

Elephants & Donkeys by Kathleen Klenetsky

Clinton adviser endorses IMF austerity for U.S.

One of Bill Clinton's leading economic advisers has given his imprimatur to the International Monetary Fund's (IMF) recent demand that the United States slash social spending and boost taxes in order to bring down the federal budget deficit.

"The IMF is absolutely right," Robert Hormats asserted, when *EIR* queried him on the IMF's demand.

When the IMF issued its diktat in September, independent presidential candidate Lyndon LaRouche called on other political candidates, especially George Bush and Bill Clinton, to join him in forging an anti-IMF resistance, to protect the United States from the devastation which the IMF has visited on much of the world.

According to a LaRouche spokesman, Clinton's office refused to answer repeated phone calls asking for a reply to the LaRouche call. But Hormats had no qualms about endorsing the IMF's assault on U.S. national sovereignty.

"I absolutely support what [the IMF]," said, Hormats said, adding that the Fund "should perform the same oversight over industrial countries as it does in the Third World."

When asked if Clinton himself would be open to the IMF's demands, Hormats replied: "Why wouldn't he be? Clinton's economic program will bring the deficit down."

A protégé of Henry Kissinger and a former Carter administration official, Hormats currently works on Wall Street for the old Confederate firm of Goldman Sachs, and is expected to receive a high-level economic policymaking position if Clinton wins the November election.

Is the establishment abandoning Bush?

Poor George is losing some of his oldest and truest supporters among America's bluebloods.

Louis Cabot of the Boston Cabots recently announced that, although a lifelong Republican and former Bush backer, he will cast his vote for Slick Willie Clinton this November.

Cabot's defection is just the latest indication that key sectors of the U.S. establishment have decided to dump Bush—a defection that is the subject of much discussion among the European elites. "The plug is being pulled on George Bush by powerful money guys in the Republican Party, the crowd around David Rockefeller and the Council on Foreign Relations," one Europe-based intelligence community source recently confided. "They don't think Bush can win, and they're re-positioning themselves for that."

In the same vein, a senior figure in the British defense establishment who is close to the security policy side of the Bush administration and who had previously been insisting that Bush would win, told *EIR* that after returning from a trip to the United States in late September, "I'm beginning to believe Bush has lost it. The California situation is a mess for him, and he's getting nowhere in the Midwest. It's worse for him than I thought."

Think tanks throw in their two cents

Prior to every recent U.S. presidential election, the policy establishment has gone into high gear, setting up panels and churning out reports intended to shape the policies of the next administration.

This year has been no exception. The latest such initiative comes from the Carnegie Endowment for International Peace, which has teamed up with C. Fred Bergsten's Institute for International Economics to launch a bipartisan project on the relationship between national security and the economy.

According to Bergsten, the project will recommend changes in the structure and functioning of the government, to ensure that "economic and trade issues [are] integrated into national security policymaking and accorded a much higher priority in government decision-making than is the case today."

Chaired by Richard Holbrooke of Lehman Brothers, a former Carter-era official who is likely to assume a high-level State Department post in a Clinton administration, the project's other members include: Adm. William Crowe; Peter Peterson, chairman of the Council on Foreign Relations; CFR President Peter Tarnoff; William Frenzel, a former Republican congressman from Minnesota; and Rudolph Penner, formerly director of the Congressional Budget Office and the Office of Management and Budget.

Knowing the personnel involved, it is safe to assume that the panel's recommendations, slated to be issued shortly after the November election, will have very little to offer in the way of a positive program for reviving the nation's ailing agricultural and industrial base, but will instead focus on making the government more efficient in foisting austerity on the U.S. population and waging trade war with Europe and Japan.

One likely proposal will be to create an Economic Security Agency, similar to the National Security Agency.