

United States' Industrial Heartland Wants Expanded World Trade

The following analysis was issued on Jan. 15 by Warren Hammerman, U.S. Labor Party National Executive Committee member:

Across party lines and traditional interest-group institutional arrangements, a political configuration committed to economic growth is rapidly coalescing in the credit-starved, yet skilled-labor-and-technology-rich Midwest. Along with similar processes underway among the Atlanta-Texas industrial policy grouping, the Pacific Coast trade and technology complex and the Eastern seaboard's multifarious proponents of capital and energy intensive commerce, unprecedented ferment in the states of Illinois, Indiana, Michigan, Ohio, Wisconsin and Missouri is centering around the U.S. Labor Party's proposal to expand the Eximbank and commit the nation to a full-scale industrial and agricultural expansion, spearheaded by an unambiguous nuclear energy exports policy.

Throughout the industrial heartland, leaders of international trading corporations, skill-proud trade union officials, technology-oriented farm strata, industrial-capital bankers, scientists and educators are assimilating the fundamental common lesson of the current world trade and dollar crisis: gearing up the industrial and agricultural production hub of the world's economy in the United States is the key to assuring the global economic development.

What the Insiders Know

From the land of Lincoln through Detroit and into Ohio, leading corporate, political and union officials have foremost in their minds the certain knowledge that *already-negotiated* massive trade deals could turn around the state of the American economy virtually overnight. One massive trade and development package for Italy is currently stalled for lack of a financing vehicle; contracts for construction of industrial infrastructure in several Mideast nations are postponed. Large-scale orders for capital goods and agricultural produce from the Comecon sector are blocked until primitive direct barter or other special arrangements are made. Fully detailed domestic economic expansion projects and technological modernization programs for the steel and auto sector are similarly impeded for want of low-interest credits.

Economic activity to revitalize the Midwest, or the rest of the American economy, will not come from any program which falls short of a full expansion of the world-economic "pie" supported by adoption of Hamiltonian credit policies in the United States. The ludicrous nature of "alternative" heteronomic tussles which are going on among credit-starved areas in the nation, one against the other, was graphically indicated to me by the following sequence of events I recently encountered in the Midwest.

In Chicago I was informed that the city "almost"

landed the construction of a Ford plant, which would have meant jobs and revenue but, unfortunately, the bid fell through, and was awarded to another location in Ohio. At the outset of a discussion three days later in Detroit, one banking official reported that Michigan had just "lost" a big Honda factory to another site. Some hours later I was informed that industrialists in the state of Ohio were upset for having "lost" a Volkswagen plant to Pennsylvania!

At the same time that state, regional and local groupings are scheming in byzantine intrigues against one another — which, at their worst, are manipulated into virtual internal, domestic trade wars — the large-scale global development projects and domestic economic packages around nuclear energy and other energy intensive projects are suggesting outright sabotage.

The PEMEX Case

The Mexican national oil company, Pemex, on Dec. 22 notified the U.S. government and six U.S. companies negotiating purchase of Mexican natural gas, that Mexico was withdrawing from negotiations and would not extend discussions beyond a Dec. 31 deadline. The United States has now lost not only the Mexican contracts worth one billion cubic feet per day in 1979, rising to two billion in 1981; also, the U.S. has lost \$340 million in exports financed by an Eximbank loan which would be used by Mexico to finance the Cactus-Reynosa gas pipeline project. The front pages of leading Mexican newspapers have openly declared that James Schlesinger and Walter Mondale have knowingly sabotaged the deal. (see *Executive Intelligence Review*, Jan. 10, 1978, Vol. V, NO. 1).

Approximately one week before the Mexican government announcement, Eximbank chairman John Moore issued an excellent summation announcement on the implication of the Pemex deal for stimulating American economic activity and creating skilled jobs:

This huge financing package opens the way for bids by U.S. firms such as those manufacturing steel pipe and plate, valves, pumps, compressors, gas turbines, drilling equipment motors, instrumentation and controls and hundreds of other items related to the petroleum and natural gas industries. The "ripple effect" of these contracts and subcontracts should effect employment in widely diversified areas of the United States. Based on a rule of thumb, and assuming U.S. suppliers' bids for equipment and services will be competitive with those of other nations which will be bidding to Pemex for this massive project, roughly 40,000 jobs for American workers will be supported.

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Despite the Eximbank's straightforward evaluation of the economic stakes of the Pemex deal, Schlesinger and Mondale sabotaged the package — against fundamental

national interest. The notorious "hesitation" of the United States to accept the Shah of Iran's contract offer — estimated to be comparable in size or larger than the United States entire 1977 trade deficit — for the construction of eight nuclear power plants was also the responsibility of James Schlesinger and others.

The British Thing

During my trip to Chicago just before the Christmas holidays, a number of people expressed the following sort of attitude: "I agree with the policy thrust of the U.S. Labor Party Eximbank proposal but I don't agree with this British 'thing,' this Kissinger-Blumenthal-Schlesinger-London merchant bank conspiracy against the U.S. economy you talk about." By early January that perception among similar strata was not as prominent because of an array of intervening developments.

Firstly, G. William Miller, an associate of Felix "Big MAC" Rohatyn, had been named to head the U.S. central bank which in turn propelled the pro-development European architects of the Luxembourg hard-commodity trading center to openly deploy politically against the London-centered monetarist grouping. Secondly, the OPEC price-freeze and West European policy discussions around gold-backed trading currencies was answered by the British-dominated speculator networks with a new wave of assassinations, terrorism and dangerous Mideast destabilizations. Finally, the night before I arrived in Chicago, Henry Kissinger spoke at the Chicago Council of Foreign Relations where he advanced the thesis that it was the technological progress of "advanced industrial societies" which brings about their economic and political "instabilities."

By mid-January the attitude among many industrialist, labor and banking officials had shifted to the assessment that the U.S. Labor Party Eximbank proposal would "work technically" which raised the question, awesome in many minds, of figuring out how the proposal could be *politically* won in Washington. Many supporters of the Eximbank in the United States had been defensively bracing themselves for attacks, in the four Congressional hearings on Eximbank this year, from an assorted zoo of Naderites, human-rights and nuclear non-proliferation hypocrites like Senator Charles Percy, labor-intensive policy advocates of monetarist banking reforms like Senators Reuss and Proxmire from Wisconsin, and "labor" protectionists. Thus, many supporters of the Eximbank were thinking that would be a "major victory" if the existing Bank appropriations and charter stayed intact, let alone organizing a full-scale offensive for Eximbank expansion.

Threshold for The American System

Three extraordinary and virtually simultaneous pronouncements indicate that a sufficient "political threshold" exists in the United States at this moment to no longer warrant the sort of defensive thinking heretofore predominant among pro-development, high-export, pro-nuclear development strata in the United States. The cumulative ferment among industrialist, urban, labor, and farm strata for economic growth programs will now determine an aggressive rallying of broad-based forces behind an "American system"

solution of economic development through advancing technology.

The three indicated political signals which confirm this judgment are: 1) the NAACP's dramatic announcement of a policy commitment to nuclear energy development as the program for achieving skilled jobs for the nation's urban populations; 2) Sen. Stevenson's call for full hearings beginning in early February around a gearing up of U.S. high-technology exports, expanding the Eximbank and prioritizing research-and-development as well as basic science expenditures; 3) the American Farm Bureau's national convention commitment to a policy of expanding American agricultural exports through maintaining technologically advanced agricultural exports through maintaining technologically advanced standards in the farm sector and defending the high-protein diet of the American population in general.

It has been by no means accidental to the heightened pro-economic-growth ferment in the industrial heartland of the United States that certain newspapers in Chicago and Detroit have been instrumental in first announcing these three developments to the nation.

The Chicago-Gary-Milwaukee complex understands the benefits of immediately forcing up production output of machinery, iron and steel, metal and electrical products, chemicals, food processing, oil refining, soybeans, corn and dairy products. The Detroit-Toledo belt is well aware of the significance of revitalizing developing-sector markets for tractors, trucks, automobiles, machinery, metal, glass and chemicals. Indianapolis-Cincinnati-Dayton forces recognize the common interests for industry and labor around large new orders for transport equipment, electric and metal products, machine tools and chemicals. Missourians would not hesitate to rally behind expansion programs for food processing, aerospace, auto assembly and so forth.

The solution to the politically enigmatic labor question in the United States, as the NAACP has already indicated, is *not* the economic suicide road of protectionism of leaf-raking public works programs but rather lies in the creation of more skilled jobs. The orders of magnitude of real economic payoff for American labor, farm and industrialist strata, of a full-technology policy along the lines of the U.S. Labor Party's Eximbank and associated proposals, is indicated by four generally corroborative studies:

- (a) A private marketing study of a leading U.S. nuclear industry supplier estimates that the American share of global nuclear plant construction between 1978 and 1982 alone means 2.1 million man-years of jobs for American workers, over \$4 billion in steel orders and more than \$20 billion in export dollar earnings. (see *Executive Intelligence Review*, Dec. 26, 1977, Vol. IV, No. 52.)
- (b) The U.S. Labor Party's proposed *Nuclear Energy* million skilled jobs for American workers. (see 1,000 domestic nuclear fission reactors alone by 1990. Today the construction of a single, typical 1,000-megawatt fission reactor power plant uses 35,000 tons of steel, 300,000 tons of concrete, and requires 1,900 machine tools, 4,000 skilled workers plus 200 scientists

and engineers.

- (c) An extrapolation of the Eximbank activities in Fiscal Year 1976 to the proposed \$200 billion ceiling of the U.S. Labor Party proposal translates into approximately 11 million skilled jobs for American workers. (see *Executive Intelligence Review* "Special Supplement," Jan. 10, 1978.)
- (d) A U.S. Treasury study prepared under William Simon's tenure concluded that between the years 1975 and 1985 the appropriate capital-formation policies of the nation should channel no less than \$4 to 4.5 trillion into private investments in order to create approximately 18 to 19 million new skilled jobs in that decade. (see *Executive Intelligence Review*, Dec. 6, 1977, Vol. IV, No. 49.)

On Balance

To date, even the best of American pro-development policy spokesmen have failed to take day-to-day policy responsibility for world strategic developments as many of their West European counterparts have. There exists a margin — the margin between winning and defeat — between simply waiting for programs of economic

recovery to reach a "consensus" and openly, out-front, creating the conditions for policies in the national interest.

In Western Europe, Japan, the developing and Comecon sector there are forces committed to global economic expansion through scientific development, and their eyes are constantly on the United States for political signals of similar partisanship. Many West European industrial and banking spokesmen, for example, have made it plain that they know exactly the implications of the loose money, deindustrialization and low-energy man, G. William Miller, taking over as head of the U.S. central bank. It was West European spokesmen who called the shots of Mike Blumenthal's "malign neglect" policies against the U.S. dollar.

The political stage is now set, both in the United States and throughout the world, for clear voices to be heard announcing an economic development offensive along the principles established long ago by Benjamin Franklin, Alexander Hamilton and George Washington. Such a decisive political development would serve to tip the entire international correlation of forces in favor of "atoms for peace" and economic prosperity policies.