U.S. business joins Administration in Disneyland

Cinderella's Castle provided a fitting backdrop to the year's most prestigious annual business conference, the International Chamber of Commerce, who gathered last week at Disneyworld in Orlando, Florida. Posing for photographers on the fourth-floor balcony of the Castle of the Magic Kingdom, President Jimmy Carter told the 2,500 business leaders attending the conference that he had achieved peace in our time.

The International Chamber of Commerce meeting was the largest of several major conferences over the past week drawing business leaders into the fantasy-world of the Carter Administration. Before the ICC, Henry Kissinger sprinkled "free enterprise" fairy-dust, while Lehman Brothers-Kuhn Loeb chief executive Peter Peterson proposed to throw out the North-South dialogue in favor of a global Proposition 13 program. Many ICC participants spent last week at the International Monetary Fund annual event in Washington, a mass debauch of dollar-dumping.

Since the capture of the Administration by the pro-British faction around Zbigniew Brzezinski, Walter Mondale, and so forth, through the Camp David fiasco, Carter has been straying farther away from the path of a sane economic policy laid down for him by President Giscard of France and Chancellor Helmut Schmidt of West Germany at the Bonn Summit last July, and deeper into the "fiscal austerity" trap which London has carefully set for the U.S. economy.

This week, two highly placed Administration officials reported privately that the United States will oppose the European Monetary Fund . . . if it helps the dollar! The Administration hasn't taken an official stand on the EMF, said one official, "but we would have a major problem if it supported the dollar. We are also concerned that the arrangements are consistent with doing away with gold in the world economic system . . . There can be no fixed rates. There must not be an attempt to determine the rate of the dollar."

With this psychotic attitude, it should come as no surprise that, despite Carter's pledges at the Disneyworld ICC meeting to defend the dollar vigorously, this past week, the U.S. currency went into its worst tailspin in months this past week.

Back in the real world

Following the precise and unmistakable demands of British officials at last week's IMF meeting, the dollar fell to all-time record low levels against the West German mark and the Japanese yen. The fact that the dollar collapse occurred despite central bank support operations totaling several billion dollars in the first days of October shows that the British scenario is in operation: American banks and multinational corporations are unloading dollars en masse, and British-influenced Third World country central banks are "diversifying" their reserves out of U.S. dollars.

At the close Oct. 4, the dollar stood at barely 1.90 West German marks, a 5 percent drop over the previous two weeks. The dollar is down for the count. Without drastic countermeasures, that is, a change in Administration policy or a European assault against the City of London, the dollar could be out, precisely as the British have been demanding.

Carter's decision to veto the public works bill because it funds allegedly "unnecessary" water projects is an indication that he is retreating further into the magical belief that cutting government spending will *ipso facto* cure inflation. As Senate Majority Leader Robert Byrd angrily noted Oct. 3, in announcing that he will organize a Senate override of the President's veto, the public works bill funds projects which enhance overall real economic growth.

American business morality has deteriorated to the point that a British banking delegation can appear in the heartland of American industry, Chicago, and officially propose to wipe the dollar out as a reserve currency. Speaking before an audience of Chicago bankers at the Mid-America Club, a luncheon sponsored by Continental Illinois Chairman Roger Anderson, Bank of England official C.W. McMahon gloated that the recent IMF meeting showed that the dollar would have to follow the pound sterling down the drain "sooner or later." McMahon said, "As an official, I have to say later. But we all know when bankers get together and talk about sooner or later, it means sooner." The Chicago banks are wary, and know exactly what the British are up to, but they see the British calling the shots in Washington, and therefore are hedging their bets in that direction.

If the IMF meeting and various sideshows such as the British banking tour in Chicago succeeded in setting the dollar up for last week's butchery, Henry Kissinger and his friends used the ICC event at Disneyworld to portray the post-dollar future. Harvard professor John Dunlop, the ex-Labor Secretary, told the gathering that the postwar era of slow growth was finished, and at best, the world could look forward to a long period of slow growth internationally.

The "slow growth" argument is the rubric for the austerity program that Britain and the International

Monetary Fund openly demand for the United States.

Lehman Brothers-Kuhn Loeb chief Peter Peterson informed the ICC that the "strident rhetoric" of the Third World had sabotaged the Third World, and, consequently, the North-South dialogue was finished. (After the full elaboration of Western Europe's Third World development policy in the context of the European Monetary Fund, which includes the potential for doubling of American exports, the fact that a business audience even permitted Peterson to finish his speech is shocking.)

Bluntly, Peterson was asking the U.S. business community to abandon its best chances of avoiding a dollar collapse, the Third World's capacity to profitably absorb American capital goods exports, in favor of an international confrontation! But the ICC tolerated Peterson, because the U.S. delegation at the United Nations torpedoed a joint European-Soviet-Third World plan to re-initiate the North-South dialogue under UN auspices. The order to likewise torpedo the rest of the world's agreement came directly from Secretary of State Cyrus "Pinocchio" Vance, who has been reportedly "brown-nosing" Brzezinski since the Camp David summit.

Lazard Freres' partner, Ian MacGregor, picked up the theme of confrontation with the Third World, demanding that the hated World Bank assume sovereign authority over multinational companies' contracts with Third World governments.

London cheers Carter debacle

The British press couldn't suppress delight over the humiliation of the American Administration. Helmut Schmidt, the London *Financial Times* noted Oct. 3, "decided in the end not to attend this week's conclave, probably because of pressing business at home, but possibly because he was concerned at the potentially adverse consequences for both his aesthetic sense and his public image. After all, it takes a man like Jimmy Carter, feeling on top of the world just now, not to mind being seen in the company of Mickey Mouse and Donald Duck."

Virtually the same antidollar speeches were delivered in New York at a conference of the American Productivity Center. General Motors Chairman Thomas Aquinas Murphy stated, "Government spending must be reduced," echoing the current view of the Administration, which threatens to veto additional funding for fast breeder reactor and fusion power development, the greatest possible contributions to American productivity!

Ambassador Robert Strauss spoke at length on the President's Export Program, announced last week. The plan will spend $500 million over several years (against current export volume of $120 *billion*) a program one senior Commerce Department staffer described as "like landing a single division at Normandy."

Since the U.S. hasn't had any increase in exports at all, Walt Disney's Mad Hatter would have said, the President's program must mean *more*, because there couldn't possibly be less.

First National's Abboud Terms EMF "Prodollar"

An important indication that not all U.S. businessmen and bankers have swallowed the line that the EMF is "antidollar" came this week from Robert Abboud, chairman of the board of the First National Bank of Chicago. In an exclusive interview given to Executive Intelligence Review *while in New York for the American Productivity Center-Business Week conference on "Inflation and Unemployment: the Productivity Solution," Mr. Abboud made the following comments:*

Q: What do you think of the European Monetary Fund?

A: I believe it will work.

Q: Then you don't think it is directed against the dollar?

A: Absolutely not. On the contrary, I think it will boost the dollar. I think the dollar is terribly undervalued. I guess I'm old-fashioned, but I believe in a strong dollar. . . .

Q: How do you think the Administration's new export enhancement program measures up?

A: We need a stronger export thrust. The Administration is still too committed to ideological considerations: human rights, environmentalism, etc. For instance, the Japanese are beginning to view the U.S. as an unreliable trading partner because of the Administration's nuclear nonproliferation program. We got the Japanese into the nuclear energy field, and now we won't even guarantee them a secure supply of uranium. Because of this, they're being forced to look elsewhere, for instance to the Soviet Union, for uranium. This situation has got to be turned around.

American productivity conference: a 'Proposition 13 for productivity'

The hoary ghost of Adam Smith could be heard clanking down the halls of the New York Hilton October 3-4, as 400 businessmen gathered to hear government and corporate leaders blame rising inflation on declining productivity and urge a nationwide Proposition 13-type movement to boost productivity by ending "government interference in the free market" and slashing government spending.

The occasion was a conference on "Inflation and Unemployment: The Productivity Solution," co-sponsored by the business-supported American Productivity Center and *Business Week* magazine. Featured speakers included Federal Reserve Chairman G. W. Miller; Barry Bosworth, director of the Council on Wage and Price Stability; Labor Secretary Ray Marshall; former Deputy Secretary of State and Ambassador to Japan, Robert Ingersoll; General Motors chairman Thomas Aquinas Murphy; Special Advisor to the President on Inflation, Robert Strauss; I. W. Abel, former president of the United Steelworkers Union; and Robert Abboud, chairman of the board of The First National Bank of Chicago.

The conference is one in a series of seminars and lectures to which the U.S. business community has been subjected over the past few months as part of an effort by London-centered financial networks to prevent U.S. participation in the ready-and-waiting European Monetary System (EMS).

To bury the concept of government responsibility for industrial and technological advance, a concept central to the new EMS, London networks, through Kissinger, are manipulating the justifiable anger of businessmen strangled by environmentalism and tax policies into an undifferentiated assault against "Big Government."

This antidirigist, "free enterprise" sentiment dominated the New York productivity conference. The keynote, presented by C. Jackson Grayson, chairman of the American Productivity Center and former chairman of the U.S. Price Commission, set the tone.

Ignoring completely the cause of worldwide inflation—namely, the inherent inability of the IMF-World Bank dominated international monetary system to support real economic growth and world trade — Grayson instead called for a "national productivity effort which, in my opinion, is the single most effective thing that this nation can do."

"The prime source of growth is productivity," said Grayson. "If we are to have growth, reduce inflation, and create jobs, then there must be an increase in productivity. . . . I propose a productivity solution. . . . Call it, if you will, Proposition 14: Productivity. . . ."

Grayson's theme was echoed by Thomas Murphy of General Motors, who blamed "government spending as the greatest single cause of this year's inflationary spurt" and called for the country to emulate the "miraculous Mr. Jarvis (the sponsor of Proposition 13) by embarking on an anti-government binge.

Likewise, Thomas Raleigh, senior vice president of Lockheed Corp., maintained that "the Jarvis sentiment is the national voice of the people. The theme of Proposition 13 is that the American people have had enough of Big Brotherism. . . . We need a Jarvis-Gann initiative on productivity, unemployment and inflation, a labor-industry coalition to boost productivity."

Government regulation was hit by nearly every speaker as a prime cause of declining productivity, including by Fed Chairman Miller. Miller, who has repeatedly insisted that the American economy would benefit from a recession, put on his best probusiness face and called for an "extensive reform of Federal regulatory activities" and for devoting "a larger share of GNP to capital investment."

Miller hasn't reformed overnight; he is just clever enough to know that the deregulation issue is not only one of the easiest ways of diverting the business community's attention from the real solutions to the current economic mess, but it can be a very effective weapon against industry, as the havoc wreaked on the airlines by rate deregulation amply testifies.

While the speakers took pains to insist that productivity is not antilabor and does not mean speed-up or wage cuts, the ruthless gouging of labor's living standards is the bottom line of any productivity program that operates within the antigrowth confines of the current world monetary system.

—*Kathleen Murphy*