U.S. into the depression wringer

Carter administration agrees with IMF dollar strategy

Appearing hat-in-hand before the International Monetary Fund's annual meeting in Washington, D.C. Sept. 25, U.S. President Jimmy Carter in effect acknowledged the disastrous consequences of two years of deliberate "benign neglect" dollar devaluation

THE ECONOMY

under the policies of latter-day Hapsburg Michael Blumenthal — the U.S. Treasury Secretary whose henchmen were insisting even in the wake of the Bonn economic summit in July that "there is no dollar problem . . . there is only a yen problem." With the subsequent continued plunge of the dollar on the foreign exchange markets, Carter confessed to his audience, "My own reputation as a leader is at stake," and he pledged "to maintain a strong dollar."

But although Carter remained unspecific about the contents of his projected "Phase Two" anti-inflation program, it is already apparent that the Administration has fallen in with the plans of the British oligarchy and its feudal-minded financial allies, represented by the IMF. These apostles of a new Dark Age are demanding that the United States "save the dollar" by forcing bankruptcy and depression on American industry, and general austerity on the American population.

The President is taking his advice from the same zero-economic-growth crowd who got him into the mess in the first place. The French financial newspaper *Les Echos* reported last week the existence of a secret anti-inflation memo drawn up by Blumenthal for the President, "so secret," in fact, that Robert Strauss, nominally Carter's man-in-charge of the anti-inflation fight, has not been allowed to see it.

While Blumenthal, Charles Schultz of the Council of Economic Advisors, Henry Owen of Brookings and similar types scramble up a "voluntary" wage-and-price controls scheme, and assorted other anti-inflation measures for the President to announce later this year, Federal Reserve Board chairman G. William Miller is already precipitating a high-interest-rate credit crunch which will help to fuel speculation, further reduce investment in productive plant and equipment, and progressively destroy the U.S. skilled workforce. Additional Fed interest rate hikes last week failed to impress British-linked financiers, who predicted an inevitable 11.5 percent prime lending rate for commercial banks by spring 1979.

Philip Trazise of the Brookings Institution, the outfit which contributed the guts of Carter's economic policymaking team, is openly recommending a new global recession; asserting in an interview given last week that "We will prevent it from getting as bad as 1974-75. Wage guidelines work best when the labor market is depressed."

Administration programs which have been touted as answers to the dollar's weakness will have zero impact in turning the situation around. Although Energy Secretary Schlesinger's famed natural gas compromise section of the energy bill finally cleared the Senate by a comfortable margin last week, and is expected to pass the House along with a potpourri of energy conservation measures attached, the dollar continued its decline on the foreign exchange markets.

To keep U.S. industry in line, a new wave of "Watergates" has been launched against the key sectors of oil and auto production. Under prodding from Schlesinger's Energy Department, a federal grand jury is investigating crude oil resellers in Texas for "price manipulation," and the Department of Energy is advertising to the press that government suits against major oil companies including Exxon, Getty Oil, and Texaco will force the companies to cough up more than $1.5 billion in purported overcharges to the government. Ralph Nader and his consumerist allies, after months of civil damages suits and massive publicity branding Ford Motor Co.'s Pinto car as unsafe and the projected recall of 1 million Pintos, has secured a criminal indictment against the company for reckless homicide in an Indiana case involving a Pinto which exploded after being hit by another car.

As for the U.S. labor movement, the "class war" scenario unveiled by United Auto Workers president Doug Fraser several weeks ago is already underway, with coordinated depression union-busting activities producing a nearly two-month-long newspaper strike in New York City; a nationwide rash of teachers strikes resulting in back-to-work orders, fines and jailing of teachers in several localities; and this week, the escalation of a local railway dispute into a national rail strike which threatens to paralyze the U.S. transport grid. With national autoworkers and Teamsters bargaining scheduled to begin in November and the prospect of a collision course between austerity-squeezed labor and management, Fraser this week backed off his class war rhetoric and began to predict success for Carter in promoting "voluntary" wage and price controls.

—Donald Baier

Wringer 1: An even bigger credit crunch

The Federal Reserve Board under the leadership of G. William Miller hiked the federal funds rate to 8.5 percent last week, and boosted the discount rate to 8 percent. Shortly thereafter First National Bank of Chicago and First Pennsylvania raised their prime rate to 9.75 percent, and were quickly joined by Chase Manhattan and a half-dozen other leading commercial banks.

Miller's step-by-step credit crunch — the Fed has raised short-term interest rates by 1.75 percent in less than five months—is not fast enough for those who see depression disaster as the only way to stop the establishment of the new European Monetary Fund and the ending of their financial power.

Despite the fact that U.S. interest rates are now at their highest point since the 1974 credit crunch set the stage for the worst worldwide economic plunge since the Great Depression, the Black Guelph financiers are demanding an immediate tourniquet to applied to American necks.

"Why let the fed funds slip up at 1/4 or 1/8 percent every week. Let's get it over with and push the fed funds up to 14 percent right away," said Hans Baer of Julius Baer and Co., Zürich's largest private bank, in an interview with the *International Herald Tribune* Sept. 27. This, he added in a whopping understatement, "would probably slow down economic activity," but "the U.S. is losing the race against time."

Wringer 2: Small change for exports

The Carter Administration program to promote U.S. exports finally announced Sept. 26 after months of delay is virtually a token affair, a political promissory note instead of the required serious effort to put U.S. high technology and skills to work for industrial development abroad. Claiming little in the way of anticipated results from the program, Commerce Secretary Juanita Kreps described it as a "long-run" proposition.

A token appropriations increase of $500 million for the Export-Import Bank in the fiscal 1980 budget is the "centerpiece" of the program, which also includes an extra $20 million in funding for State and Commerce Department marketing programs for smaller U.S. firms. The marketing programs previously have been described as "gutted" for both large and small firms by business sources. Another $100 million will be available for Small Business Administration loan guarantees for small exporters.

In response to a tidal wave of complaints in recent months about the impact of environmental and foreign policy restrictions on exports, the Administration announced that henceforth Cabinet departments would be directed to "weigh the impact" on exports of major regulatory decisions.

Simultaneously, however, it was revealed that "environmental reviews" will be required for the export of nuclear power plants, already all but banned by the red tape of existing nuclear nonproliferation legislation. Yet a few large-scale nuclear export deals with Third World nations could reverse the balance of payments deficit within a relatively short period.

Also subject to environmental impact review will be products and facilities which "create serious public health risks," or which threaten to have an environmentally adverse effect on third countries. It remains to be seen how these new restrictive guidelines will be detailed and interpreted.

Wringer 3: 'Productivity' by wage-gouging

On Oct. 3-4 in New York, *Business Week* magazine and the American Productivity Session will co-sponsor a conference "to focus attention on the problem of lagging productivity in U.S. industry." Sources in touch with preparations for the conference report that it will duck the critical question of a centrally directed Hamiltonian investment policy to secure increased high-technology energy production and industrial output at the expense of speculative profit. Instead top billing will be given to such Adam Smithian slogans as "getting the government out of business," "free enterprise," "tax cuts for business," and appropriate methods for convincing the U.S. workforce that it can "beat" the reduction in real wages effectuated through inflation only by accepting speedup and real wage reductions at the bargaining table.

Keynoting the conference will be Jack Grayson, chief of the American Productivity Session, and former Nixon Administration official, whose speech, "Productivity in the Private Sector," will emphasize the need to keep government out of economic decision-making.

Among others speaking at the conference: G. William Miller, chairman of the Federal Reserve; Barry Bosworth, head of the President's Council on Wage and Price Stability; Presidential Special Advisor on Inflation Robert Strauss; Ray Marshall and William Usery, respectively present and former Secretaries of Labor; Robert Abboud, chief executive officer of the First National Bank of Chicago; Thomas Murphy, chairman of General Motors; former United Steelworkers president I.W. Abel; and Jerry Wurf, current president of the American Federation of State, County and Municipal Employees.

The Michigan vote fraud machine

ELECTIONS

Although the Michigan chapter of the U.S. Labor Party has brought a suit in federal court challenging the actions of the Michigan state board of elections in the new third party qualification primary there, and is demanding to be placed on the ballot in that state, the real story of vote fraud and the machine which controls it in Michigan has yet to be told.

Last week U.S. District Court Judge James Harvey denied the Labor Party's motion despite evidence, uncontested by the USLP's opponents in the case, that in three counties at least 3,300 Labor Party votes were uncounted. This projects to 30,000 missing votes statewide. Only 4,200 are required for ballot status. Virtually all the votes had been invalidated because voters were misled into believing that the third party qualification vote was a referendum section of the ballot, and ended up splitting their tickets. In the city of Flint, 488 of the 496 Labor Party votes were disqualified that way.

Judge Harvey ruled that "the voting instructions and procedure for placing a new political party on the November ballot were not so deceptive as to make it *impossible* for a voter, desiring to place a new political party on the November ballot, to register his vote accordingly" (emphasis added). Judge Harvey also ruled that "Ordering the plaintiffs to be placed on the November ballot would contribute to voter confusion and the overcrowding and clogging of the state election machinery. . . ."

His ruling came after three days of testimony, unrefuted by the State Election Board, that the ballot design and voting procedure was so complicated that only the most ardently partisan and devoted Labor Party supporter would be able to register his vote; that local election officials had been systematically misinformed about the nature of the election and systematically misinformed voters, resulting in split tickets. Why did Judge Harvey ignore three days of testimony and the flood of discounted ballots?

The election system in the state of Michigan is part of a political machine jointly controlled by the United Auto Workers and Max Fisher, a representative of the Bronfman-organized "crime-gone-respectable" networks. The UAW runs the local government machinery and controls the Democratic Party. Fisher, a close friend of Henry Kissinger, controls the Republican Party through his role as its chief fundraiser, as well as the Republican side of the state government, and exerts considerable influence in industry. Together, they run a vote fraud machine.

By 1974 an uncontrollable element was introduced into Michigan politics — the U.S. Labor Party. USLP Detroit city council candidate Susan Ketcham that year won more than 6,000 votes in the November election. The UAW filed a $30 million lawsuit against the U.S. Labor Party and its newspaper New Solidarity. Sustained Detroit police surveillance, intimidation, harassment and petty arrests were unsuccessful in dislodging growing Labor Party influence. By 1976, with a presidential campaign coming up, the vote fraud machine went into action to write the Labor Party out of Michigan politics.

UAW-backed state legislators McCullough and Sheridan were encouraged to file legislation calling for a separate, third party qualification primary to be run, in which any new party would have to win .3% of the total vote cast statewide in the primary. The bill was drafted by Deputy State Election Director McGowan, a disbarred lawyer who had been sponsored for his State Election Board position by Lawrence Linderman, former Democratic Party State Chairman.

The State Board of Elections then announced that they were going to be unable to conduct the 1976 election because eleven parties (two more than the maximum that could be accomodated on Michigan voting machines) were applying for ballot status. (The State Board of Elections has been unable to produce any documentation to substantiate that assertion and now claims merely that eleven parties made inquiries about obtaining ballot status). Sheridan and McCullough proposed that, in view of the emergency, ballot access in 1976 be determined by a third party qualification primary. State Attorney