

The Eximbank, The Federal Reserve And The Dollar Crisis

The effect of the Blumenthal-British "hard dollar" defense, plus the appointment of Felix Rohatyn crony William Miller to head the Federal Reserve Bank, has greatly increased the urgency of the Labor Party's proposal to expand the lending ceiling of the U.S. Export-Import Bank. Above all, this proposal must be seen as an *emergency* measure. Combined with executive utilization of the Federal Reserve's powers to provide low-interest credits to failing industries and municipalities, the expansion of the Eximbank will give the U.S. dollar and economy the breathing space in which a coherent Third National Bank policy can be debated and enacted through Congress.

This concept is well understood in Europe, where government representatives this week tried to lift the ceiling of export bank authorizations internationally, in tandem with their discussions in Basel over support for the dollar and moves toward a gold-based monetary system. It must be equally well understood here.

The key to the emergency measures is the fact that the charters of the Eximbank and the Federal Reserve already provide for the appropriate action. In the slightly longer term, full control over national credit must be restored to the Federal government through the combination of Eximbank and Federal Reserve functions into a newly chartered Third National Bank, fully reestablished along Hamiltonian lines.

Changing Eurodollars Into Export Credits

The core of the Eximbank proposal is to expand its lending ceiling, and then use its chartered powers to do a general banking business by attracting the \$450 billions of Eurodollars hot money into long-term development loans. If it receives this kind of congressional mandate, the Eximbank would immediately open a branch in Luxembourg, and begin to absorb funds as deposits for five-year terms. It would begin to take part, as elaborated by its charters, in purchases and sales of gold, thus preparing it to collaborate with those European bankers who are readying a return to the gold standard as a *sine qua non* of a new international monetary system based on expanded trade and technology transfer to the developing sector.

Thus the U.S. government will have to issue *no new credit* in order to support a massive increase in export-development credits. In fact, it will be decreasing inflationary government issues by taking that money out of the hands of those conducting financial warfare against the United States, and backing it with hard-commodity, high-technology production. In this case, George Meany's ravings about how foreign governments issue direct credit to their export banks and how our "free

enterprise" system would be subverted if we competed, are simply hogwash and lies.

Reviving U.S. Industry

The conversion of this currently wasteful and dangerous liquidity into export credits will go a long way to activating the idle capacity and unemployed skilled work force of the United States. The Eximbank is not empowered by its charter to provide loans to U.S. industries who must build new plant and equipment, however, nor can it provide the low-interest loans which are necessary for upgrading education, health care, research and development, and other nonexport, but vital aspects of the U.S. economy. The *emergency* measure necessary to handle this problem is the establishment of a two-tier credit system of the Federal Reserve.

Like the Eximbank, the Federal Reserve has charter provisions which are vital to stopping the destruction of the U.S. and world economy, but are not being used. These provisions allow it to issue low-interest credits on a discriminatory basis to those sectors of the economy whose bankruptcy will destroy U.S. productivity, and to maintain or even raise interest rates for those financial activities which are purely speculative and destructive. This power can be exercised by the executive of the Federal Reserve immediately, as soon as it is assured of sufficient political support throughout the nation. The only immediate sticking point is the nomination of Felix Rohatyn crony and British agent William Miller to Fed director; if his nomination is not confirmed, and he is replaced by someone with the interests of America at heart, these measures can and must go into effect in weeks.

The Third National Bank

If the dollar is not to be reduced further than the 25 percent drop of 1977, if world trade is not to grind to a halt, if the industrial potential of the U.S. is going to be available to save the world from holocaust and war; then the Eximbank and Federal Reserve emergency measures must be implemented. They will not, however, eliminate the need for reestablishing a national bank of the United States.

A national bank is the only coherent way for a country to plan and regulate its long-term economic development. Export policy must be coordinated with long-term investment for entering a nuclear fusion-powered economy, and for rebuilding the cities and skilled labor power of a United States depleted by decades of British-style "fiscal-conservative" austerity. The "independent" Federal Reserve was set up in this country as an institutional means of subverting such a development

policy, and in the longer term its policymaking powers must be brought back under congressional policy control.

A national bank will create new credit — credit backed by real wealth that will allow taxes to be paid, production to be cheapened, and the U.S. to provide the technology, along with the Soviet Union and Western Europe, for a world technological revolution. It will be credit backed by the political will of the American population for scientific human progress, prosperity for its posterity as well as the current generation. The British monetarists are opposed to it now for the same reason it opposed Hamilton's plan 200 years ago: industrial growth will subvert their political and economic stranglehold on the world.

Intensive debate and study of Alexander Hamilton's and the Labor Party's proposals for a national banking system are absolutely essential for the revival of the full

greatness of the American System in the months ahead. Immediately, we must save the U.S. economy through the instruments at hand. This itself will require dealing devastating defeats to the British environmentalists infesting the Carter Administration, as documented below. It will also succeed in immediately turning around high-technology export industries, such as the aerospace industry, as the following study shows.

This action will follow the letter and spirit of the drafters of the Eximbank's 1945 charter: "It is the policy of the United States to foster expansion of exports of goods and related services, thereby contributing to the promotion and maintenance of high levels of employment and real income and to the increased development of the productive resources of the United States."

—Nancy Spannaus
Editor-in-Chief

Environmentalism Lawsuit Threatens Eximbank

Environmentalists have launched a campaign to bypass Congress and destroy the Export-Import Bank administratively. The vanguard of the attack is a lawsuit, *Natural Resources Defense Council and National Audubon Society v Export Import Bank et al.* (Civil Action Number 77-0080), which, if won, would subject every loan agreement or guarantee to the environmental impact statement process including, presumably, environmentalist interventions and lawsuits.

Less public, but equally a part of this environmentalist campaign against American industry is the maneuvering now going on within the White House and the federal bureaucracy. In fact, not since James Rodney Schlesinger's refusal to appeal the *Calvert Cliffs (I)* decision in 1971 while he chaired the Atomic Energy Commission, have the environmentalists gained so much government aid in achieving their goals.

In the White House

On May 24, President Carter empowered his Council on Environmental Quality (CEQ) to issue regulations on the implementation of the National Environmental Policy Act (NEPA), which would be binding on federal agencies. In earlier guidelines, the Council suggested that NEPA be applied to government agency actions, "in the United States, in other countries, and in areas outside the jurisdiction of any country." At that time, the CEQ failed to consult the State Department, as required, on the implications of such a policy. Now a draft of the proposed binding regulations is reported to maintain the same position. On Jan. 6, 1978, the CEQ is holding a conference of "interested agencies" to bludgeon as many federal agencies as possible into supporting their regulations. If the Eximbank, State Department, and other agencies issued formal statements of opposition, the CEQ would find its ability to tie up Eximbank loans hampered.

At present, Eximbank loans are approved six weeks

after application, while an Environmental Impact Statement (EIS) normally requires six to 18 months of preparation.

Even if national sovereignty was not impugned by the EIS process, any other advanced sector country could get an export deal completed in less than one-tenth the time.

The CEQ appears to be acting as the White House office of various environmental organizations. Its three members are experts in environmentalist obstructionism. Chairman Charles Warren was a California state assemblyman who drafted and oversaw the passage of most of that state's environmentalist legislation, including the Nuclear Safeguards Act, which Governor Brown has used to buttress his own zero-growth policies for the state. James Gustave Speth was a cofounder and staff attorney of the Natural Resources Defense Council, which is also a plaintiff in the Eximbank suit. Carter's nominee for the third position on the Council is Marion Edey, founder and chairman of the League of Conservation Voters, was rejected by the Senate committees. However, her nomination has not yet been withdrawn.

If the council's arm-twisting tactics don't lead to environmentalist victory, opening up U.S. trade policy to greenie sabotage — which could be the final blow to a high-technology export program — domestic policy advisor Stuart Eizenstat is scheduled to "mediate." Last spring Mr. Eizenstat stated that the Natural Resources Defense Council's rabidly zero-growth program, *The Unfinished Agenda*, was the guide for Administration policy.

In the State Department

On May 31, the State Department informed the Nuclear Regulatory Commission that in its opinion the National Environmental Policy Act did not apply in foreign territorial jurisdiction and indicated that any efforts to formulate environmental impact statements or permit non-