U.S. 'Recovery' Hits Bottom

by John Furlan

July 30 (NSIPS) — Any lingering doubts about the death of the U.S. "recovery" were shattered this week when the stock market and the dollar both tumbled after reports that the leading U.S. economic indicator" had increased a mere .3 per cent in June. This follows last week's fiasco, where the bond market nearly panicked over news that the money supply had jumped the week before. At this point, the so-called U.S. recovery closely resembles a giant floating crap game: the slightest burp from the Commerce Department or the computer of some other statistical reporting agency is enough to send all the players scrambling to cash in their chips and abandon the premises.

Even more bad news for recovery soothsayers can be expected early next week when the official unemployment rate for July is announced. Unless the Labor Department lies outright, the rate should rise for the second month in a row, reflecting the continuing stagnation of industrial production.

As a result the pressure now on President Ford and pro-development forces in the United States to abandon the absurd go-slow economic prescriptions and accompanying doses of sham "recovery" propaganda of Ford's Wall Street officials, Greenspan, Simon, and Burns. If Ford does not seriously consider negotiations with the emerging alliance around the International Development Bank proposal, he will continue to leave himself open to destabilization operations by the Rockefeller forces, who will use the pretext of economic slowdown to advance the Carter-Democratic Party campaign for fascist reorganization of the economy.

Only Monetarists Can't Tell

To anyone but a monetarist, the collapse of the recovery is perfectly understandable. As Hungarian central banker Janos Fekete correctly noted in a recent speech, the recovery was simply a one-shot inflationary bubble based on enormous deficit financing by the government, the Federal Reserve's diarrhea monetary policies, and austerity, speedup, and Third World looting.

The inevitable results of austerity and inflation are evident even in the doctored statistics of the Labor Department that show how "real spendable earnings" of U.S. workers are now below their year-earlier level after falling .9 per cent in June alone. This occurred despite widely publicized increases in wage settlements by unionized manufacturing workers (which incidentally, have helped to maintain some semblance of stability in the economy by maintaining these workers' purchasing power.

Government transfer payments, unemployment insurance, social security are also dropping, the Labor Department notes. Not surprisingly, therefore this decline in incomes has led to a fall-off in retail sales, including auto and housing, and consequently a cutback in production of consumer goods especially over the last four months.

The price-hedging accumulation by manufacturers and wholesalers of raw materials, whose prices have been soaring at double-digit rates for months, led to a large, positive inventory swing in May, thus sending the materials component of the Federal Reserve production index up for a short time. But the slowdown in production in this area — due to the reluctance of manufacturers to be burdened with unusable inventories, the failure of capital goods production to break out of its depression levels, and the continued stagnation of consumer goods production — have led to a mere .3 per cent increase in the overall production index and an actual drop in total number of manufacturing hours worked in June.

Continued Stagnation

Preliminary figures indicate that this down situation has continued through July, as would be expected. The weekly Business Week index, for example, which correlates closely with the Federal Reserve index published later in the month, increased at a small 2.1 per cent annual rate from July 3 through July 17. After hitting a high of 91 per cent early in June steel production held steady in July at about 85 per cent of capacity, the same as last year — one of the worst on record. The same goes for coal production, a key energy source for industry and electrical utilities, which has shown no increase in recent weeks over last year's levels and could substantially drop if utilities cut back their orders due to high inventories.

The best indicator of continued stagnation through July is that the weekly number of initial claims for unemployment benefits and the total number of recipients have substantially risen throughout July, bringing the unemployment rate of workers covered by the unemployment benefit programs to its highest level since January. The reported unemployment rate nationally is at 7.5 per cent, while the actual rate of unemployed workers is at 25 per cent, by unbiased U.S. Labor Party estimates. Even hocus-pocus seasonal adjustment factors usually conjured up by the Labor Department will not be able to completely cover up the rise in the July unemployment rate, since industrial production and thus employment must increase at a substantially higher rate than they have been merely to keep up with increases in the total labor force.

The Ford Administration cannot expect much good news on the inflation front either, when the consumer price index is released later this month. The only way the consumer price index can go is up. This can be predicted simply by projecting the "programmed in" increases already showing up in the wholesale price index for industrial commodities. These increases are the end product of the rampant commodity speculation which results from the collapse of productive investment outlets and the burgeoning of dollar credit by Federal Reserve Chairman Arthur Burns.

Atlanticist Endgame

The Atlanticists hope they can hold this mess together a few more weeks using their two favorite tactics, lying and hyper-inflating (the polite accountant's term for lying).

For the past couple of weeks, Burns has been loosening the money spiggot in response to the recent industrial stagnation, just as he did last fall and winter. This particular inflationary exercise, while mildly boosting production for a few months, contributed directly to the booming money supply in late spring, the subsequent credit tightening, and the current round of price inflation. Now starting from a much worse overall economic situation, Burns has let the money supply grow at over 20 per cent annual rates for the past four weeks. This has guaranteed much higher levels of inflation — barring an always possible deflationary blowout in the upcoming months.

Burns, of course, is in no way interested in production per se. He is concerned solely with feeding the cancerous mass of paper that has been released because of the stagnation of real production into purely speculative activity, as he has repeatedly noted in recent speeches. These funds appear as a mass of "liquidity" sloshing around the credit markets. Sooner or later the markets grow nervous about their ability to realize real profit off inflated paper holdings, Burns' pump-priming notwithstanding. Under these pressure-cooker conditions, the market players latch on to any meaningless statistical indicators as the pretext to begin to bail out, just as happened with the leading indicators this week. If panic sets in, as it almost did the week before in the bond market, all previous liquidity suddenly appears to be tremendously illiquid, and the game is over. Commenting on the most recent scare and his colleague's penchant for self-preservation, one bond analyst cynically remarked, "As usual, everyone leaped into the pool at the same time," himself included, of course. The head trader of a corporate bond department with a large brokerage firm echoed this more subjectively. "A week ago Wednesday, I was a happy man. On Thursday night, however, my stomach turned into knots and I've spent the past six days getting rid of inventory."

So much for the recovery.

Behind Corporate Watergating Operation

Rockefeller-IPS Use Scandal To Implement Fascist Zero Growth Policies

July 24 (NSIPS) — Jimmy Carter's campaign promise to go after the "bigshot crooks" of American business is the leading edge of a drive by Rockefeller, Harriman, and associated Lower Manhattan financial interests to silence all opposition to their zero-growth depression policies. Under the cover of a "grassroots" anti-corruption, anti-big business movement, the financier clique hopes to be able to impose on U.S. workers and industrialists corporativist political and economic policies which will mean the end of technologically advanced U.S. industry — in favor of protecting Wall Street's debt structures and political power.

The true nature of the anti-corruption campaign was laid out frankly by Institute for Policy Studies fellow Ralf Stavins, who is planning to collaborate with Carter's Mid-Atlantic campaign manager and probable brainwasher, Dr. Peter Bourne, on the Institute's Project on Official Illegalities. "We want to show that corporations are criminals," Stavins said in a recent interview. Stavins' solution to corporate crime is the "Communist Chinese model": the downplaying of economic incentives, which have led to widespread corruption in the United States and the Soviet Union," the "postponing of production along zero-groth lines," and the "introduction of self-criticism sessions."

Such statements, taken along with similar comments by Ralph Nader-linked sources, make it clear that such individuals have no intention of "reforming" or "democratizing" the corporations as they claim: if zero growth policies supported by Lower Manhattan are imposed on the advanced capitalist sector, the vast majority of present corporations will simply cease to exist. All that will remain will be the fascist corporations, modeled after the Nazi cartels like IG Farben left to administer the slave labor concentration camps of a zero growth — "Chinese Model" society. Soon after that, the human race itself will cease to exist, destroyed by biological holocaust. These are the true contents of fascist Ralph Nader's corporate reforms.

Such zero-growth policies are the explicit program of Trilateral Commission zombie Jimmy Carter and his monetarist economic policy advisors. Carter has openly favored and publicly endorsed the development of solar power and increased coal output to complement a program of energy conservation and labor-intensive employment, when what is needed is increased energy utilization in the context of the development of a fusion-based economy.

The Nader-Institute operation, and related corporate reform and consumer groups are the actual implementation arm of the Wall Street-Democratic Party zero growth push. The mission of such agents and their dupes is to eliminate all opposition to zero growth — both potential and actual — within the corporate sector, using Watergate-like scandals, anti-pollution groups, etc... to do the job. Backing up the Carter campaign, the broad array of Wall Street-created "public interest" groups have been activated to focus public attention on "corporate crime," on the model of last winter's Lockheed and Northrop political payoff scandals directed against anti-Wall Street factions in Italy, Japan, and the Third World. These "public interest" groups range from the Institute for Policy Studies-created People's Business Commission, the successor to the defunct People's Bicentennial terrorists, to Ralph Nader's Corporate Accountability Research Group (CARG), to Arthur Goldberg's Center for Law and Social Policy. Their modus operandi is to spread the scandals, setting up the reluctant corporations for investigation by the Senate Subcommittee on Multinationals, the Securities and Exchange Commission (SEC) and-or the Internal Revenue Service (IRS). The latter two are themselves the subject of scandal-mongering to get the two agencies to "reform."

Targets

The leading targets of the "corporate watergaters" have been the anti-Wall Street factions in the United States and in foreign nations. In the U.S. such groups include Chicago and other midwest industrial and agri-industrial interests, Houston-southwest industrialists, Northwest aerospace interests, and pockets of independent trade-oriented capitalists in other parts of the country. As a result of the Lockheed, Northrop, Gulf, and other Rockefeller-rigged scandals, corporations have been panicked into revealing their "crimes" to the SEC — on the threat that they will be exposed anyway and face harsher penalties. Recently, for example, the Mellon family-controlled Aluminum Company of America volunteered questionable contributions to an unnamed foreign political party; within hours the press buzzed with the "news" that Alcoa had been acting under the advice of Vincent de Roulet, a Nixon-appointed former ambassador to Jamaica, and the lie that the contribution had been made to the party of the current pro-debt moratoria Jamaican Prime Minister, Michael Manley.

Nader's Consumerism

The current operation against U.S. corporations traces back to Ralph Nader and the proto-fascist consumerist movement launched by Nader in the second half of the 1960s. The entire consumerist movement — the deliberately manipulated public