

gave out. Continuously, Britain had to "correct" these impulses through outright dirty operations, breaking its public-relations image as America's "junior partner." Although France too often fell into Britain's "anti-American" trap, General de Gaulle was too great a statesman to forget that France's overriding national interest centered on America. Contrary to the usual version, reiterated in the present book, that de Gaulle's "European unity" efforts were a scurrilous plot against American leadership, the epitome of De Gaulle's European policy — the 1963 Friendship Treaty with Konrad Adenauer's German Federal Republic — was undertaken with the enthusiastic support of the American State Department. London sold us a bad dream, and proceeded to hit us on the head at frequent intervals to prevent our waking up.

In this spirit, Wiseley's book purports to be a history of money reaching back 5,000 years, where it really is a history of the Bretton Woods monetary system, written to inculcate Mephisto's view that "All that arises only deserves to go to ground." The fake objectivity of the "long view" is for the sheep. But the falsehoods by context and by fact are less interesting for our purposes than the truth: that American world policy floundered after World War II because Americans employed British *thinking*. Since Americans who have undergone the tutelage of Bacon, Locke, Mill, and Russell don't believe that thinking has much to do with their actions, Wiseley's book is not likely to have much circulation in the United States, for the most ironic of all reasons! Except that it would deny the author royalties, it's too bad. It would be a useful exercise in Platonic dialogue for American policymakers to sit down and subject themselves to Dr. Wiseley's revealing contempt. Let them look over the shoulder, so to speak, of the Royal Institute of International Affairs, while it ridicules them for taking British advice and aping the Paz Britannica! Again, *A Tool of Power* is not written for the sheep to understand; but if some of the sheep read it from the right vantage point, they might stop bleating.

Why, despite upwards of \$50 billion of postwar

expenditures, did the United States find its economy and the dollar slipping by 1958? Most Americans still recite nursery rhymes about the "business cycle," including former Federal Reserve Chairman Burns and the Federal Reserve staff. But the RIIA and its tool, Dr. Wiseley, don't believe in such myths circulated for the benefit of the credulous, any more than trade war specialist Adam Smith believed in "Free Trade." These events in the economic sphere occurred, the RIIA says plainly, because Britain persuaded the United States to enter a Cold War against its best national interests. Secondly, they occurred because the U.S. adopted a rentier, or financial investment, approach to European recovery, not a capital-goods export approach.

Who is responsible for this? Wiseley brags that Churchill and the Kissinger circuit sold that package to the dumb Americans, as this publication has also argued. In his words:

Since 1949 the British Foreign Office had been ruled by Lord Strang. As Permanent Under Secretary he had persuaded himself that British power could be perpetuated by maintaining appearances long after the realities had departed. Strang and the Foreign Secretaries for whom he served as "eyes and ears" shared the belief that their unique inheritance, centuries of experience with Europe and its colonies overseas, had somehow endowed them with a wisdom the United States would respect. In their schemes for the future, British leaders would provide the tutelage and policy guidance, while Americans would pay the costs in men and money to defend Western Europe and its empires. Persuasively Winston Churchill and Lord Strang had proclaimed that it was the "responsibility" of the United States to provide a "Pax Americana" for the 20th century.

Who, on the "American" side, carried out these orders, and perverted the Marshall Plan, which was to be the agency of European reconstruction, into an agency of Cold War?

Miller's 'Fiscal Conservatism' Ruse Will Cause A Crash

At this point, Federal Reserve Board Chairman, George William Miller's "fiscal conservatism" is not merely a ruse to gull credulous businessmen. It will

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produce a fullscale, 1929-style collapse of the current New York bull market, which has been produced by a combination of European determination to stabilize the dollar and London's desire to create a bull market that

can then be collapsed.

In testimony to the Senate Banking Committee on April 25, Miller said the Fed would "show the world we are acting with discipline" in crunching the money supply, driving up interest rates and postponing tax reductions. Miller used the White House "anti-inflation" push to declare that the Fed "will play its part" in the president's program, by "leaning against" the rising money supply.

The Miller "anti-inflation" maneuvering could not come at a more dangerous time for the U.S. economy. The corporate sector is moving from an excess liquidity

position to a shortage of liquidity, while inventories have dropped to historic lows. Corporate loan demand is currently rising at a 30 percent yearly rate and capital formation is extremely thin.

Thus the Miller austerity plans for the U.S. economy can only mean collapse of the bull market, and recession. This was made absolutely clear by London's Our Crowd New York banking spokesman, Leonard Silk in his April 27 New York Times column, "Will Credit-Tightening Lead to Recession?" "An unwritten law of politics and central banking is never to forecast recession and never to admit that policy is designed to induce one. . . . The Fed, which G. William Miller, its chairman, says is just beginning its fight against inflation, could readily cause a recession this year if it continues to push up interest rates."

Silk concludes that this policy, "would be likely to bring on a credit crunch and the recession *that only Wall Street wants.*" Silk is using "Wall Street" as a surrogate reference to his own designs.

This list of "fiscal conservative" dupes, financial and business spokesmen who have bellowed about the danger of inflation and have sung praises of Miller's austerity wrecking of the economy is, unfortunately, large.

Paul McCracken, Nixon's Council of Economic Advisor's head, dismissed Robert Strauss' "jawboning" approach and praised Miller's tough policies in a *Wall Street Journal* editorial feature. More, McCracken slammed Carter for not having initiated the austerity crackdown.

The next day the *Journal* reported that Miller "is not only delivering sermons worthy of his predecessor, but actually boosting short term interest rate targets to curb monetary expansion. . . . Maybe someone should start a rumor that controlling inflation is bullish."

That rumor had indeed already been circulated — in the Sunday April 23 *London Times* by Lehman Brothers, Kuhn Loeb 7 Company partner, Lewis Blucksman. Glucksman commended Miller for "making all the right noises" about inflation and called the stock market boom a "Strauss-Miller rally," adding, "I think Carter has finally gotten away from his Georgia cronies . . ."

With encomiums to Miller came the inflation scare stories. Alfred L. Malabre, Jr. in the April 24 *Wall Street Journal* laments piteously that "Whatever does develop, the overriding fact is that the recent, distressing pattern of inflation in America grows still more distressing when one reviews patterns elsewhere."

April 26 readers were treated to a "Taking Off Again" column in the *Wall Street Journal* and a front-page "Gloom Over Inflation is Spreading" dirge in the *Journal of Commerce* by Christopher Elias. The *Journal of Commerce* reported with similar fatalism, "Price Increases by Auto, Steel Firms 'Unavoidable'".

Miller can get away with this because financial and industry layers are acting stupidly, and because Administration officials who know better are propitiating the "anti-inflation" line originated by the

British financial press. The most striking example of this was Robert S. Strauss's April 26 speech to the Columbia Graduate School of Business where he said the Administration is "asking each American to insure he make some contribution to lowering inflation rates this year." Speaking directly to assembled corporate executives, he said, "you are in a position to make meaningful sacrifices in your own compensation and we expect it of you . . ."

The Miller-Blumenthal-Schlesinger forces are using the \$1 billion drop in the U.S. trade deficit in March to bolster their argument that "restraint" is working. In fact a cheaper dollar has produced an increase in exports — up nearly 10 percent in the month — but only to 1977 levels. As early as the first of this year, certain Arab orders were shifted from Europe to the U.S. to take advantage of a cheaper U.S. dollar. But that is merely re-carving the shrinking world-trade pie rather than establishing the actual basis for U.S. industrial expansion.

Westinghouse Electric chairman Robert E. Kirby told his corporation's annual meeting this week the truth of the matter: the Carter Administration policies — the Miller-Blumenthal tax reform policies — are aggravating inflation. "Rather than fostering exports to aid in our balance of payments, the Administration has devised a whole new set of taxes and restrictions that would substantially increase the costs and reduce the competitiveness of American companies operating overseas," he charged. One of the few corporate leaders to speak out, Kirby demanded measures to stimulate productivity and new investment.

The nearest thing the financial press could come to such a program was the *Wall Street Journal's* praise for Representative William Steiger's (R-Wisc.) proposal for cutting investment tax credits back to pre-1968 levels. Yet while the *Wall Street Journal* labelled this "an important intellectual and financial breakthrough" there is no mention of what the capital funds should be used for.

Meanwhile West German Chancellor Schmidt has found the means for massive trade expansion. Two days after the West Germans announced a 40 billion deutsche-mark (\$20 billion) nuclear power deal with the Iranians, a 4 billion deutschemark trade deal with Yugoslavia, and other deals, Chancellor Schmidt announced in a press conference on Wednesday that West Germany and the USSR would "negotiate a trade deal that would last through the century".

With all the world showing an unprecedentedly ment to expanding trade, and pinning down the concretes in a myriad of deals and political overtures. Why can't U.S. business and financial lenders make a similar intellectual breakthrough and realize that the only barrier to U.S. participation is the Miller-led austerity wrecking operation? or will the sop of higher interest rates for certificates of deposit and passbook deposits immobilize the New York financial community?