

G.W. Miller's Anti-Industry Bias

George William Miller, a specialist in "asset-stripping" key industrial and technological firms, was officially sworn in as Chairman of the U.S. Federal Reserve on March 9. Installed by a pliant Senate which unanimously approved his nomination March 3, Miller is now in a position to do major damage to the U.S. economy. What follows is an analysis of the effects Miller's chairmanship of the Federal Reserve will have on crucial economic indicators by Warren Hamerman of the National Executive Committee of the U.S. Labor Party.

The attempt to sell G. W. Miller as a proindustry businessman, albeit a trifle inexperienced in overall economic policy matters, is a straightforward public relations ploy explicitly modeled on the successful "Blumenthal tactic." Was not Werner M. Blumenthal peddled to a naive nation as a proindustry businessman from Bendix who was somewhat inexperienced in economic policy questions?

Did not Blumenthal turn right around and propose a capital gains tax which would penalize business investment in future production? Did not "businessman" Blumenthal institute a policy of such deliberate *malign neglect* against the U.S. dollar that the value of our currency has been artificially gutted? Did not "industrialist" Blumenthal straightjacket our economy *from the top down* into a trade deficit of nearly \$27 billion? Has not "proindustry" Blumenthal advocated one hyper-inflationary Schachtian program after another — from the "people's tax rebate" to the Humphrey-Hawkins bill?

G.W. Miller, Stansfield Turner's crony from Rhode Island, is a "Blumenthal businessman."

Caveat!

Once sworn in as head of the Federal Reserve, Miller will do far more damage than simply fail to resist (as Dr. Burns has heroically done) the evil and lunatic policies of Blumenthal. Miller, the closest of policy associates to Felix Rohatyn and Blumenthal already, will actively and systematically conspire with the British Malthusians to destroy the American economy and recolonize this nation under the yoke of the sorts of programs associated with Nazi Finance Minister Hjalmar Schacht.

Miller is a highly trained specialist in deindustrialization, energy and transportation public works projects of the strict labor-intensive mode, Mefo Bill (or Big Mac)-style financing swindles and the social-political-economic *Gleichschaltung* (coordination) of a Nazi war economy.

Like Schlesinger and Blumenthal, Miller is an accomplished liar. At the Senate Banking Committee Miller explained away his notorious *Business Week* article of Oct. 5, 1974 advocating selective federal credit controls biased against industrial production as a long-outdated, unique suggestion under former particular circumstances. The record speaks differently.

In November 1976 Miller proposed selective credit controls and "decentralization" of American industry at the Conference of Northeast Governors (CONEG) in

Saratoga Springs, New York. In July 1977 the CONEG Policy Research Center issued a series of program position papers for the years 1978 and 1979 signed under the names of Felix Rohatyn and G.W. Miller advocating anti-industrial, production-selective credit controls. Three days ago, on Feb. 27, the director of Rohatyn's CONEG Policy Research Center confirmed by telephone that Miller was "actively" chairing a special Energy Committee whose stated policies advocate selective federal credit controls against nuclear energy development and overall every form of capital-intensive real energy production.

The same policy commitment against capital-formation and skilled jobs-creation programs can be traced back in time as well. Miller is one of the principal culprits behind the destruction of the American steel industry. In 1963 President Kennedy appointed Miller as the first national chairman of the Industry Advisory Council of the President's Committee on Equal Employment Opportunity through which post Miller was a leader of the disastrous Kennedy "confrontation" with the American steel industry. The so-called Affirmative Action program of Miller and others targeted both the steel industry and the steel union for attack. Leif Johnson has already documented Miller's role in assaulting the New England textile and aerospace industry and labor force (see "G.W. Miller and Textron: A Study in British-Style 'Asset-Stripping' ", *Executive Intelligence Review*, January 31, 1978, Vol. V, No. 4). Similar combined industry—and union—busting operations were conducted by Miller as head of the HIRE (Help Through Industry Retraining and Employment) program for unskilled, low-wage training of the unemployed instead of skilled-labor and advanced technology employment.

Miller and Schacht

Under the signatures of G.W. Miller, Felix Rohatyn, and others, the CONEG Policy Research Center issued in July 1977 a series of position papers outlining tasks and perspectives for the coming years. On the title page of each of these documents G.W. Miller is listed as "Chairman of the Energy and Transportation Committee." The central issue of the Policy Papers is to define future policy for ENCONO, the Schachtian Energy Corporation of the Northeast.

1. ENCONO is conceived as a suprastate body empowered to borrow on private credit markets *with federal government guarantees*. By selectively sequestering capital from private markets, ENCONO would deny this same investment from, in particular, private industry engaged in high-technology, capital-intensive productive ventures.

2. Like the 1979 Blumenthal budget, ENCONO would selectively reward non-productive, labor-intensive investment in the Northeast through *megainflationary* financing. At the same time, ENCONO will actually deny state and local governments tax revenues which would otherwise be provided by productive industries through selectively penalizing high-technology industrial investment particularly in the energy field. Therefore, just as

the incompetent Rohatyn's policies have proven in New York City, ENCONO would actually grossly ruin state and local budgets.

3. ENCONO explicitly asks to be "empowered to participate in financing energy-related projects through loans, guarantees, equity investments or other forms of assistance. It will obtain its funds by borrowing through the issuance of bonds or notes, *secured by a federal guarantee* measured by a 15:1 ratio based on the amount of capital contributions. Thus when the Corporation obtains \$100 million in initial capital, it may borrow \$1.5 billion *backed by the federal guarantee (emphasis added —WH.)*" Rohatyn and Miller expect total ENCONO lending or purchasing powers to range between \$15 and \$30 billion, based on initial capital of \$1 to \$2 billion raised from small denomination people's bonds, insurance companies, banks, etc. The plan is to go even beyond BIG MAC on a regional scale.

4. To make ENCONO "competitive" Miller and Rohatyn propose special tax exemptions and Eminent Domain to "access properties." The corporation "will not have independent power, but it may request that a member state *exercise its authority to take property needed by the Corporation.*" These powers, along with the selective Federal Guarantee for ENCONO financing, makes it strong enough to bust apart and absorb any competing utilities such as LILCO or Con Edison. In fact, the Miller-Rohatyn policy documents explicitly state: "Equity positions, however small, provide 'windows on the industry,' which are worthwhile not only for their informational value, but also as a vehicle through which the government can make *its* priorities an element of private sector decision-making" (Emphasis in original; *A Comparative Analysis of Selected Energy Development and Investment Entities In Canada and Europe*).

You Can Tell A Man By...

In the context of the hyperinflationary austerity package of Miller and Rohatyn's ENCONO, consider the following pattern of public record reactions to the Miller nomination in January, 1978 at a moment when all pro-development forces in Europe were enraged at the dumping of Arthur Burns:

W.M. Blumenthal: "Miller is the best thing on wheels that's ever come along."

Financial Times, London: "Miller's greatest asset is no doubt that he is acceptable and has already been warmly received by the powerful group within the Democratic Party that so opposed Dr. Burns."

The Times, London: "Miller tends to suggest he will be more liberal. In a speech in Pittsburgh last January he said he supported a broad new economic stimulus programme to create more jobs, asserting that this need not hamper the continuing fight against inflation. He also suggested the government should consider preparing 'selective' government controls on the economy as 'acceptable medicine' when 'mushrooms in inflation' popped up."

Rep. Henry Reuss: "He sounds great. His record on jobs is excellent, and I would like to see the country's monetary policy focused not just on a stable dollar but on stable jobs."

Walter Kicinski, director of CONEG Policy Research Center: "This is wonderful. He's the possible choice from our standpoint. Miller is a strong believer in regional banking programs of the Rohatyn type."

If G.W. Miller is allowed to join James R. Schlesinger and Blumenthal in the cabinet at this moment of economic crisis for our economy, we will have, in the words of one seasoned insider in U.S. economic and monetary policy circles, a "national disaster."

In 1977 exports of drilling and oilfield equipment from the United States dropped by nearly one-fifth. A sizeable decrease was also noted in deliveries of metalworking machinery, particularly to the USSR, Latin America, Korea, and Taiwan. Exports of construction and excavating machinery also declined last year. Shipments of farm tractors fell too, while exports of other types of agricultural machinery remained level for the second consecutive year as lower world agricultural prices imposed by the International Monetary Fund curtailed the growth of farm income in many countries. Shipments of U.S. steel products and related production (e.g., coal and scrap steel) are a well-known disaster. Shipments of U.S. paper, copper, and lumber also declined in 1977 while those of textile yarn and fabrics showed little change from 1976. Exports of civilian aircraft, after leveling in 1976, fell by 14 percent in 1977.

The value of agricultural exports reached the record level of \$24.2 billion last year but more than half of the rise over 1976 reflected higher average prices. Wheat and corn exports, for example, each fell more than \$1 billion last year. Exports of manufactured goods and other non-agricultural products as a group increased by only 5 percent, the slowest rate of advance since 1971. Total machinery exports, which account for about one-third of nonfarm exports, rose by only 4 percent.

An official of one of our nation's largest nuclear energy industry corporations characterized the early 1978 situation as follows: "For all intents and purposes, the policies of Schlesinger and Blumenthal have virtually destroyed the nuclear energy industry in the United States. We are now simply holding on to the existing technology through a few lingering export orders."

If Miller joins the Blumenthal-Schlesinger team American industry and labor will be, as the British say, "squeezed until the pips squeak."

The widely circulated U.S. Labor Party proposal to transform the federal Export-Import Bank into a vehicle for vectoring high-technology industrial exports and global nuclear energy development — returning the world economy to a gold reserve standard and creating millions of skilled jobs in the advanced sector through large-scale Third World development projects — will work instantly to restore vigor to our economy and currency.

Those in industry, government, labor, agriculture and urban leadership who have already convinced themselves of the feasibility of that judgment will nonetheless be responsible for our great nation going down the drain if they allow the Blumenthal-Schlesinger-Miller team to hold the reins of policy power. These men are the same sorts of pro-industrialists as Hjalmar Schacht.