

Eye on Washington by Nick Benton

The Department of Defense's new boss

Somebody had better get the word to the Defense Department about its new boss, the International Monetary Fund. Treasury Secretary James Baker III confirmed to this reporter that he officially handed over the affairs of the U.S. economy to the IMF during the IMF Interim Committee meeting in mid-April.

On separate occasions, both Defense Secretary Caspar Weinberger and Assistant Defense Secretary Richard Perle told me that they had no inkling that anything like this was going on. Weinberger even went so far as to insist, before the entire Pentagon press corps and an international television hook-up, that he was absolutely confident that U.S. representatives to the IMF would "never let something like this happen" because, in his words, "it would be a serious infringement on U.S. national sovereignty."

Well, check again, Cap! Not only has your defense budget been butchered by the leadership of your own party, but JBIII has now given the final say on such matters to a bunch of international financiers who are more interested in depopulating Africa than defending the Free World.

Perle was also unaware that Baker had done this when he commented to a U.S. Chamber of Commerce audience late in the month that from a national-security standpoint, IMF "conditionalities" toward Africa are "damaging to the U.S. where their austerity demands cause a weak government to fall and be replaced by one hostile to the U.S." The IMF "ought to be polit-

ically sensitive to this," he added.

The national security implications of U.S. capitulation to the IMF were interjected repeatedly by *EIR* at the time. While Reagan went on national television to push his IMF-sanctioned austerity budget on the American people, and Democratic opposition yelped about the effects of the overvalued dollar, no one—but no one—correlated the effects of these economic policies with Gorbachov's economic mobilization plans for the Soviet Union, except *EIR*.

Ravings about the country's \$123 billion foreign-trade imbalance abounded on Capitol Hill in the wake of Reagan's economic speech. Sen. Lloyd Bentsen (D-Texas) held a press conference to lament the effects of the trade imbalance on the basic industrial sectors of the U.S. economy, but said the solution—and that of his Senate Democratic Working Group on Trade Policy—must be to bash the Japanese into falling in line with the pattern of collapse of the U.S. economy!

And, while a spokesman for the AFL-CIO later the same day bewailed the net loss of 1.5 million jobs in basic industry since 1979, he also called for nailing the Japanese, despite what another commentator remarked was the liability of having an important political ally become an economic enemy.

However, throughout lengthy treatments of the subject by spokesmen from Commerce, Treasury, OMB, the Democratic Working Group, and the AFL-CIO in the space of a week, no one noticed that the growing weakness of the U.S. industrial economy is accompanied by Soviet gains in the same areas.

More Balderdash

Perle's correct remarks about the damaging effect of IMF policy for national security were offset by the fact

that he didn't even know his own government had officially handed oversight of its economy to that very agency. This just underscores the pervasive failure in Washington to view economic policy from a national-security standpoint, something we can be sure the Soviets hope continues to be the case.

Commerce head Malcolm Baldrige's foolish remarks exemplified the problem in the extreme. When asked by *EIR* to comment on the collapse in basic steel and machine-tool production relative to Soviet gains, he blurted out that the United States should not want to become like the Soviet economy—as if to imply that reviving basic industry equals Communism! It was in the same press conference that Baldrige said that any attempt to analyze an economy by distinguishing between productive and non-productive activity was "balderdash."

Sen. Bill Bradley (D-N.J.), who fumed when *EIR* publicly remarked to him that the only growth industries in his home state are in Atlantic City, based his whole "solution" to the economic mess on tax reforms that would remove an alleged \$370 billion in loopholes that subsidize industries, thus leaving the U.S. economy adrift at the mercy of "free-market" forces—i.e., the IMF.

"Who do you want to determine our economic fate, a bunch of congressmen in some finance subcommittee, or the free market?" Bradley raved to 200 Coloradans who came to the Capitol for a three-day forum. In reality, the choices he offered were the correct ones—the interests of a sovereign republican nation-state, against the interests of foreign usury. What he didn't say is that if we go the latter route, as the IMF oversight has already partially established, we will lose not only our national sovereignty, but the world to the Soviets.