

# INTRODUCTION

## CAN THE TRILATERAL COMMISSION MAKE DEMOCRACY SAFE FOR CAPITALISM

SAMUEL BOWLES

### INTRODUCTION

The internationalisation of capital is now undisputed, but the political ramifications of this economic phenomenon are only now beginning to be carefully explored. Therefore, a group of capitalists who meet together to commission and publish books about politics is of interest to us all.

Founded in 1973 by David Rockefeller, chairman of the Chase Manhattan Bank, the Trilateral Commission brings together an impressive array of public figures, business leaders and conservative academics from the power centres of North America, Western Europe and Japan. Most of the senior office-bearers and advisors of the Carter Administration are drawn from its membership, and its projects and reports provide a major input into policy formation. Zbigniew Brzezinski, Carter's National Security Advisor and top foreign affairs strategist, was one of the Commission's founders and its first director.

Its Japanese members include the heads of the Bank of Tokyo, and the Sumitomo, Fuji, Mitsui, and Dai-Ichi banks; and from Europe the head of Barclays Bank, French financier Edmond de Rothchild, and John Loudon, president of Royal Dutch Shell.

The Commission's original impetus was the need to reassert "liberal internationalism", the guiding ideology of US imperialist expansion since World War I. Vietnam, "the Waterloo of the elite" as Brzezinski calls it, shattered the foreign policy consensus within the American ruling class, allowing too many "outsiders" to influence policy-making during the Nixon administration. The "Nixon shocks" — US dollar devaluation, surcharge on imports, the opening to China, and particularly US exploitation of the oil price rises at the expense of Europe and Japan — together with Kissinger's "acrobatic foreign policy", seriously destabilised US relations with the other major centres of capital. "David Rockefeller...was getting worried about the deteriorating relations between the US, Europe and Japan", recalls George Franklin, the Commission's executive secretary. "...At the Bilderberg Group — a very distinguished Anglo-American group which has been meeting for a long time — Mike Blumenthal (former president of Bendix Corporation, now Treasury Secretary) said he thought things were in a very serious condition in the world and couldn't some kind of private group do more about it?...So then David made his proposal..." His proposal was backed with dollars and his close friend, Brzezinski, was put in charge of establishing the Commission.

The Commission's essential brief is to develop proposals and policies on how the international capitalist system should organize itself to confront the threats to its survival in the present period of economic

crisis and political instability. A high priority is given to the development of institutions which can more effectively channel and control change in the international system. Not surprisingly, the operations of multi-national corporations are seen as the vehicle of economic recovery. Their interests are the pre-eminent factor in economic policy. Considerable attention is thus given to the multi-lateral agencies of international capitalism — the World Bank, International Monetary Fund, OECD, etc. — and their role in moulding and mediating both the external and domestic policies of other nations in the interests of maintaining the pre-eminence of American capital.

The Trilateral Commission model involves the closest co-ordination between the "industrialized democracies" — North America, Western Europe and Japan (hence "trilateral"); economic co-operation with the Soviet Union and other socialist countries which is, for the Americans, the objective of detente; and the compliance of a series of "sub-imperial" junior partners — Brazil, Mexico, Iran, Saudi Arabia, Zaire, Indonesia — which provide secure "off-shore platforms" for multi-national corporations' operations and which can be charged with the management of regional political and military enterprises (e.g. East Timor).

United States foreign policy is heavily influenced by Trilateral thinking. The link between the commission and the Carter administration can be clearly seen in the appointments Carter has made since he was elected (see box).

Sections of the American and European press have gone further and suggested that Carter himself was chosen and groomed for the presidency by the Trilateral Commission. According to Robert Manning in the Far Eastern Economic Review, "Carter began to be noticed by the eastern elite in 1971...Time editor Hedley Donovan — also a Trilateral member — was impressed with Carter, and conveyed this to Franklin, then a director of the Council of Foreign Relations." Franklin discussed Carter with some of his own associates. "David (Rockefeller) and Zbig (Brzezinski) both agreed that Carter was the ideal politician to build on", says Carter's former deputy campaign chief Peter Bourne in the Italian newspaper, L'Europeo. "We have had a large influence", Franklin commented, "his principal education in foreign policy".\*

The Trilateral Commission is only one of the Rockefeller family policy planning groups. The Williamsburg VII conference that met in Canberra to discuss the future of Asia is another. The Council of Foreign Relations which publishes the prestigious international relations journal Foreign Affairs is yet a third.

In his earlier published work and in his contributions to the First Political Economy Conference in Sydney during July 1976, Sam Bowles showed himself to be unusually sensitive to the ways in which capital's crisis produces, and is in turn exacerbated by, a crisis of capitalism. When capital falters, the social relations, habits and mores which it fosters and upon which it heavily depends are also shaken. Knowing this, those who manage the affairs of the capitalist class must attempt to repair, re-model and re-assert their hegemonic position. Here Sam Bowles reviews the published outcome of one Trilateral Commission project, a report entitled The Crisis of Democracy. The relevance to Australia of the developments he surveys do not need emphasising.

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A month before the banks took over New York City and began dismantling the welfare state there, David Rockefeller assembled a blue ribbon meeting of multi-national corporate executives, political notables from the US, Europe and Japan, and a few trade union officials to consider the "excess of democracy" afflicting the advanced capitalist countries. The meeting, held in Kyoto in May 1975, received little note in the press at the time. But the Rockefeller-funded group sponsoring the gathering, the Trilateral Commission, has since emerged as a shadowy presence in the politics of the US: its members at the time of the Kyoto meeting included the current Secretaries of State, Treasury and Defense, the ambassador to the UN, the President's chief national security advisor, and the Vice President and President of the United States.

Conspiracy buffs have begun to spin true stories to frighten grown-ups with. Leftists, betraying a fascination with what they lack, have pored over the personnel and the pronouncements of the Commission. The picture of the commanding heights of the corporate establishment and the pinnacles of state power assembled in one room to deliberate their common concerns is enough to put sophisticated political scientists out of business and to send incendiaries to their cellars. It's almost enough to make vulgar Marxism respectable again.

The connections to power are so direct, and the anti-democratic thrust of the Commission report, The Crisis of Democracy (New York University Press, 1975), so undisguised that it is tempting to forego the second reading and let the unmistakable evidence speak for itself. When the declining "legitimacy of coercion, discipline, secrecy, and deception" is bemoaned and "moderation in democracy" advocated in the interests of "governability" and "solvency" we hardly need consult a political scientist to tell us what it means. But as usual a reading between the lines will bear fruit. And an analysis of the implicit economics of the growing ruling class ambiguity about democracy will help us understand why the importance of the Trilateral Commission may endure long after the end of Carter's term of office.

Indeed, it would be a mistake to take the Commission's report as part of Carter's game plan. He and the major figures in his cabinet remained members of the Commission as of Inauguration Day and Carter has spoken highly of the work of the Commission in the two years since the so-called "governability" report was issued. But at least some of the Carter team may well have been in the vocal opposition to the report which surfaced at the Kyoto meeting but lacked either the intent or the muscle to prevent the publication of the document.

Organised by David Rockefeller in 1973, the Trilateral Commission is one of several policy-planning groups maintained within the Rockefeller empire.

The Commission describes itself as a group of "private citizens of Western Europe, Japan and North America" whose aim is to foster closer cooperation among those three regions. Some of these "private citizens" who have found their way into the Carter administration are:

1. Cyrus Vance — Secretary of State
2. Zbigniew Brzezinski — National Security Advisor
3. Walter Mondale — Vice President
4. W. Michael Blumenthal — Secretary of the Treasury
5. Harold Brown — Secretary of Defense
6. Richard Holbrooke — Assistant Secretary for East Asian and Pacific Affairs
7. Warren Christopher — Deputy Secretary of State
8. Richard N. Cooper — Under Secretary of State for Economic Affairs
9. Andrew Young — Ambassador to the United Nations
10. C. Fred Bergsten — Assistant Secretary of the Treasury for International Economic Affairs

The Trilateral Commission also has supplied Carter with a number of close advisors, including the following:

1. J. Paul Austin — Chairman, Coca-Cola
2. Robert Roosa — Partner, Brown Brothers, Harriman and Company
3. Paul C. Warnke — Partner, Clifford, Warnke, Glass, McIlwain and Finney
4. Henry Owen — The Brookings Institution
5. Leonard Woodcock — President, United Automobile Workers
6. Lane Kirkland — Secretary-Treasurer, AFL-CIO

The report is not a blueprint for public policy but the harbinger of new ideological climate. While the capitalist class is not ready to give up on a political system which has served their interests well over the years, the second thoughts about democracy expressed in the commission report can hardly be dismissed. The group which published it — whatever their misgivings — includes the chief executive officers of major banks (Bank of America, Chase Manhattan, of course, and Wells Fargo), major industrial corporations (Bendix, Coca-Cola, Texas Instruments, Exxon, Kaiser, Hewlett-Packard and Caterpillar Tractor), prominent unionists from the Steelworkers, Autoworkers and the AFL-CIO (Abel, Woodcock and Kirkland), as well as enough media executives and "opinion-makers" to put the point across (Time, Inc., Columbia Broadcasting, The Brookings Institution, The Carnegie Endowment for International Peace, Foreign Policy Magazine). The ruling classes of Japan and Western Europe are equally well represented (Barclays Bank, Bank of Tokyo, Fuji Bank, Banque de Paris et des Pays-Bas, FIAT, Toyota, Royal Dutch Petroleum, Mitsubishi Corporation, Hitachi, Sony, Financial Times, Die Zeit). To recall a

comparable — if less global — group of "private citizens" one must think back to those — Carnegie, Hanna, Taft, Gompers, and others — assembled in the pre-World War I years under the aegis of the National Civic Federation to chart a new course for ascendent corporate capital facing its first serious challenge from a militant labor movement.

The Trilateral Commission's report on "the governability of democracies" consists of a jointly authored introduction and conclusion and three extended essays. The essay on the US, by Harvard political scientist and Vietnam hawk Samuel Huntington, identifies in its opening paragraph the source of the problem: the 1960's "was a decade of democratic surge and of the reassertion of democratic egalitarianism". Later he charmingly terms this a "creedal passion period", and hopes for more "creedal passivity" in the coming years. "The vitality of democracy in the US in the 1960's produced a substantial increase in governmental activity and a substantial decrease in governmental authority." The problem is put more succinctly in the essay on Europe: the political system is "overloaded with participants and demands". Political science jargon takes over here, but the message is clear enough: "overload" plus "delegitimation" equals "the crisis of democracy".

Budgetary figures tell the overload story, insightfully analyzed from a Marxist perspective some years ago by James O'Connor in his Fiscal Crisis of the State. Between 1960 and 1976 US federal expenditures on health, education and welfare (excluding social security payments) grew at a rate three and one-half times that of federal revenues. Public opinion shifted sharply against military spending, and according to Huntington: "Across the board the tendency was for massive increases in government expenditures to provide cash and benefits for particular individuals and groups within society rather than in expenditures designed to serve national purposes vis-à-vis the external environment..."

The rapid unionization and increasing militance of government workers will, Huntington fears, exacerbate this trend. He has reason to worry: in the US, union membership among government workers doubled over the period 1964-1972; total union membership grew by only 14 percent. There were twenty-eight strikes of public employees in 1961; in 1973 there were 386, more than in transportation or in any of the manufacturing industries.

"Delegitimation" took the form of a sharp increase in anti-authoritarian attitudes. Huntington continues, "people no longer felt the same compulsion to obey those whom they had previously considered superior to themselves in age, rank, status, expertise, character, or talents". This process, if we are to believe the opinion surveys, began long before Watergate and has outlasted the political turmoil of the 1960's and the early 1970's (see box). Public trust in the major institutions of governments has been a major casualty.

With the fall from grace of the executive branch, Congress, the Supreme Court, and just about everything else except the media, the fraction of eligible voters going to the polls has continued to fall, reaching its lowest level in twenty-five years with Carter's election by 28 percent of the electorate. Other forms of political participation (demonstrations, organizational membership other than parties, etc.) have, however, increased.

"An excess of democracy means a deficit of governability", asserts the working paper for the Kyoto meeting. "Trumen", Huntington reminisces, "had been able to govern the country with the cooperation of a relatively small number of Wall Street lawyers and bankers..., and this was no longer possible". This "deficit of governability" is regarded by the authors of the conclusion as particularly ominous in an era of "economic scarcity, inflation and possible long-term economic downturn". "The imposition of 'hard' decisions imposing constraints on any major economic group is difficult in any democracy..." writes Huntington. The control of labor constitutes a particularly serious problem. The jointly authored conclusion continues:

...responsible union leaders with effective authority over their members are less of a challenge to the authority of the national political leaders than they are a prerequisite to the exercise of authority by those leaders. If the unions are disorganized, if the membership is rebellious, if extreme demands and wildcat strikes are the order of the day, the formulation and implementation of a national wage policy becomes impossible.

Equally serious, according to Huntington (who should know): "a government which lacks authority and which is committed to substantial domestic programs will have little ability...to impose on its people the sacrifices which may be necessary to deal with foreign policy and defense". The "downturn in American power and influence in world affairs" is thus directly tied to the governability crisis.

#### WHAT THE TRILATERAL COMMISSION IS WORRIED ABOUT...

##### ...Falling Confidence in Major Institutions

Percentage of the public expressing "a great deal of confidence" in the leadership of:

	<u>1966</u>	<u>1973</u>	<u>Change (1966-1973)</u>
Federal Executive	41	19	-22
Congress	42	29	-13
Supreme Court	51	33	-18
Military	62	40	-22
Major companies	55	29	-26
Organized labor	22	20	- 2
Higher education	61	44	-17
Press	29	30	+ 1
Television news	25	41	+16

##### ...Growing Public Awareness of Big Business Influence on Government

Percentage of the public who say that "the government is pretty much run by a few big interests":

1958	1964	1968	1972
18%	27%	39%	53%

Source: University of Michigan, Center for Political Studies, election surveys, as reported in the Trilateral Commission's report, The Crisis of Democracy.

The report's proposals for restoring the "balance between governability and democracy" are probably less important than the analysis supporting them. But they do point to some possible political initiatives. The overriding objective is the reassertion of political leadership both within the advanced capitalist countries, and in the foreign arena. Economic planning is strongly endorsed. A more appropriate balance between the media, labeled an "oppositional" force, and

the government must be achieved. First Amendment protection of the media\* must be reevaluated in light of the "broader interests of society and government". The government must be able to exercise the "right and the ability to withhold information at the source". If journalists do not exercise voluntary restraint, the Kyoto working paper hints darkly, "the alternative could well be regulation by the government".

The expansion of higher education — thought by the authors to be a major source of creedal passion — must be curtailed. Educational institutions must be related to "economic and political goals", either through redesigning "their programs so as to be geared to patterns of economic development and future job opportunities" or through a "program to...lower job expectations". Lastly, to combat on-the-job dissatisfaction employers should opt for job redesign rather than workers' participation in decision-making, the dangers of the latter course being that "leftist trade unionists" might "utilize it without becoming any more moderate".

The political analysis of the report itself provides reason enough for the world capitalist elite to consider blowing the whistle on democracy. But the real impetus stems from the joint economic and political crisis of late capitalism, a problem only barely alluded to in the report. The nature of this crisis may be summarized by three related contradictions in the evolution of advanced capitalism.

First contradiction: The reduction in the rate of growth of the capitalist economy has heightened the conflict between the two major capitalist objectives for the state: assisting in the accumulation of capital perpetuating the dominant social institutions and class relationships. The real annual rate of growth of gross national product (adjusted for inflation) had averaged 3.9 percent in the decade 1959-1968; it fell to 2.4 percent for 1969-1976. Sluggish economic growth has meant constant or declining standards of living for major sections of the population and, until very recently, low rates of profit. In 1974 corporate after-tax profits were lower in real value than in any year since 1958; as a fraction of gross national product, corporate after-tax profits hit a post-World War II low.

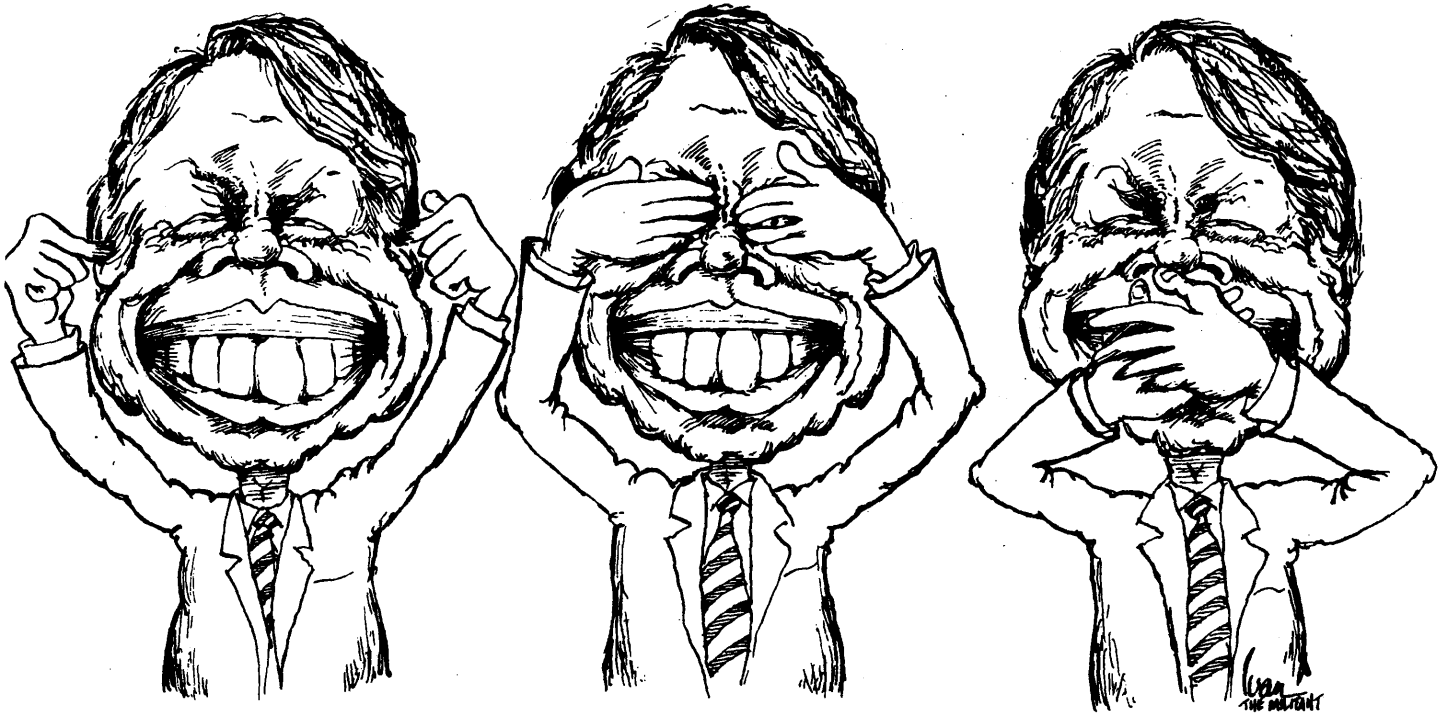
With the capitalist economy temporarily (at least) unable to deliver the goods, state efforts at social amelioration become increasingly imperative. But what the state could do in the 1960's to "legitimize" the social order — expanding education, income maintenance, and the like — is now seen by capitalists as an expensive deduction from profits, and an obstacle to the accumulation process. Over the quarter of a century from 1948 to 1973 federal, state and local expenditure on education, health and welfare grew twice as fast as after-tax corporate profits. (Including social security payments raises the figure to over three times as fast.) Even after the significant profit recovery of 1975-1976, these social service expenditures amount to more than three times the sum of after-tax corporate profits. Cutbacks in social services may boost profits, both by lowering taxes on corporations and by lowering wages as cutbacks in welfare, schooling and other alternatives to employment force people to work for whatever pay they can get. But cutbacks simply accelerate the "delegitimation" process.

Second contradiction: Throughout the course of the twentieth century the process of capitalist growth has required the ever-increasing economic intervention of the state: to regulate competition, to maintain aggregate demand, to ameliorate social distress, and manage discontent. But the capitalist growth process has also all but eliminated small business, family farming, and independent professional or artisan work, thus destroying the economic basis of these groups which the capitalist class has historically counted on for electoral support.

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\*The First Amendment to the US Constitution ensures freedom of the press, free speech and the separation of church and state.

While Robin Hood is not about to be installed in the Oval Office, the spectre of an interventionist state and a working class majority is hardly comforting, as any British or Italian capitalist will tell you. The problem is not new. E.L. Godkin sounded the alarm in his celebrated Nation articles on class and democracy in the early 1870's. The decline of the laissez faire state and the fear of a class-based politics fueled the transition from the democratic liberalism of the post-Civil War Radical Republicans to the elitist "liberalism" of turn-of-the-century municipal reform movement and more recently to the anti-egalitarian advocacy of "meritocracy" associated with the names Samuel Lipset, Daniel Bell, and circle around The Public Interest, a US social policy journal.



Third contradiction: The worldwide mobility of capital (and to a lesser extent, labor) has internationalized economic activity and greatly reduced the ability of each national government separately to manage its own economic activity. The most striking example is the ineffectiveness of domestic monetary and fiscal counter-cyclical policy in the presence of significant capital mobility. For a quarter of a century the US world domination provided a modicum of economic coordination, monetary stability, and political/military leadership. But the economic miracles of Japan and Germany, and the US defeat in Vietnam ended whatever pretensions the US had to becoming a surrogate world state. The accumulation of capital on a world scale requires international coordination and order. But the internationalization of capital is itself responsible in no small degree for the reemergence of a poly-centric world capitalist system in which no single state can exercise decisive leadership.

As with the case of the National Civic Federation three-quarters of a century ago, the most advanced segment of the capitalist class has again forcefully articulated the ideological and programmatic basis for a new order. The resemblance is more than formal: in 1909 the first president of the NCF had written "our enemies are the socialists among the labor people and the anarchists among the capitalists". The Trilateral Commission represents an attempt to gather the political forces — large capital and as much of organized labor as can be co-opted



— to "rationalize" the US economy through capitalist dominated planning and in conjunction with other leading capitalist nations to reassert US authority on a world scale. Given the likely popular opposition to this strategy for combatting economic stagnation, Brzezinski's words of introduction to the governability report may be quite apt: "It will be necessary", he wrote, "for citizens of our democracies to reexamine the basic premises and the workings of our systems".

We may anticipate a reaction from the more conservative and less international segments of the capitalist class. It will likely center on opposition to planning and may seek to tap libertarian and nationalistic sentiments to build an alliance of large capital with other property owners. Economic expansion in this program would require the augmentation of profits through significant reductions in wages, as well as social service cutbacks. This course might well lead to an open attack on organized labor which, if successful, could pave the way for a "second life" of US capitalism under neo-fascist auspices.

Is there a third alternative? Can working people and others unify around the defense of democracy and its extension to the workplace? Could such a movement develop a program for rationalizing and rejuvenating the US economy on its own terms? These questions are not the product of utopian musings; they are forced upon us — before we dare even hazard an answer — by the conditional nature of the corporate liberal commitment to democracy revealed so starkly in the Trilateral Commission's report.

Capitalism and democracy, never a happy couple, may have reached a parting of the ways. While the outcome can hardly be predicted, the battle lines may be dimly perceived: the hope for democracy in the US lies in a rejection of capitalism and a mobilization of the power of working men and women towards the construction of a socialist alternative.

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