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# Burn's Lies Can't Cover-up U.S. Collapse

NEW YORK, July 10 (NSIPS) — The key question facing the U.S. economy now is whether the Atlanticists will be able to prevent a rapid, accelerating collapse prior to the November election which will push millions of voters into the U.S. Labor Party electoral column and force key industrial forces in the U.S. to take the plunge and negotiate an International Development Bank agreement with the Third World, W. Europe, Japan, and the Soviet bloc. To date the Atlanticists have tried to maintain the semblance of domestic stability, rightly fearing the tremendous potential of a U.S. Labor Party-led working class upsurge, while concentrating on instituting brutal Schachtian regimes in the rest of the world. With the cumpaign of the Atlanticists' Democratic candidate Jimmy Carter doomed before it even gets started, any spate of bad news indicating a rapidly deteriorating domestic economic situation will be all it would take to finish off what remains of Atlanticist credibility.

### A Forum for Lies

At the risk of totally discrediting himself; a desperate Arthur Burns, chairman of the Federal Reserve Board and long-time Rockefeller servant, appeared before the Congressional Joint Economic Committee led by Wall Street flunkeys Sen. Hubert Humphrey (D-Minn.) and Rep. Henry Reuss (D-Wis.) on June 30 to claim that the recovery would continue despite the recent "temporary pause."

Burns lied through his teeth on every single point he cited to support his view. He claimed that consumer spending would aagin pick up, following its recent decline, since family incomes and liquidity are supposedly improving, and employment is rising. Family income statistics are based on extrapolation from notoriously fradulent employment statistics — since real employment has been declining since February, and even official statistics show that income-transfer payments are rapidly declining, there is no basis to expect consumer spending to significantly pick up.

### Caught in a lie

Figures released July 8 for the nation's largest chain stores show that June sales gains continued sluggish, leading some retailers and analysts to speculate that consumer spending won't pick up momentum until the fall. The June figures were particularly disappointing since retailers had moved up their summer clearance markdowns in an effort to turn around the sales slumps — analysts report that many retailers took a beating on the sales, and are looking at the traditional late summer-early fall period as a make-or-break situation. June auto sales again disappointed analysts, registering an 8.9 million annual rate compared to March's 9.3 million. Analysts are predicting that July's rate may dip to 8.7 million. Although the Big Four and the industry press are reporting that third quarter production schedules will continue strong, a noted Wall Street economist who accurately predicted both the current and the fall 1973 downturns says that on the basis of inside information he believes third quarter auto production will considerably weaken.

On other points which Burns displayed his incompetence, the Fed chairman claimed there would be a "gradual further advance in homebuilding activity during the second half of the year." On July 9, the Commerce Department reported that sales of new one-family homes, which had been one of the few areas of construction to even moderately increase since last spring, had dropped 18.2 per cent in May to the lowest level in 14 months. This marked the fourth decline in the last six months for sales of these homes and left them 7.2 per cent below the year-earlier level. The sales drop has led to five consecutive months of buildup of backlog of unsold houses to the highest level since February 1975. As a result, housing starts have flattened out at a level of 1.4 million annual rate reached last October. Contrary to the pollyana blathering of Doctor Burns, the National Association of Home builders has significantly lowered its projections of housing starts in 1976 from a few weeks earlier, now predicting a miserable 1.56 million starts.

Overall construction fell an additional 1.5 per cent in May, following a 1.6 per cent decline in March. Yet Burns told the JEC he expects increasing business outlays for new plant, machinery and other equipment, saying that orders for durable goods point to this. The reported 4.5 per cent rise in durable-goods orders in May was solely concentrated in a 36.5 per cent increase in orders for blast furnace and steel mill products which even the Commerce Department admitted was due to faulty "seasonal adjustments."

### Economic Stagnation

Burns lies aside, basic industry, the backbone of the U.S. economy, is just now beginning to totally stagnate. With no pickup in demand from the capital goods industry, the steel industry, following reported steady increases in production through April and May, levelled off in June, with the industry's utilization index hitting a peak of 91 per cent on June 7 and thereafter fluctuating around the 89 per cent mark. The ratio for the latest week ending July 3 was 87.7 per cent. Unless orders come in from the capital goods sector, which everyone rates as highly unlikely, steel production cannot pick up.

A similar situation exists in coal, paper and other basic industries. According to the National Coal Association, bituminous coal production is holding steady at 13-14 million tons per week. They don't see this picking up any higher pending further orders dependent on a pickup in the economy. Specifically, the NCA expects to hold the present level of production, but warned that this could decline to 12.5

million if utilities decide to cutback orders. This is a distinct possibility because utility stockpiles of coal are at a very high level. The American Paper Institute reports that the "S.A." annual rate of production for paper and paperboard was 62.2 million tons in May, up only slightly from 62.1 million tons in April. Rail freight is holding steady at 16-16.5 billion-ton miles per week, according to the Association of American Railroads.

The special significance of the stagnation in these industries is easily seen by a quick glance at the latest revised Federal Reserve Industrial production index. "Final products" has totally stagnated, actually declining in April, while "intermediate products" and "materials" production based on speculative price hedging has been supplying the bulk of the small production gains registered in recent months. The fact that steel, etc., now seem to be levelling off would seem to indicate that the June industrial production index that will be released later this month will show only a very small increase.

Even the hired whores of Wall St., including one of Manufacturers Hanover's chief economists, would not concur with Burns' outlandish lie that there will be "a further rise in inventory investment," most notably in durable goods. As the Manufacturers Hanover economist admitted, manufacturers are terrified of building inventories. If any inventories are built, it would slowly be the result of a further slowdown in sales, as is happening in the retail sector, or due to speculative price hedging.

### The More Subtle Lies

The only point which Burns made that would seem to be supported by even one piece of information, that the underlying rate of inflation in the economy is presently 6 per cent to 7 per cent, is also totally fraudulent. Every day the evidence is right before anyone's eyes that inflation is rapidly heating up to double-digit levels in the U.S. The Journal of Commerce Index of 15 primary industrial materials has soared at an annual rate of over 100 per cent over the last month. The Dow Jones Futures Commodity Index has increased over 20 per cent since April 1. In the latest round of announced price increases, copper was raised to 17 per cent higher than its mid-March level; lead is up to 29 per cent since January; zinc is up; auto parts are up 2 to 4 per cent; rail freight increases of 5 per cent are being extended across the board, etc.

The only conflicting news was the report July 9 by the Department of Labor, the same people who regularly release fraudulent unemployment statistics, that the wholesale price index rose a mere 0.4 per cent in June. This is simply a lie. The only reason why the figure was not 0.8 or 0.9 per cent, i.e. approximately a 10 per cent annual rate at minimum, is a reported drastic slowing down in the rate of increase of food prices from the previous two months.

Every other significant category was drastically up. The all-important "industrial commodities" index registered a 0.5 per cent increase, following last months 0.1 and a previous fourth-month average of 0.2 per cent. "Intermediate materials," i.e. steel, etc were up 0.7 per cent, as compared to -0.1 last month and a 0.2 per cent average over the past five months. "Consumer finished goods less foods" was up 0.6 per cent, as compared to a 0.0 per cent last month, a zero per cent change over the past five months.

Yet "farm products and processed foods and feeds" were supposed to have increased a mere 0.4 per cent, drastically down from the 2.8 per cent increase registered in April and the 1.0 per cent increase registered in May. "Consumer foods" prices were actually claimed to have declined -0.9 per cent. This despite the fact that commodity speculation in grains, etc on the Chicago Board of Trade hit all time records this week, on news of continued drought in W.Europe no less; that the Department of Agriculture reported farm product prices to be up 2.0 per cent for the month ended June 15, following a 1.5 per cent increase the month before that.

In fact, the only food prices which have't been skyrocketing are meat prices. This is due to one simple fact: feed and grain prices are so high that cattle feeding margins have been pushed below the break-even point in recent weeks and therefore there is a very high rate of cattle marketing. Farmers in Iowa, Nebraska, Minnesota and South Dakota have been selling their cows for slaughter as soon as their calves were weaned because they can't afford to pay current prices for hay. Even the Agriculture Department admitted this week that recent sharp increases in feed costs will be reflected in higher asking prices for cattle in the weeks and months ahead.

Besides his psywar performance at the JEC, Burns, in the face of accelerating inflation, slightly eased the credit reins this week in order to somehow keep the whole "shebang" stumbling forward a couple more months.

### Where Are the Sane Men When We Need Them

If President Ford doesn't stop letting morons Burns, Alan Greenspan, et al continue to whisper in his ears that everything is all right with the economy, he will rapidly find himself losing the support of his crucial midwest industrial base. Even this week, a key Ford supporter, Sen. Robert Griffen (R-Mich), announced that he would vote to override Ford's veto of the Democrats' $3.9 billion "public works" bill.

Rep. Marvin Esch's (R-Mich) office reports that the White House supports a bill it plans to offer as an alternative to the notorious Humphrey-Hawkins slave-labor bill which would phase out CETA, WIN and related work programs; expand capital tax incentives for industrial investment, and create high-school work study programs.

The choice facing Ford and the other pro-constitutional forces in the U.S. are now clearer than ever — dump Burns and the other Wall St. clons, clean out the entire Kissinger terror apparatus and move to negotiate with Algeria, Mexico, the Soviet bloc, the Gaullists and other forces an IDB solution to the current world depression.