

Special Report:

Capitalist Faction Discovers Politics; Int'l Development Policy Emerges

Oct. 22 (IPS) — For the first time in post-war history, a U.S. capitalist faction has begun to use economic policy as a political weapon and is converging on a programmatic opposition to Rockefeller's bottomless depression.

*First National Bank of Chicago President Chauncey Schmidt, travelling throughout Eastern and Western Europe, has in the last week called for the development of a Mideast investment bank to implement technology-for-raw materials transfers, and for the creation of convertible East European currencies. Two major deals between the Soviet Union and International Harvester and Allis Chalmers have just been completed, while key Chicago spokesmen are in Mexico, the Mideast and Europe consolidating more trade.

*Subverting the avowed purpose of Sen. Hubert "Whoratio" Humphrey's slave-labor hearings in Chicago yesterday, Mayor Richard Daley urged that "the U.S. must maintain investment in industrial production" as well as "protecting the social welfare of eight million people who live in New York City." Chicago banker Robert Abboud added that America's pre-eminence in the world is based on its production of agricultural and machine tools and that "any industrial economy must start with ample supplies of nuclear energy."

*Today, Sen. Adlai Stevenson (D, Ill.) broke up Senate Banking Committee hearings on bailing out New York City by charging, "I personally know that some of the foremost bankers in the country, who are opposed to a bail-out, are being intimidated by the New York banks." On Monday, Presidential press secretary Ron Nessen had set the ball rolling by noting that "in truth, a federal bail-out would only aid the banks and the bondholders."

With the questions of bankrupting the Rockefeller dollar and expanding industrial production squarely on the table, the U.S. capitalist faction has run right up against the next step — the re-establishment of an international credit system and the redefinition of the basis for credit. An aide in Rep. Cardiss Collins' (D, Chi.) office grappled with this Monday as she realized, "This isn't just New York City you know. The whole international economic system is coming down." And an aide to Sen. Charles Percy (R, Ill.) took it a step further with, "Well, a debt moratorium

would have to be followed by a new international financing mechanism or it wouldn't mean anything...and a new currency too, wouldn't it?"

The U.S. Labor Party's International Development Bank and the just-released Full Employment Act of 1975 provides the material basis for reestablishing credit — the expanded reproduction of labor power. USLP intervention into this U.S. faction with the Full Employment Act will dispel any lingering illusions that production can be restarted on the basis of austerity.

Faction Broadens

Speaking before a group of Rumanian economic officials on Oct. 14 and before a group of British trade officials and businessmen on Oct. 16, Chauncey Schmidt set the international terms for the U.S. industrialists' program. In Rumania, Schmidt noted that the major problems facing the world were the "growing illiquidity in the world's money markets, and the concomitant contraction in world trade." He then adopted a position on currency reform similar to the West German faction of Gerhard Stoltenberg, stressing the lack of convertible East European currencies as possibly the single most important impediment to East-West trade, and called for several East European convertible currencies.

In London, Schmidt proposed the creation of a Mideast investment authority to coordinate Western investment in the Mideast. Simultaneous with Schmidt's speech, delegations from Egypt, Jordan and Iraq were in Chicago, while various key Chicago industrialists and editors headed for the Mideast. Egyptian President Anwar Sadat will visit Chicago next week.

This pro-development ferment has spread beyond Chicago to the West Coast especially. The California Secretary of Transportation is currently in Saudi Arabia seeking jobs for California engineers. And the Los Angeles Times is picking up the factional slant of the Chicago papers, variously attacking Swedish Premier Olof Palme's hypocritical social democratic veneer, and reporting on recent U.S. industrialist trade deals with the Soviets, and on advances in Soviet agriculture.

This convergence on a programmatic international alternative to Rockefeller has pushed the factional situation on domestic issues to the breaking point — with New York City providing the final straw.

Sen. Stevenson's emotional disruption of the Senate Banking Committee hearings and of Rockefeller's attempt to railroad a bail-out bill for his brother David today makes public what has been simmering on Capitol Hill for days. As one liberal Senator's aide told USLP organizers Monday, "Do you know who Rockefeller met with last week? Why he met with his brother David! You know Chase Manhattan Bank is heavily involved in the New York City crisis and would take a large beating."

Stevenson's demand to hold at least one more day of hearings to hear from opponents of the bail-out was immediately picked up by Sen. Joseph Biden, a freshman from the DuPont family's state of Delaware who worried Committee chairman William Proxmire, "I don't want to be crass, but you're going to need the Biden-Stevenson vote to pass any legislation out the committee."

This open tangling with Rockefeller and his flunkies is mirrored in other ongoing battles. The "House of Rockefeller's" oil empire is being directly tackled — by name — in a series of Congressional hearings aimed variously at breaking up domestic oil companies, at halting a \$6 billion Project Independence appropriation and at the Bechtel Corp.

Rockefeller's Defense Secretary Schlesinger, who of late has been urging Europeans to consider East-West trade a military provocation, has just been dealt a severe blow at home as liberal Senators and conservative Congressmen have demanded \$76 billion of Defense Department budget cuts. Schlesinger has termed the cuts "savagely." Senator McGovern is linking a 10 per cent cut in the world-wide arms budget proposal to demands that the U.S. dump Kissinger's food-is-a-weapon policy and develop a serious international food policy.

However, McGovern's position on international agricultural policy immediately outlines the next battle for the U.S. working class. McGovern proposes massive labor-intensive, family-oriented agricultural investment — completely dodging the necessity of defending the labor power of the working class.