war.

The balance of forces (not necessarily numerical) and the totality of mass and armed actions will be the factors determining the changes of policy in U.S. ruling circles toward independence. The forces of revolution must grow and must lead, and they must generate actions to continually undermine the economic bases of the exploitation of Puerto Rico. The relationship of revolution in Puerto Rico and the

deepening internal crisis of imperialism will be the determining critical aspects of independence and socialism in the 1980s.

Meanwhile, Puerto Rico stands on the periphery of U.S. political and economic preoccupations. The international monetary crisis, the Middle-East, Iran, South Africa, and many other matters (including its internal economic and political stability) currently take precedence in U.S. foreign policy and domestic thinking. The U.S. consequently directs its attention to Puerto Rico only in relation to the crisis which the Puerto Rican independence movement generates.

Economic crisis in Puerto Rico will become the all pervasive and principal economic feature of the 1980s and thus presents an excellent opportunity for political development of the base of the labor sector. The student sector, unable to find jobs, will also go into motion and will look for a leadership which corresponds to economic rather than traditional student rights interests. The dissatisfaction of the intelligentsia presents the independence movement with an opportunity to transform this sector into a large vocal and rationalizing supporter of change.

#### D. The Trilateral Commission.

As imperialism heads into the 1980s it is evident that the reorganization of the international monetary system is only one aspect of crisis. In effect, with U.S. imperialism as its head, the Trilateral imperialists seek a total global reorganization of the world on a scale surpassing the Bretton Woods Agreement of 1944.

The principal features of the problems to be resolved are many, the most outstanding of which are; the transfer of technology to developing countries with a sub-imperialist role potential, the creation of a dependent world economy (to include the socialist countries in which Trilateral imperialism will continue to predominate, the liquidation of politically

embarrassing and economically anachronistic modes of domination, the establishment of a new capitalist monetary system, the development of reform of new or existing conflict-resolution institutions and institutes for political and economic shaping of world government opinion, (such as the IMF and the World Bank), the pacification of the oceans (mining, fishings, military use, etc.) the control of nuclear armaments, the expansion of trade relations with Communist countries, etc.

All of these areas are subjects of study by the Trilateral countries, and position papers, research documents, and institutional suggestions have now been made over a period of 13 years. In fact, capitalist social scientists saw as early as 1965 that the international monetary system was going to collapse, and the principles of "Peaceful coexistence," originally suggested to the French Government by a political scientist (Fenelon) in 1967 as the best relationship between two powerful states desiring to maintain a power balance, was rediscovered by U.S. imperialists as early as 1947.

But with the collapse of the U.S. dollar within the international monetary system in 1971, its arbitrary devaluation, and the protectionist increase in tariff on foreign goods at U.S. docks, the crisis caught the U.S. imperialist in a grip and they moved quickly to define the basis of the collapse and the measures that should be taken to reverse the situation.

The Trilateral Commission that eventually emerged in 1973 to deal with the common interests of the U.S. and Europe and Japan sought not only the resolution of the crisis (there are continuing summit meetings at least twice a year to deal with that), but sought a new world order for the 1980s and beyond—or at least until the year 2000.

In "The Crisis of the Trilateral and Latin America," Aldo Ferrer, a Mexican economist writing

in *Comercio Exterior* for July, 1978, states: "the ties, increasingly close, between the external and internal politics of the principal countries and the international payments, are one of the dominant traits of the new situation." Because this is so fundamental to modern imperialism, the heads of government of the Common Market in Europe, the leading capitalists of the U.S. and Japan came to a meeting in 1973 to discuss the monetary and trade problems and the needed changes in the world system of monopoly capital and imperialist control. The meeting was convoked and headed by David Rockefeller of the Chase Manhattan Bank, and one of the two leaders of U.S. capitalism. At that first meeting, it was agreed that a Trilateral Commission, and a number of studies into problem areas, and to complete recommendations for action by the Trilateral Commission was (partially) as follows:

Leading North American members: I.S. Abel, President U.S. Steel Workers of America; David M. Abshire, Chairman, Georgetown University Center for Strategic and International Studies; John B. Anderson, member U.S. House of Representatives; J. Paul Austin, Chairman, Coca Cola Company; George Ball, former State Department official and Senior Partner at Lehman Brothers; W. Michael Blumenthal, Chairman, Bendix Corporation and now Treasury secretary; Harold Brown, then President of the California Institute of Technology and now Defense secretary; James Earl Carter, former governor of Georgia and now President of the U.S.; and a host of other likeminded persons. The director of the Trilateral was, and continues to be Zbigniew Brzezinski, now also President Carter's top expert on Foreign Policy and officially Presidential Advisor. The comparative list of members for Japan and Europe include the Presidents of FIAT, Royal Dutch Petroleum, Barclays Bank, and labor leaders, professors,

legislators, etc. The Japanese contingent included the heads of Kansai Electric, Mitsubishi Corporation, Kyodo News Service, Bank of Tokyo, SONY Corporation, and a host of labor and intellectual persons at the top of their fields.

This commission is presided by an executive committee strictly in the hands of the capitalist themselves (David Rockefeller, for example) and including a small selection of labor leaders and professors close to the sources of power.

The resulting studies by the Task Force of experts identified and mobilized by the Trilateral Commission, were numbered Task Force Reports 1 through 14, averaging about 14 pages in length, with the exception of Task Force Report No. 8 which was 211 pages long and was published in book form.

The reports, in numbered order, are: 1. Toward a Renovated World Monetary System (1973), 2. The Crisis of International Cooperation (1973), 3. A Turning Point in North-South Economic Relations (1974), 4. Directions for World Trade In the 1970s (1974), 5. Energy: The Imperative for a Trilateral Approach (1974), 6. Energy: A Strategy for International Action (1974), 7. OPEC, the Trilateral World, and the Developing Countries: New Arrangements for Cooperation, 1976-1980 (1975), 8. The Crisis of Democracy (1975), 9. A New Regime for the Oceans (1976), 10. Seeking New Accommodation in World Commodity Markets (1976), 11. The Reform of International Institutions (1976), 12. The Problem of International Consultations (1976), 13. Collaboration with Communist Countries in Managing Global Problems: An Examination of Options (1976), 14. Toward a Renovated International System (1977).

Both the mobilization of capitalist leadership and expert resources, as well as the broadness and specifically of areas covered by the Trilateral

Commission indicate the depth of reorganization proposed by imperialism in response to the complex relations which are evolving in the world today.

The fundamental economic framework for the Trilateral Commission continues to be Keynesian economics, the predominant capitalist system of regulatory economic policies whereby capitalist growth is made possible in direct relationship to its ability to generate consumption. Marginally, however, a "monetarist theory," emphasizing the predominance of monetary policies in the equilibrium of capitalism is also present in these studies and is even favored in several Task Force reports.

The proposed renovation of the international monetary system, based as it is on the continued underpinning of the U.S. dollar as the basic money, has not worked. For it to have worked depended heavily on the continuing stabilization of the dollar. But U.S. capitalism has seen fit to allow it to devalue—a deliberate policy which continues to this date—as a means to fight the U.S. trade deficit and balance of payment. The Common Market countries, faced with this and other protectionist measures by the U.S., began their own fiscalization of the European monetary system on January 1, 1979. Under a European Economic Stability plan, the Common Market countries will first seek to control the fluctuations of their respective currencies vis-vis each other and then organize an European Federal Reserve System, under the name of the European Monetary System (EMS). The EMS expects that its first two years of operations will lead to financial stability, independent of the fluctuations of the dollar, by curbing sudden changes in the currency, and lowering inflation rates.

The main threat posed by this measure to U.S. economic hegemony is that in removing the dollar as the basic currency on which those of Europe rest, they also remove U.S. hegemony and political in-

fluence over European capitalism. According to Paul Lewis in *The New York Times*, December 1, 1978, Paris Diplomatic observers, a term usually reserved in the North American press to describe U.S. foreign policy officials, "the system (EMS) could have more far reaching economic and political implications from Europe and the United States. Internationally, Europe's interest in creating its own monetary system stems from its growing disillusion with the world existing dollar-based system, which is also one of the pillars of American global power. A successful EMS, officials believe, would reduce Europe's dependence on the dollar and limit American influence abroad."

The U.S. is also concerned that the EMS, a step of the same magnitude as that which led to the creation of the Common Market in 1957, will also lead to European independence in foreign policy, trade agreements and security—all of which not only threaten U.S. hegemony, but also would tend to reduce the U.S. to being just one of several imperialist systems in competition for the world market.

The proposition for the reform of the international monetary system under U.S. tutelage, proposed as the First report of the Trilateral Commission, seems to have been speedily discarded in practice—although not in theory—by the Trilateral Partners of the U.S. in Europe and Japan as they continue to amass and trade in dollars. Although the Japanese and German responses to the monetary question has been hidden, and they are the keys to U.S. problems, based on documented unilateral measures, it is to be supposed that they will not go along with the Trilateral proposition, but will seek to establish the Yen (the Japanese currency) and the Mark as independent monetary systems, in Asia and Europe. Although the size of the Japanese economy, for example, is only

one half that of the U.S., and even when it is totally dependent on imports for its petroleum and other basic metal resources, the Japanese have maneuvered a headstart in the China exports market guaranteed to give them new huge surpluses in the economy. Japan is currently engaged in the building of a macro-economic (economic infra-structure) system for China, as well as supplying electronic, industrial and mining equipment—all of it financed through the Japanese Export-Import Bank. It is also upgrading the Chinese industrial capacity to produce steel.

The Japanese have also declined to follow the U.S. guideline calling on it to expand imports and curb exports to help the U.S. balance its trade deficit. Although the Japanese have recently purchased 21 tankers and car carrier-ships worth \$340 million, it refused to boost its economic growth rate by seven per cent or more to cut down its colossal balance of payments surplus with the U.S. of \$13 billion in 1978.

The Second Trilateral Theme of the crisis of international cooperation has not been resolved in favor of Trilateral Cooperation plans either fundamentally because protectionism is a very strong counterweight to imperialist cooperation. Unilateral U.S. actions to protect its market and its foreign trade has been met by like moves in the Common Market and Japan. It is worth noting that Japan and most European countries have made independent decisions concerning recognition of China, expansion of trade with the Soviet Union and Eastern Europe, and economic and political relations with their former colonies in the Third World. It is worthwhile also remembering Lenin's argument with Kautsky. Kautsky had written in 1915 that an epoch of "ultra-imperialism" would follow monopoly and finance imperialism. Lenin responded in December of that same year that "There is no doubt that the development (of im-

perialism) is going in the direction of a single world trust that will swallow up all enterprises and all states without exception. But the development in this direction is proceeding under such stress, with such a tempo, with such contradictions, conflicts and convulsions—not only economical, but also political, national, etc., etc.—that before a single world trust will be reached, before the respective national finance capitals will have formed a world union of 'ultra-imperialism,' imperialism will inevitable explode, capitalism will turn into its opposite."

This was written as part of Lenin's introduction to a source book on Imperialism written in 1915 by Nicolai Bukharin, entitled: "Imperialism and World Economy."

The development for an imperialist strategy on North-South relations (North applying to the developed capitalist countries and South to the developing and under-developed countries and the subject of Task Force Report No. 3 is currently on trial. Trilateral imperialism proposes allowing the development of a number of sub-imperialist countries in strategic areas of the world. In Latin America, it originally envisioned that those countries would be Venezuela and Brazil (the study was made in 1973-74), because they met the basic criteria for sub-imperialism. This criteria is that such candidates must be wealthy in at least one of the basic strategic raw materials—petroleum metals, or crops capable of producing large national incomes, such as wheat. The country must also have at least the potential know how to transform these resources into capital assets, have a stable "democratic government" and be willing and able to play a strategic role in the proposed imperialist new world order. Brazil, however, has since gone its own way on foreign policy, recognizing the Neto government in Angola, and making overtures to Africa, independent of U.S. and European interests. It is also embarked on a

nuclear program and economic development which seeks to transform the Brazilian economy into an industrial competitive capitalist system in the Americas and the Third World. It currently sells jet planes to Africa, machine tools in Great Britain, appliances in Nigeria, tractors in Turkey, and textiles to the U.S. In 1977, it exported more industrial products than agricultural goods for the first time. Its gross national product for 1977 was \$167 billion, eighth largest among the Western countries. Its major weakness is a \$40 billion public and private debt to the Trilateral countries, which pays an \$8 billion annual interest and service charge. In the last year the U.S. has begun a number of overtures to Mexico, which has a \$30 billion foreign debt, and whose petroleum wealth is now considered second to that of Saudi Arabia. Mexico may replace Iran as supplier of petroleum to Israel and South Africa, should Iran close its exports to those countries.

Venezuela, although continuing to play a role in U.S. foreign policy, is not at all assured. It has consistently advocated petroleum price increases, and has often sided with the Third World on issues of economic and political independence. But it is yet to be seen whether it will pursue an independent foreign policy, particularly when its balance of payments deficit in 1978 reached a record high of \$1.7 billion, its foreign debt increase.

In Africa the U.S. favors South African supremacist economic interest. Its support of the White minority is absolute. It is within this context that it also support the South African dependency of Zimbabwe (Rhodesia and Namibia). Its strategic military and commercial location makes of South Africa a pivotal country for U.S. foreign policy. Further north, the U.S. is a strong backer of Zaire and the reactionary government of President Mobutu Sese Seko. But its long-range in-

terest is in wealthy Nigeria, which could easily become the first world economic power in the African continent. Much of U.S. foreign strategy for Africa is dependent on its Nigeria Policy. In the cases of South Africa, Rhodesia and Nigeria, Great Britain has been the intermediary imperialist state. In Zaire, it is Belgium. As of this date, no other sub-imperialist state has emerged to complement South Africa.

The U.S. and Trilateral policy is mixed, and sometimes contradictory in the Middle East. No uniform policy on sub-imperialism in this area exists, although the U.S. has clearly demonstrated the viability of Zionist Israel and Monarchist Iran. At this time, with Iran's government clearly in trouble, the U.S. is actively seeking an alternative in India or Pakistan.

Asian sub-imperialism must have the approval of Japan, which does not appear too eager for competition. Candidates here are The Philippines, Indonesia, and Thailand. The Taiwan option was recently surrendered by the U.S. in normalizing its relations with China.

It can be said that to date the sub-imperialist strategy as a political tool for imperialist hegemony is far from materializing as a forged weapon. It has all the untested and untried potential of a plan which will take decades to be implemented if at all.

The other principal aspect of the North-South relations is one of trade. The Trilateral countries want to reach an agreement for the continued export of capital to the developing and under-developed countries, on a two-tier principle.

Trade with the developing countries, particularly those closest to the sub-imperialist level, would be reorganized around a trade agreement similar to that organized for European-American trade relations, and codified in the General Agreement on Tariffs and Trade (GATT). This would constitute the selective lowering of barriers to the entry into both North-

South countries of particular goods deemed mutually beneficial, and exports of goods essential to each other.

The Trilateral North-South relations between the imperialist countries and the underdeveloped countries is one of the export of capital and selective industry in exchange for the available raw materials of interest to the Trilateral countries. That the Trilateral nations are speaking of formalized and "mutually beneficial" agreements on trade and investment is a departure from the high pressure tactics of the past in which the accumulated national debt of the underdeveloped country has been strictly used to force it to supply raw materials. Now, the proposition centers on the capitalist development of key countries and their plunder of their neighbors' resources.

Direction for World Trade in the 1970s', published in 1974, centers mostly on what can be categorized as stop-gap measures, indicating the areas of both growth problems and opportunities. The energy strategy, which occupies three reports (Nos. 5, 6, and 7) center on the much publicized alternatives in research, economy, savings, pressures and agreements, and the impact of OPEC on the Trilateral economy, themes repeated in other documents later on, and subject of a new report on alternatives to the uses of petroleum fuels.

The Crisis of Democracy (N.8), which is 211 pages long, is the only book length report for the Trilateral. It centers on the question of governability in Europe, Japan and the U.S., with a side glance at the Canadian situation.

The basic premise of the report is that the democratic expectations of the masses of people in the "Democratic" countries cannot and should not be met. The expectations of the masses and the inability of the system to satisfy them, the study states creates a three-sided challenge to government in three broad areas.

The first such set of challenges observed in the

report are called "contextual challengers." These are said to emerge from the external environments, and not from the internal conditions of the Trilateral states. "Changes in the international distribution of economic, political and in the relations both among the Trilateral societies and between them and the Second and Third Worlds" are the essence of the contextual challenges.

These challenges are said to pose a greater threat to the U.S. than to any of the Trilateral nations, because the U.S. has "the most active foreign policy of any democratic country," and "is far more vulnerable to defeats in that area than other democratic governments, which attempting less, also risk less. Given the relative decline in its military, economic and political influence, the United States is more likely to face serious military or diplomatic reversal during the coming years than at any previous time in history."

The problems to be faced are stated to be inflation, commodity shortages, international monetary stability, the management of economic interdependence, and collective military security.

But the Task Force Report also states that the contextual challenges by themselves would simply pose "major issues of policy and institutional innovation in the best of circumstances. They arise, however, at a time when democratic governments are also confronted with other serious problems stemming from the social evolution and political dynamics of their own societies"

Thus, the efforts of the Trilateral Commission to tackle world problems and secure imperialism in a changing world, cannot be achieved without the solution to the problems posed by the masses of people to the very existence of capitalism in the Trilateral countries themselves. Of all the Trilateral countries, the one most seriously threatened is the United States. This is essentially the posing of the problem in "The Crisis of Democracy."

Identifying the forces threatening capitalism in the Trilateral Countries, the report identifies "intellectuals

and related groups" who are people "who wield the power of the spoken and written word." These intellectuals and related groups, the report says, "devote themselves to the derogation of leadership, the challenging of authority, and the unmasking and delegitimization of established institutions." Another force is the "broader changes in social values," which should be understood in the context of the Marxist definition of consciousness, and into which the Task Force report lump diverse sectors, including religious sects. This change in the value system is said to be most pervasive among the youth, and "is presumably related to the relative affluence in which most groups in the Trilateral societies came to share during the economic expansion of the 1960s. The new values may not survive recession and resource shortages. But if they do, they pose an additional new problem for democratic government in terms of its ability to mobilize its citizens for the achievement of social and political goals and to impose discipline and sacrifice upon its citizens in order to achieve those goals."

But the greatest challenge of all, the report concludes, are the "intrinsic challenges," which are those arising from the functioning of democracy, and which gives rise to forces and tendencies which "if unchecked by some outside agency, will eventually lead to the undermining of democracy." Accordingly, "the more democratic a system is, indeed, the more likely it is to be endangered by intrinsic challenges."

The lesson to be drawn by government is, according to the report, the "The demands on democratic government grow, while the capacity of democratic government stagnates."

The most important part of the report for us is that dealing with the U.S. This section was written by one of the Scions of the U.S. capitalist aristocracy, Samuel Huntington, editor of **Foreign Policy** and member of the Council of Foreign Relations (CFR) and the International Institute of Strategic Studies.

To understand the importance of Huntington's re-



commendations, however, we need some background. Samuel Phillips Huntington was born in New York City on April 18, 1927. He studied at Yale, University of Chicago, and Harvard, where he obtained his doctorate in 1951 at age 24. He taught at Harvard, where he still is, while also working for the Brookings Institute. He has been associated in a directing capacity with the Columbia Institute of War and Peace Studies, the Harvard Center for International Affairs, the Stanford Center for Advanced Study in Behavioral Sciences, is a consultant to numerous government agencies, was Chairman of the Council of Vietnamese Studies-South East Asia Development Advisory Group, member of the Presidential Task Force on International Development between 1969-1970 (Nixon administration), has written several books (one of them coauthored by Trilateral Commission chairman Zbigniew Brzezinski), is the editor and founder of **Foreign Policy Magazine** and **Changing Pattern of Military Politics**.

Huntington states that the intrinsic (internal) challenges faced by U.S. capitalist democracy cannot be cured without reducing democracy to manageable proportions. One such way is the establishment of a more authoritarian policy in government response to mass and group demands—always deciding whether the demands should be satisfied in part or in whole on the basis of what is good for government (capitalism). He argues that government in a democracy cannot represent all the people, but only those who can contribute to the welfare and stability of the system (the capitalist class): and who have a stake in the system. He says that marginal groups, such as Blacks and other oppressed people, present “a danger of overloading the political system with demands which extend the functions and undermine authority.” He argues that U.S. democracy is “more a treat to itself in the United States, than it is in either Europe or Japan where there still exist residual inheritances

of traditions and aristocratic values.” Huntington claims that political authority in the U.S. is never strong because of the commitments it has built into itself to the masses of people over the years and is particularly weak in periods of intense commitments to “democratic and egalitarian ideals.” The role of Huntington in U.S. policy may be seen in the domestic programs of the Nixon, Ford, and now Carter administrations—with their callous disregard of welfare of the masses of people.

The Task Force Report of Europe and Japan, although less overtly fascist, also reached like conclusions. It is interesting to note that at the time that the policy of “benign neglect” of Black people, and the subsequent brutal repression of dissidents in the U.S. began to be implemented, Huntington was a high level government consultant in the Nixon administration. There is no doubt, based on his analysis for the Trilateral Commission, that he was a principal architect of that repression. On this basis alone, it may be perceived that this is a concrete U.S. internal policy option again for the decade of the 1980s, either outside or within the framework of the Trilateral Commission.

The Trilateral “Oceans Policy” Task Force Report is possibly the most liberal of the entire Trilateral output of documents. It proposes that any international agreement on the uses of the sea be supervised by the United Nations, particularly where territorial conflicts exist because of overlapping claims, even when the U.S. alone has the potential and the technology to mine the oceans of the world.

The study covering the world commodity market, although an independent task force report, cannot be divorced from other economic and North-South relations projections. First, because basic commodities such as minerals, crops, and other raw materials are to be found substantially in the so called developing world to which North-South relations studies are

addressed; and second, because such commodities are the basis on which capitalism plans future economic growth and stability.

The Commodities report recognizes a three-way distribution of factors in the market of supply and demand. First, the developing world of basic commodities; second, the industrial world "which accounts for 60 per cent of world exports of primary **products** (excluding petroleum)" and; third, the communist countries, whose sudden eruption into the world trade scene is seen as affecting the market price, availability, and sources supply. To this end, the Task Force recommends that accommodations be reached with communists as part of the reconstruction of the new international order.

Accordingly, the report warns that, "The most serious costs of lack of accommodation (with Communist countries and the developing world)...are likely to be observed in terms of instability in the broader international and economic spheres. Rather than producing well defined 'blocs' of consumer and producer nations, a lack of accommodation here would be more likely to result in an acceleration of a trend away from multilateral approaches in international relations." Concluding further on that, "The result could be a world of 'economic warfare' with discriminatory and retaliatory measures proliferating, with efforts to endure domestic self sufficiency diverting massive amounts of productive resources from their most efficient employment, with low rates of economic expansion, and with higher rates of economic expansion, and with higher rates of inflation."

The report calls for new international agreements in which nations should not take unilateral or multilateral actions to control consumption and the availability of commodities in detriment of "other nations" (Trilaterals obviously). The reports calls for "non-discrimination" and even "preferential treatment" toward "traditional foreign customers" in the event

of temporary shortages. The exports of technology, specialized machinery, and other capitalist means of production would likewise be made available for export (although this has been standard policy in the last decade). The Task Force also recommends the creation of an international Research Center for Commodities, requiring nations to submit regular reports on consumption as well as production, capital spending and inventories relative to commodities. It is interesting to note here that the U.S. recently forced Poland to supply it with such reports as a pre-condition to extending a loan essential to Poland's payment of external debt.

The report also proposes international price stabilization agreements, the stabilization of the investment environment, and an international tariff agreement comparative to that already in existence among the Trilateral Countries.

The "Reform of International Institution," task force report NO. 11, centers on the viability of existing international institutions and agreements to resolve the complex political and economic problems which have emerged as national sovereignty and priorities intrude on the old relations. Trilateralists seem most concerned with the effects on the international economic system of the tensions which have begun to manifest themselves in relation to the loss of effectiveness of the international institution organized by imperialism in past years. "The overriding goal is to make the world safe for interdependence," states the Task Force in its introduction to the report.

Trilateralists see international institutions in terms of "the ratification and legitimization of the power structure underlying international relationships...and the integration of newcomers into those relationships."

Accordingly, the report states that in 1945 this perspective applied to the "codifying U.S. hegemony and involving the other independent nation states of the day (except the communists, who dropped out)."

Sometime around 1960, it changed to mean "an increased role for Europe and Japan, and Incorporation of the newly independent developing countries of Asia and Africa.

Now, the report suggests, the collective leadership of the Trilateral Countries should shape international institutions, providing leadership to the world. Examples provided of initial "steps toward such collective leadership" are "the informal meetings of the 'Group of Five' to discuss international monetary matters," and the "economic summits" in France (1975) and Puerto Rico in 1976 "to discuss the whole range of international economic issues." Variations of this collective leadership, it is suggested, could be exercised to include selected OPEC countries, sub-imperialist states, and other nations who may be relevant to particular matters of importance at a given moment, such as the Socialist Countries. But the true leadership on an ongoing basis would be provided by the Trilateralists.

The report recommends the creation of new institutions to cover the oceans, the uses of Antarctica, outer space, weather and climate, and world population planning. Also, the economic area of multilateral enterprises and foreign direct investment. None of the institutions in existence are recommended for termination. But reform is seen as essential to some, so that they may become more efficient in dealing with "new aspects of their traditional domains."

The major concern for the reform of existing institutions are the rules of the international monetary system. Here, the hegemonistic U.S. interest reveal themselves as the primary intellectual motor force of these Task Forces. The proposition is not a really new monetary system, but the adjustment of that of Bretton Woods—based on the continuation of the hegemonism of the U.S. dollar. also for reform, the Task force proposes that control be exercised over the growth of international monetary reserves—a

concern to the U.S., which is seeking massive transfers of U.S. dollars back to the internal market. Another reform is proposed on the U.S. imposed Special Drawing Rights (SROs), a substitute monetary exchange system for the former system of gold put in use by the Nixon Administration through the International Monetary Fund to halt the outflow of actual gold reserves, and which has failed to work.

Still another area is the "coordination of domestic economic policies" through which consultations would be held annually to discuss strategies for domestic matters in each of the countries and thereby eliminate possible sources of friction which could arise if unilateral approaches were implemented.

The Task Force Report on the problems of International Consultations observes that factors such as nationalism, restrictive practices of diplomacy and foreign policy, and others such, have made consultation among the Trilateral nations a matter of information exchanges, generally. The visualization of the Task Force, however, is that consultation is essential to the Trilaterals. Despite foreseen problems such as the potential for embarrassing leaks, the slowing down of the decision-making process, and controversiality in raising the issues beyond the national borders of a given country, the proposition is for consultation on such matters as: issues likely to embarrass other parties, vital interests for more than one of the Trilateral nations, upon request, and by previous agreement.

One of the more important Task Force Reports is that dealing with the **Collaboration with Communist Countries in Managing Global Problems: An Examination of the Options.**

Written by Henry Owen, director of Foreign Policy Studies, The Brookings Institute in Washington; Chihiro Hosoya, Professor of International Relations at Hitotsubashi University at Tokyo; and Andrew Shonfield, director of the Royal Institute of International Affairs in London, the report sets out three areas in

which Communist Countries, specifically the Soviet Union and China, can be brought into a framework of cooperation, termed at times in the report as "co-operative management."

The fundamental objectives of the pursuit of collaboration from the Trilateral perspective is to advance "the ease" with which they can manage global problems. The possibility that collaboration would strengthen the Soviet Union, for example, is termed "limited." While the stated objective of easing the Trilateral management of global problems is maximized.

The nine stated areas of concern, divided into three major areas of promise (most promising, considerably promising, and modestly promising), are: food, energy, oceans, space, weather, earthquake warning, aid for development, trade, trade policy, and unclear exports and non-proliferation. The criteria used by the Task force in determining the degree of promise of each area is based on the global importance, the capability to which the parties have a capacity to contribute, and the degree to which the area lends itself to non-intrusion in the internal affairs of the participation states. Another consideration in the report is that either China or the Soviet Union would be sought as a party for collaboration in a given area, but not both in the same area.

Although the report states that on the question of food there is interest in developing joint communist-capitalist policy to stave off world food shortage, the main capitalist concern appears to be the development of a "reserve stock policy" which would prevent the fluctuations of world prices, which in 1974 hurt the U.S. At that time the Soviet Union acquired through purchase a huge quantity of U.S. grain, creating a shortage of U.S. export grain and driving prices up in the highly speculative grain market of the capitalist economies. The Soviet Union then ended with a surplus which it later sold at the new and higher world market rate, thereby creating a major fluctuation in price.

What is termed a "swing" in Soviet grain production, the report states, creates years when the Soviet Union is forced to buy grain in the international market and other years when it actually has a surplus. The Trilateral interest is to obtain a regulation of Soviet productivity, and thus stabilize the Trilateral and world market.

In the field of nuclear capabilities and thus the capacity of more nations to produce nuclear armaments. Their view is that proliferation would in effect make control difficult and increase the risks of unclear conflicts.

On the Oceans, the sought for collaboration centers around management—fishing rights and quantity, mining, exploration and exploitation of resources, national maritime limits, etc. Trilateral trade with the Soviet Union, and now with China, are major preoccupations. Both China and the Soviet Union are huge markets denied to capitalism for over 25 years. At this point in time, when growth and capitalism profit factors have practically ceased to count on communist trade, such a trade policy represents a "new market" for expansion, and thus for growth. The fundamental problem for the Trilateral strategic approach is that neither the Soviet Union, nor China, nor any other communist country will behave in the ways capitalism would have them in order to fit them into Trilateral economic plans, in any but a speculative manner. To overcome this problem, Trilaterals seek to obtain a number of basic agreements on tariffs, credits, and trade with the framework of their institutions—such as GATT (General Agreement on Trade and Tariffs) and the IMF (International Monetary Fund). The obstacles to this Trilateral want is the nature of Soviet, Chinese and communist organization. The Task Force states that unless there are "basic changes" in communist countries, agreements of nature are unlikely. These changes are conceived of as a decided move to the right in government. How-

ever, the Trilaterals see the possibility that a systematic approach to trade agreements and rules would in effect obtain a desired dependence which would lead communist countries to further agreements in the economic field, and **more moderation** in both internal and external political practices. Most of the other areas are essentially scientific, and the objectives are cooperation and interdependence. Japan has already achieved this, with a loan to China from the Japanese Import-Export Bank to finance basic industry in that country. Poland and Rumania as well as the Soviet Union have previously utilized this capitalist profit system. However, Chinese loans have been generally interest free (although this is now changing) and European communist countries are reluctant to freely engage in the system at present. Neither will the communists join the Trilaterals in joint lending efforts in the Third World, although the Trilaterals say they want the Soviet Union in particular to increase its foreign aid even unilaterally.

The Final Trilateral Task Force Report to be published although others are due is that of the Renovated International System (N. 14) in which the questions of interdependence, the renovation of the international order, and the central place of the Trilateral countries is analyzed. The stated premise is to bring the Trilaterals into a series of agreements which would place them in position to maintain their leadership in a changing world.

When understood that the primary purpose is the maintenance of U.S. hegemonism over the imperialist world, and imperialist hegemonism over the Third World; and that the second purpose is to force a moderation of communist behavior and policy through a multi-level economic and political linkage program, then the new International System can be viewed as a primary task force report.

The Task Force report is written by Richard N. Cooper, at the time of the writing of the report a

Special Consultant. He was later named U.S. Undersecretary of State for Economic Affairs. The Japanese contributor was Masataka Kosaka, listed as a Law Professor at Tokyo University. The European contributor was Karl Kaiser, identified as Director of Research at the German Society leading to the convocation of the first Trilateral Commission meeting. Kaiser, for example, was a key participant in a series of conferences in Maryland from December 7 to 10 involving many of the subsequent Trilateralists. Kaiser was one of the principals in the meeting, and wrote an important policy paper which he subsequently updated and was published in 1973 by the Aspen Institute for Humanistic Studies under the title of "Europe and the United States, The Future of the Relationship." Kaiser is also a protege of the Krupp Foundation of Germany. Many of the salient issues of the Trilateral papers are already present in the Kaiser book.

The basic thrust of the report is the question of interdependence, its implications, the obstacles it faces, the place of the Trilaterals in it, and the approaches to it.

The basic premise concerning the viability for the Trilaterals is that "These countries have the largest shares of world trade and finance and produce two thirds of the world's output. They are the most advanced in terms of income, industry and technology. They have experience in working with each other and a high degree of trust and goodwill born of that experience."

Accordingly, a consensus among the Trilaterals will contribute to the renovation of "the international order." The renovation of this order, then, is of vital interest to the recovery of imperialist hegemony.

The Task Force views the problem of the recovery of imperialism as one of the extension of an order of interdependence from that already said to exist among Trilateral countries, to one embracing the

communist countries and the Third World at two different levels of interdependence.

The growth of interdependence is viewed in these terms:

"The rapid growth of international trade and finance has led to an intense degree of mutual dependence. The vast amount of internationally owned and managed production provides a particularly transnational link, as does mutual dependence on vital imports such as oil, food and other raw materials. Economic events—and shocks—in one country are rapidly transmitted to other countries. In modern welfare states (read: socialist states), national actions to meet the needs of their citizens often vitally affect economic life and political activity in other countries." Consequently, the Task Force urges the creation of "steering mechanisms" as a means of guiding the development and function of an orderly interdependence in accord with the economic and political policies of the imperialist states.

World-wide poverty is seen as a major destabilizing factor in the extension of interdependence and the new world order of imperialist hegemony. "The alleviation of poverty is a demand of the basic ethical principles of the West as well as of simple self-interest. In the long run an orderly world is unlikely if great affluence in one part co-exists with abject poverty in another, while 'one world' of communications, of mutual concern, and interdependence comes into being." This is consistent with the capitalist Keynesian Economics that poverty does not encourage consumption and thus works against profit.

The character of interdependence is defined in terms of trade, investment, monetary interaction, security ties and other links." The economic dependence of industrial states on the raw materials of the Third World is said to correspond to "mixed dependencies of the developing countries on capital goods and foodstuffs from industrialized countries." While

interdependence among Third World nations is said to be practically non-existent. Communist nations "have largely resisted close linkages with the non-communist world **until recent efforts to expand trade and technology transfers from the West.**

Part of the growing urgency of planned interdependence for the imperialist countries is viewed as resulting from the fact that "a separation between the political and economic realm is obsolete; issues related to economics are at the heart of modern politics." Consequently, "politization 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**".

The new international system proposed for the Trilateralists "must be able to accommodate **shifts in power** among nations and their **desires for new roles.**" This is seen as particularly valid in the accommodation of rising Third World nations with vast reserves of strategic raw materials, such as petroleum. But the tendency of some such nations to "disassociate" from interdependence with the imperialist world is seen as a problem which "has to be taken seriously, however; for unless interdependence effectively serves the interests of the weaker states (the sub-imperialist candidates), the trend toward **extreme disassociation** is like to grow, and to create disturbances damaging for the industrial world..."

The obstacles for the new world order—the tendency toward disassociation are seen as the increased desire for autonomy, the impact of domestic policies on international relations, the disparity in political and economic conditions, and political antagonisms. The additional problem of the number of countries in the world of today is solved by the selective process of dealing with them according to their actual

real sub-imperialist importance, so that only a limited number of strategic countries would come to form part of the programmed interdependence advanced by imperialism, while the rest - the majority - would remain in the present condition of super-exploitation and total dependence.

In the part of the Task Force report dealing with the need for a "strategy", the problem is explained as one of the management by imperialism of "the urgent problems of survival and economic prosperity on a continuing basis." The basis for such "cooperation" does not exist, faces staggering obstacles, and must overcome the hostility and suspiciousness of communist countries and Third World nations. It is felt by the Task Force report writers that Trilateral unity and initiative can overcome "the tendencies toward disassociation." Trilateral joint action, for example, is seen as stabilizing the world economy, opening markets for the manufactured products of developing nations, and the establishment of commodity agreements. The Trilateral responsibility is seen as falling mainly on the shoulders of the United States, Japan and Germany "as the three largest national economies," with a measure of coordination with other Trilateral countries with "a deep interest in the actions taken by those countries."

The tasks of a global Trilateral strategy is thus seen as keeping the peace, managing the world economy, satisfying basic human needs, and protecting human rights. The task of keeping the peace relates to arms control agreements, the reduction of armed forces in confrontation areas, such as Europe and Korea, and the prevention of new battlegrounds emerging in the Third World, which could lead to confrontations between the imperialist and socialist blocs.

The management of the world economy from the Trilateral perspective involves four areas of stra-

tegic planning. First, a macroeconomic policy—defined here in terms of monetary and fiscal measures—which will balance global demands in such a manner as to avoid major economic contractions (leading to recession), and undue expansion (leading to inflation). This would require the coordination of domestic policy among "five or six of the key industrial states—all within the Trilateral regions." Such a strategic plan would subordinate national interests which could be detrimental to the macroeconomic policy of the Trilateral and the global interest of the strategy.

The second area of strategic planning involves the maintenance of "a liberal trading regime under conditions of interdependence." This part of the overall Trilateral global strategy would advance the **removal of trade barriers** by the so called "welfare states" such as tariffs and import regulations resulting from internal protectionist demands, and which tend to block Trilateral exports. The liberal trading regime would also oversee competition within the world markets by paying particular attention to the behavior of mult-national corporations which "now account for a very large share of world trade and output." Thus materially influencing "the operation of the global economy." A system of "adjustments" resulting in an "open trading system" should, the Task Force says, be kept under control so that the system will not suffer sudden changes which could create hardships for workers, firms and communities. Imports, therefore, should be regulated so that they do not become so large as to disrupt Trilateral economies. Planned changes in the economy, such as implementation of technology, should allow for retraining and compensation, so that a prosperous and vigorous economy would produce a demand for labor in another area.

The Third area of strategic planning calls for the reform of the monetary system. The recom-

mentation here would produce a greater reliance on SDRs, (currency system) initiated by the U.S. under the Nixon administration in 1971. World money reserves and the SDR would be handled increasingly by the International Monetary Fund, one of the institutions of imperialism.

The Fourth area of strategic planning calls for planning alternatives and regulations in such new areas of global problems as energy, the ocean claims, food and pollution.

Economic development within such a global strategy of the Trilateral nations seek to stabilize the internal Trilateral economies to "assure a stable and vigorous demand for imports which are the major source of foreign exchange earnings for developing countries." The role of the International Monetary Fund would continue to be that of monitoring and assisting the development of the Trilateral countries and member developing nations. In a related step, IMF management would be supplemented by "explicit schemes" for stabilizing export earnings of developing countries and prices of "certain primary products" of special interest to developing countries. Stocks of materials and produce is urged continuation for use in the regulation of prices and in the avoidance of fluctuations. The question of hunger and poverty is seen as being primarily a matter for developing countries to solve, and human rights is elevated to an issue of international policy. However, the question of raising the issue of human rights by Trilaterals "will have to be balanced against other important goals of world order", such as relations with the Soviet Union

This is the general balance of Trilateral Task Force reports. Although the reports themselves are in some areas significantly more extensive and in depth than what we have projected here, the general thrust of the intense evaluation of policies

has been stated in this report.

Within the scope of this paper, several factors should be highlighted. A summary of the salient points follows.



#### IV. SUMMARY OF FACTORS IN THE CURRENT SITUATION:

Imperialism, the organization of capitalism into world monopoly and finance empires, grew in a relatively peaceful climate of expansion between 1873 and 1914. From 1914 to the present, however, it has waged wars of imperialism for the redivision of the world and for hegemonistic control by one or another nation. The Second World War saw the emergence of U.S. hegemony imperialism, but also of Soviet Communism, as the principal world political and economic forces. The weakening of European empires also created the conditions for successful struggles and wars of national liberation, principally in Asia and Africa.

U.S. hegemonist imperialism responded to the new world situation in the post-war by waging a cold-war for the containment of communism, the re-establishment of capitalism in Europe and Japan (the new frontiers of imperialism), and subverting developing nations, installing puppet governments in the Third World, and fighting a war of counter-insurgency against national liberation struggles as methods of maintaining its supremacy.

Viet Nam, the emergence of OPEC, European and Japanese economic competition, and the rising tide of nationalist economies in the world impacted U.S. hegemonist capitalism at home and abroad. The U.S. economy lost its balance, and the American people engaged in struggle for their rights. As a result of the external and internal factors, the monetary system of imperialism, based on the U.S. dollar, lost its equilibrium, the U.S. government lost the credibility of its people, and the entire imperialist world underwent an economic crisis beginning in 1971.

Europe and Japan, economies reconstructed

after the Second World War, and thus growing from zero upwards, soon regained their balances and growth levels. The U.S. did not, owing mostly to a continuing balance of trade deficit with both Europe and Japan with OPEC, and because of the continued growth of world socialism and national liberation.

In 1973, U.S. capitalists called together a Trilateral Commission to study ways of reorganizing the international system of imperialism. U.S. interest was in finding ways of maintaining its hegemony in the world. The European Economic Market countries and Japan, however, have continued to develop their own policies. These policies may or may not coincide with Trilateral plans. Among those that go against Trilateral and U.S. hegemonist interests are the new European Monetary System and Japan's refusal to increase its growth rate by increasing imports from the U.S. and the refusal of Europe and Japan to stop amassing dollars.

Trilateral Task Force Reports reflect a degree of planning in which the countries concerned would have to give up many aspects of their economic sovereignty as well as political and economic initiative in the interest of maintaining a status quo of obvious interest to U.S. hegemonist imperialism but doubtful interest to Europe and Japan. The present conditions, however, lend themselves to a further reorganization of imperialism and a measure of European and Japanese recovery of their imperialist functions in the world. Japan, for example, continues to function as an expansionist imperialist power in Asia, minus its primitive military expansionist policy. European recovery of trade primacy over its lost colonies, likewise, appears to be the major concern on Common Market countries. Both of these trends tend to intensify competition with the U.S. and limit U.S. imperi-

alist influences in the world.

The U.S., on the other hand appears to be following the text of the Trilateral reports in seeking to redefine its role as an imperialist power in the world. Its political and economic initiatives and options are still backed by a strong economy which has increasingly turned to an intensified exploitation of its own people as a means of maintaining a growing profit margin. Internally, the U.S. has embarked on a policy of the limitation of democracy—lessening the participation and influence of the masses, sectors of the intelligentsia, controlling the independent power of the media and labor, and reinforcing the rule of capitalism over the institutions of government and other vital organs of public and private opinion.

The result of the current crisis, reorganization process, and exercise of options by imperialist nations (within and outside the framework of the Trilateral Commission) as well as the initiatives and exercise of options by Third World, communist nations and national liberation struggles, has brought us into a period of international flux in which freedom of action and the impact of even limited crisis brought about by exercised initiatives can have uncharted and profound impact on world politics and shifts in the centers of power.

Trilateralism, as a form of the coordinational of imperialism, is not likely to work. The collapse of hegemonism of U.S. imperialism has created too muchspace for competition for world markets among imperialist nations. What is possible is a limited form of cooperation designed to maintain an international Trilateral equilibrium of forces within a newer framework of partnerships and competition. The degree of cooperation among the Trilateral nations, however, will now depend almost exclusively on the so-called external factors of international trade and politics.

Looking at the global situation by regions, Asia represents a strong market for Japanese exports. The fundamental problem faced by Japanese expansionism, however, is its lack of military and political clout in foreign affairs—a historical form of imperialist back-up to trade, hegemonism and security. This area in Asia is totally dominated by U.S. imperialism and is likely to remain so. The net effects of this imperialist reality is a likely continuation of Japanese subservience to U.S. foreign policy interests in the short run. On a longer range, however, Japan will have to increase its competitive position.

There is now a new and significant trade element in Asia. The opening of China to trade with imperialism. it may be expected that China will become a significant factor in intensifying imperialist rivalries in Asia by simply favoring one or another of its imperialist trade partners. Additionally, China will eventually emerge as a rival in the export area to imperialism in Asia, and thus significantly impact imperialist hegemony in the area. The rise of China in world trade will necessarily be accompanied by a rise in its world-wide military and political influence. This new factor will intensify the rise of economic and political nationalism among developing nations of Asia, further hundering imperialist hegemony.

In Africa, the decolonization process in the southern portion threatens the imperialist strategic interest, particularly that of the U.S. which has replaced British imperialism as the dominant political and military force. This process of decolonization centered on Zimbabwe (Rhodesia) and Namibia (South-West Africa) tends to isolate South Africa and ultimately liquidate its White Racist Apartheid Regime, replacing it with independent Black rule.

In Africa, the Common Market countries of Europe, and Great Britain, still hold significant

trade and foreign policy options, exercised through the Commonwealth system and associated relations within the economic structures of the Common Market. U.S. hegemonist policies are therefore in check, and stand to suffer setbacks in the process of the acquisition of European independence from the international monetary system which heretofore served U.S. hegemonism. It is likely that in the long run, U.S. and European competition in Africa will intensify around contradictory foreign policies—with Europe favoring such changes as will benefit its trade, and the U.S. seeking to reinforce its present policies in South Africa, and Zimbabwe (which are those of preserving White minority rule and in which the British are their partners). Additional factors which have come into play and will be significant in the 1980s are the development of the economies of Nigeria and Angola. These two countries represent two contradictory developments in Africa. Nigeria has the potential for a nationalist economy of great international and regional impact. Its wealth, when developed, will make it a leading regional military and political power which will counter balance the growing influence of socialism in the area. Its stimulation to growth and capitalist prosperity by the U.S. and the Europeans will strengthen its government internationally.

Angola, almost as wealthy as Nigeria—but still significantly behind that country in development—will eventually emerge as the Socialist power in Africa. Its influence will also be felt regionally and internationally.

Both countries seem to be headed into a future of rivalry in Africa, the success of which will largely depend (for one or the other) on the additional factors of industrialization on the African continent as a whole, the qualitative emergence of socialist or capitalist economies in the other African

countries, and the future role and importance attached by the socialist and imperialist countries to political and economic affairs in Africa.

Latin America is also undergoing changes. First, the emergence of Mexico, Brazil and Venezuela as powerful capitalist economies relative to the regional economies south of the U.S. The success of CELA (Comunidad Economica Latino Americana), the Latin American Economic Community, is another factor. Third, the capability of U.S. foreign policy to adapt to economic and political change in the region. Fourth, the development of the Cuban economy and its impact on trade relations and foreign policy options for it and its future trade partners.

The main tendency in Latin America, whatever the combination of policies set in motion by the U.S., is one of change toward autonomy and independence in the economic sphere. Politically, the perception of Cuba and communism by Latin American oligarchies and bourgeois democracies will also determine the capacity of the U.S. to implement its Trilateral options and maintain its hegemonism in the area.

Any development in Latin America will certainly impact U.S. colonial relations in Puerto Rico, a relationship which is on the agenda for liquidation as part of the changing policy of the U.S. The strengthening of the factors of economic independence in Latin America will favor Puerto Rico's independence. The continuing of oligarchical rule, military dictatorship, and economic dependence will intensify the option of statehood, or at the very least a continuation of the status quo. The amount of petroleum and minerals will also determine Latin American reaction to Puerto Rico's status—for independence if it is wealthy because oil rich countries would want the island outside direct U.S. capitalist control.

Likewise, internal changes in public opinion, po-

litical organization and options will certainly accrue in Puerto Rico as a result of complementary changes in its Latin American counterparts.

Finally, the Caribbean as a whole is already on the road to becoming an important component of all the major foreign policies, including those of the emerging powers in Latin America. The increased international availability of Latin American trade in the future, will transform the Caribbean nations into intermediary economic powers, which as a bloc would create a Caribbean political and economic power center of international and regional importance in its own right.

The internal situation of the U.S., on the other extreme of the poles, will aggravate. Assuming that U.S. internal capitalism is able to recover a measure of equilibrium in its international relations, the future augurs increasing exploitation of the internal U.S. consumer market, to offset increased losses to the U.S. in its monopoly of the international market. The degree of that exploitation will be determined by the degree to which the international equilibrium in its new and reorganized phase, impacts capitalism in general and the U.S. trade in particular.

Increased exploitation will tend to give rise to worker dissatisfaction with the system and the institutions—including unions—which govern their lives. They will increasingly look for rank and file alternatives, and alternative political structures through which to channel their discontent.

The rising impoverishment of White workers, the consumer lower-middle class, and the increased impoverishment of the national minorities will intensify the pressures on the capitalist system, producing clashes and additional repressive measures. By 1985 the internal situation will probably be explosive in the U.S. resulting in a probable tendency on the part of U.S. capitalism to extend huge investments into the domestic market as an ameliorative measure.

These pressures will continue until a new equilibrium is reached in the external and internal economic situation, and the proper institutional changes are made inside the U.S. to adapt to the new situation. These changes may be profoundly political and ideological, or moderate adaptations of the existing structures of government. They may be dictatorial and repressive (facist) as suggested by Huntington's Trilateral report, or liberal as in present day Scandinavia.

What is certain is that the coming period will provide ample opportunities for new centers of power and organizations on both the world-wide scale and on a national scale within the U.S. To a lesser degree like changes can be expected in Japan and Europe, where imperialism will also have to undergo changes. But nothing in the actual situation, particularly with the acquisition of greater flexibility and independence by Europe and Japan in the economic and political spheres of action, indicates that these countries are due for the major upheavals which appear like in the U.S.

U.S. expansion of trade, a factor which could be interpreted as growing in relation to the expanded markets of China and other Communist countries, cannot be expected to contribute significantly to altering the probabilities. These markets must be accompanied by political agreements if they are to become significant. The U.S. is the least likely of the imperialist nations to tie a significant amount of political concessions to its trade policies. Meanwhile, Japan and Europe may be expected to reap the major economic benefits to be found in increased trade with the Communist countries, because having, as is stated in "The Crisis of Democracy," less at stake, they stand to lose less by accommodation.

Whatever significant developments do take place, they will begin to be seriously felt in 1980, when the U.S. ruling class commits itself to a particular foreign and domestic policy in guiding government for the next four years. The policies of 1980 will

in effect close a quatrenium of planning and initiate a new four-year period in which the U.S. will either implement the Trilateral plans in its own behalf, or scrap portions of it, or even all of it.

In 1981, the first year of the new policies, we shall be able to appreciate the next period of direction for U.S. imperialism.

—END—

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