the Trilaterals are now organizing on both sides of the Atlantic.

True, something must be done about the skyrocketing U.S. balance of trade deficit. A 200% tariff on European wines and cheeses is not going to help that trade deficit one bit. The Europeans will simply impose matching tariff-walls against U.S. exports, at a time when those countries' markets for U.S. goods are being depressed rapidly in any case. Boycotting West German machine-tools isn't going to help one bit, since the U.S. no longer produces a significant amount of machine tools: The Nixon, Carter, and Reagan administrations have already succeeded in shutting down U.S. machine-tool production.

House Speaker Jim Wright is approximately correct, in reporting that during the past four years, the United States has been transformed from the world's largest creditor, to the world's biggest debtor—and, he might have added, the world's worst credit-risk among major nations. He should have added, that "four years ago" is the time that Treasury Secretary Donald T. Regan and Kissinger Associates, Inc. acted to shut down the import-markets of Central and South America. He should have added, that the reason the Reagan administration took such actions causing the spiraling of U.S. trade-deficits, was that President Reagan decided, during the spring of 1981, to continue the Federal Reserve policies which President Jimmy Carter and Paul Volcker had launched during October 1979.

Up to 1982, what we call the developing sector was the market on which North America, Japan, and Western Europe depended for the net margin of export-balances of the industrialized nations as a whole. Those markets began to shrink under the new international monetary rules adopted at the 1972 Azores and 1975 Rambouillet monetary conferences. The 1979 actions of the Carter administration plunged the developing sector into an insoluble and worsening debt-crisis, which exploded as the 1982 "debt bomb." The Reagan administration responded to the 1982 crisis in the worst possible way, ordering debt-ridden nations to slash their imports from Europe and the United States, and forcing those nations to increase their exports into the United States.

At the same time, over the past 10 years, especially, the U.S. industrial and agricultural sectors have been gutted into a state of accelerating collapse by U.S. government policies aimed at helping us to become a "services"-oriented "post-industrial society." The idea was, that we should shut down chunk after chunk
with low-priced imports of food and manufactures, instead.

Then, in 1983, came the "economic recovery" which never happened. True, the rate of collapse during 1983 and 1984 was much slower than during the summer and fall of 1982. During the second half of 1982, the rate of collapse touched a 12% rate, and rebounded to a rate of collapse of

First shots fired in trans-Atlantic trade war

On Dec. 30, President Reagan announced, on recommendation from U.S. Trade Representative Clayton Yeutter, that Washington will impose tariffs of 200% on certain agricultural products of the European Community (EC), should a settlement not be reached by Jan. 31. The targeted items include French cognac and white wines, German cheeses and wines, Italian wines, Danish hams, and Dutch cheeses.

Immediately, the Trilateral Commission's networks on both sides of the Atlantic began to fuel the flames of trade war:

- Sources at the EC Agriculture Commission reported that the EC is drawing up a "retaliation" list, which would hit U.S. exports of corn gluten feed, rice, and other goods.
- Yeutter boasted that the U.S. sanctions were aimed at "stopping the EC trade in its tracks." It was former Trilateral Yeutter who, in 1985, shortly before leaving the Chicago Mercantile Exchange to come to Washington, participated in a task force which drafted a "free market" program for European and U.S. farm policy, calling for removal of government subsidies to farmers.
- On Dec. 16, after meetings in Brussels with EC External Trade Commissioner Willy de Clerq (another Trilateral), Yeutter declared his intent to pressure European governments to stop state subsidies to its Airbus aircraft consortium, Europe's most important aircraft maker. Then on Dec. 30, Yeutter demanded that West Germany come up with "voluntary restraints" on machine-tool exports to the United States.
- On Jan. 5, EC Industry and Technology Commissioner Karl-Heinz Narjes (also a Trilateral) told the German daily *Bild Zeitung*, "We Europeans must remain firm in this war of nerves. We cannot accept that the Americans adjust world trade rules to their desires. What today is agriculture, tomorrow could be machine tools, cars, or airplanes." Narjes is calling for "professional crisis management" to step in, implying that the disputes will escalate.