

National News

Administration pressures Europe on Indian Ocean build up

Under Secretary of Defense Robert Komer, who ran Operation Phoenix in Vietnam, appeared before the House Foreign Affairs Committee on Wednesday to announce that American troops will soon be stationed in Oman, Kenya and Somalia. Forts in those three countries have been selected as base facilities for U.S. combat forces deployable to the Persian Gulf region. The major function of the hearings was their function as a forum for escalating U.S. pressure on Western European NATO members to join Harold Brown's proposed "Rapid Deployment Force," or have Europe "take up the slack" in the European theater itself through a NATO build up that would free U.S. forces stationed in Europe for deployment to the Indian Ocean.

Rep. Paul Findley (R-Ill.) widely known as a Hill spokesman for NATO, questioned Komer: "There would be enormous public resistance to the United States getting involved all by itself to meet a Soviet threat in the Persian Gulf." Findley thus echoed the recently stated policy of former NSC director, McGeorge Bundy; "If Europe wants its oil, it will have to send its own troops."

Findley then continued; "It would be a serious error for the U.S. to fail to obtain allied support from the first moment."

In a frank admission of the black-mail pressure being applied to Europe, Komer replied; "We're actively working on that problem."

Anger spreads against Volcker's credit policy

Anger is spreading throughout the country against the monetary policies of Federal Reserve Board chairman Paul

Volcker. Last November the sentiment against Volcker was already so strong that the Illinois State Legislature passed a resolution demanding that Congress either reverse Paul Volcker's policies or demand his removal from office. In the wake of the Federal Reserve chairman's latest announcement that credit policy will be tightened, a number of other legislatures have moved in the direction of the Illinois legislature.

Legislation addressed to the U.S. Congress calling for an immediate reversal of the high interest rate policy caused a heated battle in the Pennsylvania state legislature this week when it came up for a vote. The bill, House Resolution 154, was introduced by Democratic State Rep. Joseph Zeller, cosponsored by six Republican and Democratic representatives, was moved onto the floor when 25 legislators from both parties signed an emergency motion to speed its passage. Despite strong pressure from particularly Pennsylvania auto dealers and homebuilders, who have vowed to fight for the bill's passage, it has been deferred by the legislature.

In Maryland, Senate Joint Resolution 58, introduced by Baltimore legislator Clarence Mitchell III, chairman of the National Conference of Black legislators, also attacking the credit crunch is now pending action. In an unusual move, black community leaders from Washington, D.C. have become involved in the political fight around the Mitchell resolution in Maryland. Jonas Milton, former chairman of the Washington, D.C. Steering Committee of PUSH, and Reverend John Shaw, Grand Master of the Washington, D.C. chapter of the International Masons, sent a special statement to Mitchell, urging swift passage of the bill.

In California, the state Democratic Council is now debating legislation against the Federal Reserve policy, submitted by 125 member-delegates, including members of the council's Black Caucus. The gathering of California liberal Democrats is expected to endorse some form of anti-usury motion which will then be forwarded for Congressional action.

Congressional resolution against Federal Reserve policy introduced

On March 26 Senators Warren Magnusen (D-Wash.) and Jim Sasser (D-Tenn.) introduced a resolution, S.392, demanding that the Federal Reserve take immediate steps to lower interest rates, because high interest rates are causing severe inflation, unemployment and a crisis for industry. In introducing the resolution, Senator Magnusen declared, "The Federal Reserve's high interest rate policy is a travesty and should be abandoned. Left unchecked, the Federal Reserve high interest policy will make inflation worse now and later. At the same time it will bring on recession and higher unemployment. ...How will business, particularly small business, be able to afford to borrow funds to invest in the new equipment, technology, and research they will need if productivity is to be increased?"

The Resolution itself demands that "the Board of Governors of the Federal Reserve System should immediately take steps to reduce interest rates." The resolution calls for this action because "the Board of Governors of the Federal Reserve System has taken successive steps to repeatedly raise interest rates which have repeatedly raised the consumer price index; whereas higher interest rates have not reduced inflation but do reduce productivity and prolong national dependence on foreign oil." However the resolution says that the Federal Reserve could use its powers to control credit supply through selective credit controls if necessary.

Schultze for Reagan, and against gold

George Schultze, a director of the Bechtel Corporation in San Francisco and an adviser to Ronald Reagan, is throwing his weight into that tendency in the

Reagan camp which is adamantly against the use of gold as the foundation of the world monetary system.

"I am against the use of gold as the base for the monetary system; the price fluctuates too wildly. I share Milton Freidman's views on this," Schultze stated this week.

This statement should disabuse those circles in West Germany who were responsible recently for planting an article in the newspaper *Handlesblatt* which linked Schultze's involvement in the Reagan advisory camp to reports that Reagan would support a greater use for gold in world trade and finance.

New York: in imitation of Peking

Using the current transit strike, New York's Mayor Koch apparently intends to alter the character of New York on the model of the zero-growth city of Peking, which Koch just visited for two weeks, and whose population is noted for its docility, its ability to suffer and to accept death and ruin.

As the New York and national media has featured New Yorkers "acclimating" to the strike—including one *New York Post* quote from a psychiatrist that "New Yorkers would react greatly in a nuclear war"—Koch himself exclaimed April 2: "This is wonderful. Look at all the bicycles, look at all the people walking. This is the spirit I saw in Peking."

After Koch made this statement, a New York political insider remarked, "Koch currently has the same self-identity as Chairman Mao, forcing sacrifice in the face of adversity. He is imposing self-sacrifice and self-discipline. This is truly the Chinese spirit."

Along the same lines, several policymakers for the Aspen Institute and the Club of Rome have been stressing that China's zero growth society is the model for the U.S. Stated one Club of Rome member in an interview this week: "More people should read Chairman Mao. He was brilliant. He reduced de-

pendence on foreign aid by balkanizing China, by having no city dependent on the rest of the nation, by having all regions self-sufficient. We can draw a great many lessons from Mao. Balkanizing is the way the U.S. has to go."

The pro-Chinese *Christian Science Monitor*, in an editorial April 3, gave a good idea what this is all about. "New Yorkers are happy when they are miserable," the *Monitor* stated.

Will the Eximbank go broke?

Sources from the Senate budget committee this week confirmed that the Export-Import bank may be forced to cease lending come June 1 for lack of funds.

The bank at present only has \$600 million remaining out of a total federal government appropriation of \$3.75 billion. Whether the bank will remain open past June 1 is contingent on resolving a dispute between the White House, the Senate and the House over how much the bank will be allocated for 1981.

Congressional sources involved in working out the future government appropriation for the bank indicate that there is little likelihood of a resolution to the dispute before June 1. These same sources indicate that the bank was promised by the White House late last year approval to increase its current lending ceiling from \$3.75 billion to \$5.8 billion. Confident that such an increase would occur the bank escalated its lending rate. Then came Federal Reserve Chairman Paul Volcker's tight credit policies which prompted Senator Muskie to close the budget window on the bank, meaning that it went into 1980 with no new government funds.

"With the tight budget fever in Washington," said a Washington source, "there is even the possibility that when the dust clears the Eximbank will find itself with even less funds than last year." According to an Eximbank source, the demand for low interest rate Exim loans has never been greater than at present.

Briefly

● **CARTER BUDGET CUTS** will gut the Coast Guard's drug patrols in three or four of its 12 districts, sources say. Drug intercepting cutters are already docked because of lack of funds to pay for their fuel. Carter's budget message contains \$37 million in cuts for the Coast Guard. The Coast Guard has been forced to halt drug-running patrols in 2 Northeastern districts embracing much of the key New England coastline, and also Alaska. If Congress does not soon approve an emergency \$13.5 million fuel cost appropriation, the suspension of patrols will extend to several other districts covering a much greater portion of the nation's coast.

● **CITIZENS PARTY** leader Harriet Barlow of the Institute for Self-Reliance was in private discussions this week with Anderson-for-President staffers in Washington to try to win Anderson's agreement to become presidential standard-bearer on the Citizens Party ticket. "The chances are only 1 in 100 now that he'll do it," Barlow remarked. "But I have a fantasy that he can be won over. He's as committed as we are to seeing the values he's running for made a key focus of the presidential campaign."

● **A BILL** signed into law by Carter on Friday, grants the Government Accounting Office (GAO) complete authority to audit the books of federal government contractors. Under the new law, the GAO can go directly to federal court to obtain subpoenas gaining access to books without requiring Congressional approval, and can obtain court orders to acquire additional information requested by GAO auditors, without approval by the Department of Justice.