Far from being a cause for rejoicing, a continued pick-up in the economy — suggested again by the 1.8 percent rise in February retail sales reported recently — is real cause for concern — given Carter's inflation package. A heated competition for credit between industry and the government trying to finance its burgeoning deficit may be postponed until the third quarter or even later given the Treasury's well-advertised "underspending," however, it is inevitable. On the inflation front, prices of raw materials are already rising at break-neck speed, fed by inflationary expectations and the commodity stockpiling schemes the Administration is pushing to support Third World debt repayments. The 0.9 percent increase in the Wholesale Price Index in February is not likely to be a temporary aberration. The effects of the winter freeze, the drought, and Carter's energy conservation program will be a permanent rise in the prices of food and fuel.

Also contributing to inflation is the dramatic fall in productivity — output per manhour, as it is measured by the Labor Department — as a result of accelerating breakdowns of decrepit plant and equipment. According to revised figures, non-farm productivity *fell* at 1 percent annual rate in the fourth quarter of 1976, which resulted in a sharp increase in unit labor costs — a 7.9 percent increase on an annualized basis. Corporations will have to try to pass on these increased costs, fueling the inflationary build up further.

SEC, Carter Agencies Prepare 44 New 'Lockheed Scandals'

CORPORATE AFFAIRS

The Securities and Exchange Commission has prepared 44 corporate bribery cases "of Lockheed type potential," in the words of one SEC staffer. The cases will be used in a witchhunt against both domestic and foreign corporate leaders and allied pro-development political figures, as in the "Lockheed" scandals used to destabilize the Miki government in Japan and the Andreotti government in Italy.

The announcement of the SEC's new investigations coincides with the termination of more than 18 months of information-gathering by the commission's Enforcement Division on the methods of international corporate bribery. This "crash course" was facilitated by a deceptive program of so-called "voluntary disclosures." Under the program corporations were induced under promises of qualified immunity, to file 8-K Form supplements to the standard 10-K Forms required by the Securities Exchange Act of 1934 on which they detailed any "improper" dealings which they feared might become the target of subsequent Commission study.

The environment of terror under which the SEC was able to force these "confessions" has been carefully developed over the past several years through such synthetic operations against traditional anti-austerity industrial interests as the original Watergate scandal itself and the related Gulf Oil and Lockheed dirty tricks. Asked why the voluntary disclosure period was terminated, a member of the Enforcement Division replied, "We now have all the leads we need." He added that he had 12 cases himself involving U.S. and foreign nationals and that many more cases were expected.

The chief inquisitor for the Enforcement Division is Stanley Sporkin, a man whom the *New York Times* recently described as having been encouraged by the original Watergate. With the 360 corporations which filed the Form 8-K disclosures, Sporkin will have sufficient information to target any industrial interest which attempts to resist the windmill society which Carter's Wall Street backers intend to impose on the world's population. One attorney familiar with the workings of the SEC said, "Sporkin's been on a witchhunt for years."

In addition to the SEC preparations the Trilateral cabal is actively preparing supplemental lines of attack. Prominent among these is the appointment of long-time Ralph Nader associate Mike Pertchuk to head the Federal Trade Commission. With authority under the Federal Trade Commission Act to investigate and prosecute whatever Pertchuk decides are "unfair or deceptive acts or practices in commerce," the appointment is a significant coup for the zero-growth forces in their fight to destroy the industrial base of the U.S.

A New York lawyer who defended General Motors against Nader's initial attack responded to news of the Pertchuk appointment and the direction the SEC and FTC intend to go in by saying, "My God, that's what Hitler did." He added, "I went to law school with Nader, it's hard to believe anyone listens to him, to know him is to hate him."

Backing up Pertchuk is the expected appointment of Senator Ted Kennedy to chair the Senate Judiciary Committee's Subcommittee on Anti-Trust. An aide to Kennedy admitted that the Senator has been working "very closely" with Nader associate Mark Green. Green previously headed Nader's Project on Corporate Accountability and will shortly leave to head up Nader's anti-corporate Capitol Hill lobbying gang, Congress Watch, when the present Congress Watch chief, Joan Claybrook moves on to head the Highway Department. James Ridgeway and Alexander Cockburn, in a recent *Village Voice* article, wrote that Kennedy has planned to launch a series of high visibility hearings from his subcommittee which will be designed to coordinate with Green's lobbying activities, and will set the stage for a subsequent comprehensive "Watergating" of numerous corporations and their executives.

In addition, several new pieces of legislation are planned which will further strengthen Nader's minions.

1. The SEC is sponsoring a bill which will give them the authority to attach the assets of foreign corporations which refuse to answer SEC subpoenas demanding the appearance of foreign executives. An SEC staff member indicated he hoped that this authority could be used to force the appearance of foreign political figures as well.

2. Senator Ribicoff (D-Conn) is sponsoring a bill to establish an Agency for Consumer Advocacy, a super Watergating authority. The agency, which will bring Nader's brand of industrial sabotage into the government officially, will be authorized to intervene before any federal agency in the name of "the public interest" if the ACA chiefs decide that the agency is not fulfilling its mandated obligations. A similar proposal passed the House and Senate in differing forms last session, but the differences were never resolved in committee and the proposal died. One prominent counterinsurgent attorney who has worked in the "consumer" field for many years has called the ACA "one of the most important pieces of legislation which will be introduced this Congress."

3. The Federal Trade Commission Improvements Act of 1977, sponsored by Congressmen Eckhart (D-Tex) and Koch (D-NY), on which hearings are presently in progress, will permit "consumers" to sue as a class for violations of FTC rules, with counsel fees to be paid for by the U.S. Government. This nasty bit of legislation will permit the FTC to draft various "environmentalist" and other zero-growth rules and then turn over the enforcement to the vast array of National Lawyers Guild attorneys who will be paid by the Government to pursue extended harrassment law suits against industry in the name of "consumers."

4. Another proposal will reverse the Supreme Court's *Eisen* decision which limited the availability of class actions. This, coupled with the proposed doubling of the funding for the Legal Services Corporation, will provide radically increased leveraging capability to the "legal" dismantling of American technological and industrial capacity.

Gold Up But Weak Currencies Get Hit

FOREIGN EXCHANGE

Last week's foreign exchange markets continued to be characterized by extreme uncertainty, and the ultimate fate of the U.S. dollar is still hanging in the balance. Although the run into gold appears to have abated since Monday, when a new record of $150 an ounce was reached in London, the prospect of double-digit inflation in the U.S. and the reported insolvency of several leading New York-based international banks continue to plague the dollar.

Over the past several weeks, the dollar has managed to retain an apparent stability as a result of Wall Street-inspired speculative operations against selected "weak" currencies; thus, only the run into gold has indicated the dollar's actual, overvalued position. A prime example is the collapse of the Canadian dollar to a seven-year low of $0.9485 on March 10. Prior to the Quebec elections, the Canadian currency had stood at $1.03.

According to Toronto Dominion Bank's foreign exchange department in New York, Canada was recently shut off the Eurodollar loan markets by the New York-based international banks, and this provoked the latest drop in the Canadian dollar. The reason given for the credit-cutoff is the threat which Quebec separatism poses to foreign investment in Canada. On closer analysis, therefore, the Canadian dollar's weakness proves to be part of a larger destabilization operation against the Canadian government and an attempt to force greater austerity.

The 1 percent decline of the Swiss franc — one of the world's strongest currencies — over the past two weeks is another phenomenon which cannot be entirely explained by objective economic factors. There have been numerous press reports that the Swiss National Bank is itself selling off Swiss francs for dollars in order to boost the country's export-competitiveness. Others attribute the Swiss franc drop to the run into gold and into high interest-bearing British gilts (government securities). A recent statement by Swiss National Bank head Leutwiler contradicts the thesis that Swiss central bank dumping is causing the currency's weakness. Leutwiler declared that while the Swiss franc is not overvalued, the dollar definitely *is*, citing the record U.S. trade deficit in January and flight into gold as evidence.

An Arab Dinar?

British and Italian negotiations with the Soviet Union concerning the use of the gold-backed transfer ruble as an international reserve currency appear to be temporarily stalled. But a spokesman for a leading British merchant revealed this week that the bank is playing a key role in formulating plans for a common gold-backed Arab dinar. The Kuwaiti oil sheiks, this source revealed, have been stockpiling gold and providing gold-collateralized loans to the Soviet Union for "special reasons" of their own.

According to the Yugoslav press, Soviet, Eastern European, British, French and Arab government officials met in Cairo March 1 to discuss the creation of an Arab bank and a common Arab dinar. In the meantime, rumors abound that the EEC countries plan to establishing a gold clearing system among themselves — a move which could destroy the credibility of the dollar.