

you have strong enough means of defense, you don't have to use them."

And what about President Eisenhower's historic warning to the American people as he left office that they should beware of the growth and sway of the military-industrial complex? Reagan remembers that too, although he did not refer to Eisenhower as he said last February: "There is only one military-industrial complex whose operations should concern us and it is not located in Arlington, Virginia, but in Moscow in the Soviet Union."

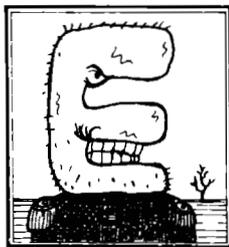
In the nineteenth or early twentieth century Ronald Reagan would be just another Republican President, another McKinley, another Hoover, distinctly on the backward-looking side, but the nation would survive him. He is like the nice old-fashioned Dad, unaccountably mean and brutal when things strike him the wrong way, whom everybody obeys but nobody really pays much attention to.

In the nuclear era, however, based on the record from which we must make educated guesses before we can vote, he is the most dangerous person ever to come this close to the Presidency, and if elected he would be the most dangerous leader so far in history. Reagan would have to decide whether to send weapons, planes or troops, electronically equipped covert-action teams or the Rapid Deployment Force, and Reagan would have to decide whether to "mash the button." In foreign policy, he would be little different, really, from Theodore Roosevelt, except for the means at his disposal—biological weapons, nuclear warheads we can "shoot down a pickle barrel at 2,000 miles," submarines that can kill whole clusters of cities and all the people in them. At Reagan's age, with his ideas and his advisers, in this era, he is a menace to the human race. That is my honest view, and as a citizen in my country still free, I say it. □

THE POLITICAL ECONOMY

The Empire Strikes Back

THOMAS FERGUSON and JOEL ROGERS



Engulfed by a tidal wave of nationalist, militarist and anti-Soviet propaganda, an otherwise confused electorate can be sure of one thing in this campaign year. Whatever the outcome in November, a sweeping militarization of American life has already begun.

Grim warnings about Soviet expansionism and the need for U.S. response issue almost daily from such prominent defense think tanks and lobbying groups as the International Institute for Strategic Studies, the Atlantic Institute, the Committee on the Present Danger and Georgetown University's Center for Strategic and Inter-

national Studies. With their customary independence, the mass media amplify these warnings and play them back. TV mini-series vie with network white papers on the Red Menace, *Newsweek* trumpets "The Chill of a New Cold War," *Time* welcomes Washington's move "Back to Maps and Raw Power" and superhawk Drew Middleton's Pentagon-inspired ruminations on the decline of U.S. military strength are prominently featured at *The New York Times*, whose "Soviet Emigré of the Week" department has become as much a fixture of the paper as Anthony Lewis, James Reston and Mobil Oil.

The anti-Soviet campaign draws support from virtually all important sources of public opinion formation: corporations and government agencies, universities and major foundations, labor leaders and TV personalities, fundamentalists and Pope John Paul II. It pictures a world in marked contrast to that of only a few years ago, when we learned from many of the same people that the Soviet Union was a reasonable and responsible nation, thirsty for Pepsi-Cola, hungry for wheat, alive to the beauties of advanced computer technology and, above all, worthy of credit from the major American banks. At that time, U.S. relations with the Soviet Union were to be codified in the political structure of détente, never a precise concept, but one which always included the twin insights that the shared interests of the United States and the Soviet Union weighed against a policy of mutually escalating antagonism and that with the increasing fragmentation of world politics, U.S. foreign policy could no longer afford an obsession with any single country.

Suddenly détente is over, and bellicosity renewed. The hands of the Doomsday Clock have moved closer to midnight, and Mars again dominates the universe. How can this remarkable political disaster be explained?

In the U.S. press, resurgent domestic militarism is commonly portrayed as a rational response to recent Soviet aggression. By the conventional account, an iron law of international affairs holds that the power of the United States varies inversely with that of the Soviet Union and that the power of the latter is sharply rising. The Russian intervention in Afghanistan is but one part of a massive, largely successful, expansion of influence in the Third World. The Soviet Union's commitment to enormous military outlays at home betrays growing imperial ambitions. In the face of this threat, the argument continues, the United States must respond with a more aggressive military program, or face certain decline in national authority and the loss of vital interests abroad, perhaps even outright military conquest. Hence the renewed attention to our dwindling military strength and the calls for corrective action.

But this conventional account is unpersuasive, both in

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what it says about Soviet military power and what it leaves unsaid about U.S. domestic politics. Popular reports on Soviet expansion in the Third World tend to ignore the U.S.S.R.'s growing international isolation, its reversals in formerly friendly countries like Egypt, Guinea, Indonesia, Somalia and the Sudan, and the critical deterioration of relations between the U.S.S.R. and its Japanese and Chinese neighbors. Nor is much attention paid to the serious regional conflicts within the Soviet Union, the obvious difficulties it has controlling the domestic policies of Warsaw Pact nations, or the growing political independence of the Third World. The Russians have their own "arc of crisis" stretching from Gdansk to the Khyber Pass, although one might never glean this from reading the national press.

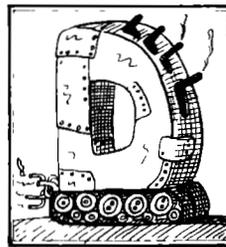
Popular focus on the sheer size of the Soviet military budget is equally misleading. Based on the almost certainly inflated estimates of the Central Intelligence Agency [see Victor Perlo, "The Myth of Soviet Superiority," *The Nation*, September 13], the aggregate figures give no indication of the direction of expenditures (fully one quarter of which go to Soviet defense against China) or the relative qualitative strengths of superpower weaponry. Even on the basis of the C.I.A. estimates, NATO currently outspends the Warsaw Pact nations. But even if it did not, it is difficult to see why such aggregate budget figures should or could be used to shape U.S. policy. The rate of American defense spending has never been keyed to the Soviet Union's military budget in the past and cannot be in any meaningful way because behind the money figures stand different production processes with incomparable technologies and capital-labor ratios. Like the "missile gap" of 1960, the "spending gap" of 1980 is neither accurate nor dispositive.

Even if one accepts the reality of a growing Soviet threat, however, one is no closer to understanding the dynamics of foreign policy formation here in the United States where, despite the current ecumenical militarism, there are continuing debates over the future of SALT II, the wisdom of the MX missile, the proper size of the defense budget, the focus of armed services personnel reform and the future of U.S. military policy in Western Europe and the Third World. These disputes are not merely tactical. They go to the heart of foreign policy design. And they are surely not explained by hypothesizing a common recognized threat from the U.S.S.R. Indeed, by assuming that the United States has a discernible "national interest" whose defense should determine our relations with other states, such explanations only obscure the sources of current policy debate and the persistent failure to achieve consensus on international objectives. Rejecting that assumption brings a new world into view, one in which foreign policy formation follows from the interaction between domestic political coalitions and the international economic order, "consensus building" merely describes the mobilization of different coalitions for economic exclusion and dominance, and the rise and fall of détente may begin to be explained.

The origins of détente can be traced to the crisis of 1968-69 and the recession of 1970-71. Those four years saw

the first important challenges to the dollar, the first absolute trade deficit in recent U.S. history, sharpened rivalry between the United States and the rebuilt economies of Western Europe and Japan, discord within the International Monetary Fund, the collapse of the Bretton Woods monetary system, dollar devaluation and final abandonment of the gold standard, protracted defeat in Vietnam, mounting dissent at home and bitter disputes within NATO over the U.S. military future in Europe. Together the string of events signaled the end of America's golden years, the long postwar boom of U.S. international economic dominance, global military empire and steady domestic growth.

With the relative decline of the United States as a major profit center, American banks and industry quickened their search for investment opportunities abroad. One of the most promising candidates for investment was the Soviet Union. The U.S.S.R.'s size and political stability seemed to offer a large long-term market for American capital, technology and consumer goods, while normalization of U.S.-Soviet relations could serve as basis for curbing the enormous costs of strategic weapons systems, thus freeing up additional capital for investment at home. Pepsi-Cola's bubbling enthusiasm for the project was shared by Chase Manhattan, Caterpillar Tractor and a host of other multinationals and commercial banks. The age of détente began.



domestic enthusiasm for an accommodation of U.S.-Soviet interests was never universal, however. The abrupt reversal of foreign policy that détente symbolized was fiercely contested by a broad range of U.S. interests with a stake in the arms race, protection from the pressures of international trade and the preservation of American commitments to such critical client states as those in the Middle East. These included the defense industry and its infrastructure of supply firms and consultants; the Pentagon and its extensive university clientele; declining industrial sectors that would be best served by protectionism; the leadership of the A.F.L.-C.I.O., which is best organized among declining domestic industries; Government-supported defense contractors, and the myriad supporters of Israel. Highly mobilized from the start, the vast anti-Soviet lobby undermined détente diplomacy by blocking Congressional approval of Most Favored Nation trade status for the U.S.S.R. and enlivened the early 1970s with right-wing attacks on the "liberal" policies of Henry Kissinger.

Formidable as it was, domestic opposition to détente would not have reversed the policy had some of its economic assumptions not been proven false. But within only a few years, the Soviet market for bank loans had approached saturation, and it had become apparent that the financial peculiarities of the Soviet economy favored barter deals and reciprocal production agreements which (especially without Most Favored Nation status) were most easily exploited by

the geographically proximate Western European powers. Especially after the 1973-74 recession irrefutably demonstrated that the major industrial economies were leveling off, U.S. investors looked increasingly to the less developed countries of the Third World and Southern Europe as offering the greatest potential for growth and the expansion of markets. Economic growth in these countries had been impressive in recent years. While the U.S. share of world industrial production fell between 1963 and 1977 from 40 percent to 36 percent, for example, the less developed countries' share during the same period had nearly doubled, from 5 percent to just under 10 percent. Nearly all of this percentage growth came after 1970, implying that a fantastic expansion of national economies was underway with extensive capitalization requirements.

The message to hard-pressed U.S. industrialists and international bankers was clear. Particularly after the drastic Organization of Petroleum Exporting Countries oil price rises of 1973, bank lending to the Third World soared. OPEC petrodollars were recycled through U.S. banks back to the rest of the Third World as public debt. Private-bank lending to non-OPEC less developed countries' governments increased some threefold, from \$34 billion in 1974 to roughly \$120 billion today.

Coupled with the progressive normalization of relations with China (which competes with the Soviet Union to be the oig socialist market of the future and where Europeans have little of the comparative advantage they displayed in trading with the U.S.S.R.), this shift in investment focus crucially affected foreign policy debate at home. The existence of alternative investment and credit outlets lowered the cost of disrupting U.S.-Soviet relations. Increased economic exposure in the Third World (along with the region's growing political autonomy and the notorious perils of rapid development) produced simultaneous demands for a "liberalization" of U.S. attitude toward the region and enhanced capacity for discrete military intervention within it. And continued stagflation in the advanced industrial countries exacerbated international economic rivalry among the Western powers, further highlighting the potential leverage military power could provide in international relations, particularly in such critical areas as the Middle East.

Thus, virtually every trend in U.S. business interaction with the world economy has swelled the demand for greater military preparedness. But while all important segments of Big Business now champion more defense spending, no consensus has emerged on how large the increment should be or where the funds would be best spent. Nor is there anything approaching a unified view of the proper relationship between the United States and the Soviet Union.

Programs like those of the Committee on the Present Danger (C.P.D.), which imply annual defense budget increases of 6 percent or more for many years to come, major new strategic weapons systems and a full-scale renewal of the cold war, appeal to the suppliers of the weapons, domestic businesses concerned about international competition, the Pentagon and those multinationals that currently

feel especially vulnerable (e.g., many large oil companies). But while these constitute a powerful and effective lobby, they represent only one bloc of American business.

Strong opposition to large increases in the defense budget has come from the banking community, for example. Though some banking houses with a stake in particular regions figure to benefit disproportionately from much higher defense expenditures, many others are anxious about the inflationary effect of increased Government outlays. They fear that higher defense spending spells further increases in the Federal deficit and thus, in the usual Wall Street syllogism, higher inflation. Investment bankers, whose bond business could be severely hurt by double-digit inflation, have lately been prominent in their warnings about excessive military expenditures. (In recent months, even some of Committee on the Present Danger co-chairman Henry Fowler's partners at Goldman Sachs have urged defense spending restraint.) Fears about inflation, along with their outstanding loans to Eastern bloc countries, also limit commercial-bank enthusiasm for the military buildup. Although the Middle Eastern interests of these firms impel them strongly in the opposite direction, the position of American international banks today has some striking similarities to the City of London bankers of the mid-1930s, whose reluctance to rearm in face of the Nazi military buildup is constantly cited by American hawks. In driving up inflation, rising defense expenditures also accelerate international flight from the dollar, thus threatening the huge dollar deposits of the major international banks. Though he endorsed President Jimmy Carter's embargo on grain and other exports to the Soviet Union, and has defended the military buildup in the Middle East, David Rockefeller himself recently observed that "it would be a mistake to go back to the Cold War."

Such a belief is not limited to the financial community. Regardless of the difficulties of domestic implementation of détente, any number of multinationals find the logic of integrating the U.S.S.R. into the world capitalist economy as compelling as ever. (After Secretary of State Cyrus Vance resigned from the Administration in protest of Carter's Iranian rescue venture and the tilt toward militarism at the National Security Council, he was almost immediately welcomed back onto the *New York Times* and I.B.M. corporate boards, which he had left four years before.) And of course the farm belt is still anxious to sell the Russians grain.

The renewal of the arms race is certain to exert profound effects on American life. Already it has accomplished a feat that only a few months ago seemed as improbable as the sight of Henry Kissinger standing in Red Square. It has brought a once marginal figure like Ronald Reagan to the center of American politics and the brink of national leadership.

The early base of Reagan's campaign was the traditional Republican right, centered in small businesses and labor-intensive declining industries seeking relief both from labor unions and foreign imports. It had the support of many of the famous names of the Goldwater coalition, including brewer Joseph Coors, Justin Dart of Dart Industries and millionaire car dealer J. Holmes Tuttle, and soon enlisted

U.S. Steel chairman David Roderick, who helped raise funds in the Pennsylvania primary against Trilateralist George Bush, and Jesse Helms, the textiles Senator who joined the Reagan camp after John Connally collapsed.

In foreign policy, the early thrust of Reagan's campaign was pointedly against the Eastern liberal foreign policy establishment. His opponents were attacked for their membership in the Trilateral Commission, and Kissinger came in for repeated drubbing. In seeking advisers, Reagan largely ignored the network that connects the Council on Foreign Relations, the Brookings Institution, the Trilateral Commission and other traditionally liberal foreign policy research centers. He drew virtually all of his foreign policy and international affairs personnel from the Hoover Institution, the defense industry, the ranks of retired military men, or the Committee on the Present Danger's quite selective executive committee.

Prototypical of Reagan's early foreign policy supporters was retired admiral and former Joint Chiefs of Staff chairman Thomas Moorer, a walking incarnation of the military-industrial complex who currently serves as a director of Texaco, Fairchild, Alabama Drydock and Shipbuilding, United Services Life Insurance, the U.S. Strategic Institute and the Retired Officers Association, adviser to the Admiral Nimitz Foundation and president of the Association of Naval Aviation. Prominent Committee on the Present Danger members in Reagan's immediate circle of advisers include chief foreign policy adviser Richard Allen, who had in the past lost several battles with Kissinger, and C.P.D. treasurer Charles Walker, who became active in the campaign after Connally folded. Other prominent and typical early supporters included issues adviser Edwin Meece, who is a former vice president of aircraft parts supplier Rohr Industries, and Donald Rumsfeld, who served as NATO ambassador under Richard Nixon and Secretary of Defense under Gerald Ford and is currently president of G. D. Searle and Company, a RAND trustee and a director of several corporations, including Bendix.

But Reagan's coalition was never a wholly typical right-wing protectionist one, as indicated by the early support he also garnered from key representatives of the international oil community. In the past several months, more and more oil industry figures have appeared around the candidate, including (in addition to Thomas Moorer) Exxon's Jack Bennett, Shell president J. F. Bookout Jr. and Standard Oil of California chairman H. J. Haynes. (Reagan's popularity with the large oil concerns suggests that his ultimate stance on the Middle East may not be very different from Carter's. Though Reagan has sharply criticized Carter for what he implies is a lack of support for Israel, he also quietly dispatched Connally on what a Dallas newspaper described as a "fact-finding mission in the Middle East." He reportedly has also told the Egyptian ambassador that he is prepared to offer the Palestinians a role in a "comprehensive" Middle East settlement.)

And as this column noted last June [see Ferguson and Rogers, "Another Trilateral Election?" *The Nation*, June 28], even before the Republican convention the signs of a

shift in Reagan's elite coalition began to multiply. Bechtel vice chairman George Shultz materialized as a prominent Reagan adviser, as did Trilateralist Caspar Weinberger, who is currently Bechtel's general counsel. Later, despite strong pleas from his original core of supporters, Reagan refused to oust Trilateralist William Brock as head of the Republican National Committee and, again outraging the right, he selected Trilateralist Bush as his running mate.

As the campaign has developed, the tug of war between Reagan's various supporters has often become obtrusive, as in the flap over recognition of Taiwan. Even within a typical right-wing Republican coalition there are tensions between the internationally competitive defense industries and the declining domestic industrial sectors that would benefit most from a fortress mentality. With the addition of Big Oil and other internationalists, including select members of the international financial community, Reagan's campaign has reflected these tensions more than most. He has advanced some outright protectionist proposals (most notably his steel plan, which Carter then had to trump, or face the loss of Pennsylvania) but has held back from a full commitment to imposing tariffs on Japanese car imports and reversed his stand on aid to New York City, the use of antitrust policy against trade unions and the outright destruction of the Occupational Safety and Health Administration.

Now with the campaign grinding to a close, Reagan's differences with Carter over defense policy are also becoming murkier. In part, this merely reflects the general rightward shift of foreign policy debate (exacerbated by the current Mideast blowout), which has led Carter to portray himself as a *responsible* militarist, "a military man, a man of peace." (Carter continues to urge moderation in defense spending and retains his commitment to the SALT negotiation process and has picked up support from an impressive number of investment bankers, including Salomon Brothers managing partner John Gutfreund, former John Anderson supporter George Ball of Lehman Brothers Kuhn Loeb and the ubiquitous Felix Rohatyn of Lazard Frères. But the great "3 percent vs. 6 percent" debate over defense spending increases has been blurred by the Administration's commitment to developing a Rapid Deployment Force and an overrun on this year's original defense budget proposal of at least \$11 billion.) But it reflects as well the liberal foreign policy establishment's new attraction to militarist candidates as vehicles of domestic mobilization.



Reagan is not a Carter clone, and with his ties to the right will never quite become one. But the extension of his base within the business community has been steady, and in the last forty-five days has markedly accelerated. He has added more Trilateralists (including Michigan economics professor and Dow Chemical and Texas Instruments director Paul McCracken), acquired the public support of once reluctant Citibank chairman Walter Wriston and continued his court-

ship of Kissinger, whose appointment as Secretary of State in the Reagan Cabinet is now being seriously discussed.

Beyond the remarkable possibility of a Reagan Presidency, however, the social costs of renewed militarization are clear. Whoever is elected next week, the defense budget will continue its inexorable rise, draining the domestic economy of productive investment and undermining the budget for social welfare. The regional wars which now decide the fate of our cities will sharpen, as the great urban centers compete ever more desperately for the last investment dollars and Federal aid programs. Energy-scarce regions with high unemployment, like the Northeast, will continue their slow decline, gaining only a modicum of jobs from the new Pentagon contracts while facing further erosion of their traditional industrial base. Public education will continue to deteriorate. Working people will be ever more severely pressed. At all levels of American life, the costs of military ventures abroad will compound the inequalities at home. Whoever wins the Presidency, most of America will lose. □

Notes

(Continued From Front Cover)

Well, I have had my bitter moments, certainly, days and ways, but I do not think that I can usefully be described as a bitter man. I would not be trying to write this if I were, for the bitter do not, mainly, speak: they, suddenly and quite unpredictably, act. The bitter can be masters, too, at telling you what you want to hear because they *know* what you want to hear. And how do they know that?

Well, some of them know it because they must raise their children and bring them to a place, somehow, where the American guile and cowardice cannot destroy them. No black citizen (!) of what is left of Harlem supposes that either Carter, or Reagan, or Anderson has any concern for them at all, except as voters—that is, to put it brutally, except as instruments, or dupes—and, while one hates to say that the black citizens are right, one certainly cannot say that they are wrong.

One has merely to look up and down the streets of Harlem; walk through the streets and into what is left of the houses; consider the meaning of this willed, inhuman and criminal devastation, and look into the faces of the children. *Who you going to vote for, Uncle Jimmy?*

John Brown, I have sometimes been known to say, but that flippant rage is, of course, no answer.

But, if we're to change our children's lives and help them to liberate themselves from the jails and hovels—the mortal danger—in which our countrymen have placed us, the vote does not appear to be the answer, either. It has certainly not been the answer until now.

Here one finds oneself on treacherous ground indeed. I

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am, legally anyway, an adult, a somewhat battered survivor of this hard place, and have never expected my power to vote to have any effect whatever on my life, and it hasn't. On the other hand, I have been active in voter registration drives in the South because the acquisition of the vote, there and then, and even if only for local aims, was too crucial and profound a necessity even to be argued. Nor can it be denied that the sheer tenacity of the black people in the South, their grace under pressure (to put it far too mildly) and the simple fact of their presence in the voting booth profoundly challenged, if it did not expose, the obscene Southern mythology.

Thus, though there is certainly no New South yet, the old one has no future, and neither does the "old" North. The situation of the black American is a direct (and deliberate) result of the collusion between the North and South and the Federal Government. A black man in this country does not live under a two-party system but a four-party system. There is the Republican Party in the South, and there is the Republican Party in the North; there is the Democratic Party in the North and the Democratic Party in the South. These entities are Tweedledum and Tweedledee as concerns the ways they have been able, historically, to manipulate the black presence, the black need. At the same time, both parties were (are) protected from the deepest urgencies of black need by the stance of the Federal Government, which could (can) always justify both parties, and itself, by use of the doctrine of "States' rights."

In the South, then, the Republican Party was the *nigra's* friend, and, in the North, it was the Democrats who lovingly dried our tears. But, however liberal Northern Democrats might seem to be, nothing was allowed to menace the party unity—certainly not niggers—with the result that the presumed or potential power of the black vote in the North was canceled out by the smirk on the faces of the candidates in the South. The party had won—was in—and we were out. What it came to was that, as long as blacks in the South could not vote, blacks in the North could have nothing to vote for. A very clever trap, which only now, and largely because of the black vote in the South, may be beginning to be sprung.

The American institutions are all bankrupt in that they are unable to deal with the present—resembling nothing so much as Lot's wife. When Americans look out on the world, they see nothing but dark and menacing strangers who appear to have no sense of rhythm at all, nor any respect or affection for white people; and white Americans really do not know what to make of all this, except to increase the defense budget.

This panic-stricken saber rattling is also for the benefit of the domestic darker brother. The real impulse of the bulk of the American people toward their former slave is lethal: if he cannot be used, he should be made to disappear. When the American people, Nixon's no-longer-silent majority, revile the Haitian, Cuban, Turk, Palestinian, Iranian, they are really cursing the nigger, and the nigger had better know it.

The vote does not work for a black American the way it works for a white one, for the despairingly obvious reason