

Carter Faces Four Key Decisions

U.S. President James Earl Carter is now facing a whole series of interlinked policy decisions which add up to one basic decision. Either he breaks decisively with the "British faction" in the U.S. led by former Secretary of State Henry Kissinger and including National Security Advisor Brzezinski, Treasury Secretary Blumenthal, Energy Secretary Schlesinger in his own Administration, lining up instead with Americans like Secretary of State Vance and Special Trade Negotiator Robert Strauss, or he faces the possibility of imminent explosions in major world hotspots in the Middle East and Africa and probable confrontation with the Soviet Union, not to mention the rapid descent of the U.S. economy into IMF austerity conditions resembling those now administered to Third World countries.

Basic policy decisions are required immediately in four areas:

- 1) The SALT arms control talks — unless Carter makes a ruthless commitment to push through a SALT II agreement with the Soviets, ignoring the bleatings of Kissinger's sheep in Congress, relations with the USSR will likely undergo complete collapse.
- 2) Trade and development — Vance, Strauss and the Commerce Department are pushing for a combined public-private sector U.S. export drive in the range of \$200 billion to stabilize the U.S. dollar. Carter must

support this as part of an overall expansion of world trade, rejecting the British line spouted by Blumenthal and Co. that increased U.S. exports can only come out of the hides of Japan and West Germany, an approach that will guarantee the breakdown of the General Agreement on Tariffs and Trade (GATT) talks, protectionism, and global trade war.

- 3) Energy—massive pressure from industrial and political circles, including the National Governors Conference, has produced renewed efforts by the Administration to appear pro-nuclear. But without a high capital investment fission and fusion national energy policy, something Energy Secretary James Schlesinger is actively sabotaging, the U.S. will not have the industrial base required for necessary export expansion.

- 4) Southern Africa — Carter's stop in Nigeria is the most important on his current tour of the developing nations. The situation in southern Africa is now at a critical point, and unless the Administration commits itself to a complete rejection of the illegal Smith regime's "internal solution" for Rhodesia, and begins negotiations among all parties leading towards elections and majority rule, and the rapid ouster of Smith, there is little doubt that Cuba and the Soviet Union will defend the five frontline African states backing the Patriotic Front from attempts by Smith to destroy the Front through military action against the frontline states.

Public-Private Effort Emerges...

Export Drive To Support \$, Ensure Mideast Peace

The call has gone out across the U.S. for a joint, public-private sector initiative to support the U.S. dollar with a mass export drive and the imposition of a U.S.-Soviet-European peace-through-development program for the Mideast. Since Vance's March 24 statement that economic development is necessary for Mideast peace, the leaders of the Administration's "political faction" — including Export-Import Bank Chairman John Moore, Special Trade Negotiator Robert Strauss, Assistant Secretary of Commerce Frank Weill, and President Carter himself plus former Vice-President Nelson Rockefeller, the leading U.S. commercial banks, and the government of Saudi Arabia have made major initiatives for a U.S. export drive to support the dollar and develop the world.

President Carter's Special Trade Negotiator Robert Strauss, appearing March 28 at the prestigious Detroit Economic Club in the midst of a national speaking tour, called for a strong export defense of the dollar. "National politics is in a precarious state," he said, urging a new

consensus for "a strengthened dollar to continue world trade... Free trade is the only way to go." He emphasized that "one out of every eight agricultural jobs, one out of every 20 manufacturing jobs in the U.S. is due to exports."

On March 29, Export-Import Bank head John Moore and Frank Weill of the Commerce Department made coordinated speeches calling for a strong gear up of U.S. exports, an expanded Exim Bank, and increased private capital to finance such trade.

William Eberle, Chairman of the U.S.-European Community Joint Business Council and Trade Negotiator from the Ford Administration, is simultaneously heading up a U.S. lobbying effort for cooperation with Western Europe to vastly expand all of world trade, informed sources said today, including the organization of vocal European support for the U.S. Eximbank. Cooperating with him and the entire Exim drive are Morgan Guaranty, Chase Manhattan, Bank of America, and the bulk of the U.S. commercial banking community.

Exim Chief Moore Asks \$300 Billion In Exports

U.S. Export-Import Bank Chairman John Moore, in what he stressed was *coordination with the private sector*, delivered a speech Mar. 29 to the Georgia Conference on Exports in which he called for American exports at a \$300 billion level.

The conference was sponsored jointly by the Eximbank, the Georgia International Trade Association, and the Small Business Administration, and in his presentation Moore characterized his presence in Georgia as "part of a nationwide drive for export expansion" being conducted by the Carter Administration, our correspondent reports. Moore called attention to the fact that Assistant Commerce Secretary Frank Weill and two other officials were making simultaneous speeches elsewhere in the country with the same policy thrust. "We are tapping only

part of our export potential, and the Carter Administration intends to fulfill that potential," Moore told the 300 attending businessmen.

Emphasizing the "political faction" concept of the Eximbank as a government participant in large banking consortia *with private commercial banks* to enable Exim resources to be amplified throughout the economy, Moore said. "Although we expect to see a significant increase in Exim authorization, we also hope to see an overall increase in U.S. exports far exceeding" those financed by Exim alone. Exim official Julius Holius, speaking after Moore, noted that with such public-private cooperation, Exim's current authorizations "will generate \$200 to \$300 billion in U.S. exports" annually, or more than double the present rate.

Miller, Blumenthal Push British Attack On Dollar Within Administration

Federal Reserve Chairman G.W. Miller, Treasury Secretary W.M. Blumenthal, and White House aide Henry Owen this week constituted themselves as a faction within the U.S. Administration to promote as "official U.S. policy" the British government's stated policy of "dethroning" the dollar and relegating the U.S. to a third-rate power.

Amidst public statements by Miller that the U.S. will conduct "no support operations for the dollar," Henry Owen, former Director of Foreign Policy Studies for the Brookings Institution and just-appointed personal representative of the President for the International Economic Summit, has adopted as the "U.S. negotiating position" for the July heads of state economic summit in Bonn the "five-point program" as announced as British government policy March 14 by Prime Minister James Callaghan. The deeper point, however, as admitted almost word for word by knowledgeable State Department sources, is not to implement Callaghan's numerological hodgepodge per se—but to create an open split between the U.S. and its European and Japanese allies at the summit which will undermine the dollar and the international credit of the United States.

Five Points for Confrontation

Henry Owen was introduced personally two weeks ago by Treasury Secretary W. Michael Blumenthal into the White House from his post at Brookings where he has consistently formulated strategic economic policies of the British System model second only to John Maynard Keynes. He is reportedly now in Bonn, meeting with West

German government officials and demanding the Schmidt government reflate immediately, to counteract the production declines of the current West German strike wave, or "face a domestic economic crisis," according to the West German press of March 30.

An interview with Owen's chief White House aide March 29, provided by banking sources, made the Owen-Blumenthal schema for the summit explicit: the Callaghan government's five-point program as presented to the London Finance Houses Association March 14 and reviewed extensively in *Executive Intelligence Review* last week. "We hammered it out, there is a general consensus on this," said Owen's office of his British collaboration.

However, discussions throughout Washington departments working out the summit indicate that the program is doomed to fail and cause major international confrontation. West Germany and Japan, said a State Department source, "won't reflate anymore," (contrary to Callaghan/Owen point No. 1); will "certainly not" discuss going off the dollar as a reserve currency onto a five-currency basket and then the Special Drawing Rights (contrary to Callaghan/Owen point No. 2), and so forth. It is a "distinct danger," the source agreed, that a confrontation at the summit will make the failure of the U.S.-German March 13 monetary communiqué, which dropped the dollar from 2.08 marks to 2.00 flat in a day, look like a success.

No Support For The Dollar

This strategic threat to the United States represented