

Carter next cuddled up to the same Teddy Kennedy of whom during his 1976 presidential campaign he said "I don't have to kiss Teddy Kennedy's ass" to win the nomination. In a poor parody of each of Kennedy's stances on his pet issues — health care and judicial "reform" — Carter unleashed diatribes against the legal and medical professions for "ripping people off." Carter was setting himself up to embrace the Senator's "right to die" health plan and the unconstitutional judicial revision.

Carter's populism was exactly what the Kissinger-Kennedy axis was aiming for: a terrified Carter disoriented by opposition would imitate its fascist policies.

To maximize the threat of opposition the Kennedy crowd this week arranged the release of a recent Gallup

poll showing Carter's popularity as ebbing. George Gallup, a personal friend to the Kennedy clan, shows in his latest poll that Democrats prefer Kennedy to Carter as a presidential nominee 53 percent to 40 percent. Even in Carter's home territory, the South, the poll showed Kennedy running equal to Carter in strength.

At the same time Jerry Brown, who placed third in that Gallup poll, announced he was running a \$1 million effort to win the California Democratic primary for governor, a race in which he is unopposed. As the press has gloated, this is a sure sign that Brown wants to make a name for himself so that he can challenge Carter in 1980. And as Kennedy-clan associate Tom Wicker commented in the *New York Times* May 9, Brown's activities place Kennedy under pressure to officially announce his own presidential intentions.

Miller Comes Under Fire

White House Takes Aim At Fed Chief

Federal Reserve Chief G. William Miller is under fire in what promises to be a widening battle. As yet, only the first shots have been fired, beginning with an article in the *Dallas Morning News* May 6.

There it was revealed that the Bell Helicopter Division of Textron Company, formerly chaired by the Fed chief, had repeated its Iranian payoff operation, albeit on a lesser scale, in Ghana. Worse, it was also disclosed that a key document pertaining to the deal was destroyed the day after the matter was brought up in Miller's confirmation hearings last February.

Miller's confirmation by Senator William Proxmire's (D-Wisc.) Banking Committee had already been delayed several weeks when information was leaked that Bell had paid almost \$3 million in bribes to Iranian government officials to secure a helicopter sale. At the time the committee staff did not consider the much smaller Ghana payoff — some \$300,000 — to merit the same attention.

The Iran payment itself would never have become an issue had not sources in the U.S. intelligence community revealed the evidence in an attempt to halt Miller's confirmation. Despite a Securities and Exchange Commission investigation and one by a special Justice Department task force, the confirmation was railroaded through when the entire committee, according to staff members, demanded that Proxmire call a vote and stop prolonging the hearings.

The Politics of Scandal

Having now ensconced himself in the Federal Reserve and moving to push up U.S. interest rates as quickly and drastically as politically feasible, Miller is meeting opposition from those same quarters who engineered the original Textron leak, apparently joined this time by a White House faction developing around Robert Strauss, the Special Trade Negotiator and Presidential inflation fighter. Strauss hinted such a move might be in the works

in a press conference May 4 (by referring) to himself as a "low-interest man."

Strauss's political mode of operation is not likely to result in more open attacks in the immediate term. However, the following Saturday, the *Dallas Morning News*, after checking with the Securities Exchange Commission and the Justice Department, leaked the Ghana story, including as well a Latin American bribe angle that has not yet been picked up elsewhere. Strauss has strong roots in the Texas business community, which has on its own been more forthright than other business groupings in its dissatisfaction with Miller's credit-crunch policies.

Caught off guard, Proxmire issued a press release on May 6 indicating his "distress" over the "inadequate explanation" of the Ghana affair provided to his committee, "thus foreclosing a relevant area of inquiry into Mr. Miller's qualification to become the Federal Reserve Chairman." Senator Edward Brooke, a member of Proxmire's committee, issued a similar release. Both called on the Justice Department to determine whether the destruction of the document provided sufficient basis for criminal prosecution — closing the barn door too late, in effect, since Justice already had an investigation under way.

Both the pro-Miller *New York Times* and democratic committee staffers attempted to divert attention from Miller's responsibility for the actions of his corporation to the issue of possible CIA involvement, through the participation of a sales company in Ghana alleged to be largely CIA-owned. The funds had allegedly been laundered through an arrangement by which Bell Helicopter billed the sales company list price for the helicopters. They in turn billed the Ghanaians the list price plus the \$300,000 and passed this total sum on to Bell in the U.S. for their "own" account, the retail portion then going into Bell's general receipts and the bribe peeling out again into the hands of the Ghanaian official.

The assistant to a top American financial analyst and advisor revealed this week that indeed the CIA did have further hot goods on Textron, and that the White House had the information as well — and might use it.

Administration Blast

The following week Stuart Eizenstat, the President's domestic policy advisor leveled the first official Administration blast at the Fed chairman. Noting ironically that he was "not entering into a public battle with Mr. Miller," Eizenstat told a fundraising group of the Democratic National Committee that the Fed's interest rate

moves were not "ones we asked for," and "aren't ones we have applauded." He made the point — increasingly clear to credit-hungry U.S. corporations — that the Fed policies are likely to "undercut the recovery."

Eizenstat has long been considered an ally of Vice-President Walter Mondale, the man who pulled the White House behind the Miller nomination. So not only is the "honeymoon" over between Miller and the Administration, as the *Wall Street Journal* noted May 10, but Eizenstat has apparently been swung behind the Strauss group. Miller may be Mondale's last nominee ever. A well-informed Texas editor hinted broadly at the Strauss leadership role in an interview last week. "If Strauss is behind this," he remarked, "you won't find out. Now I know Bob Strauss, and I'm seeing things pretty much the way you are. I wouldn't be in the least surprised if he was."

"Kissinger is the Problem"

A member of the executive board of AEG, one of West Germany's largest electrical and electronics firms volunteered why he thought U.S. firms were being kept out of the West German-Soviet trade agreement.

Q: How would Japan and other countries react to the idea of consortia to organize international cooperation under Soviet leadership for development projects in Siberia?

A: America — that's more important. But it will take time, because there are problems at the present moment. The problem is not an economic one, it's political.

Q: Both Miller and Kissinger have been under attack from the White House staff around Stu Eizenstat and Jody Powell in the last few days. Isn't it also those people who are blocking U.S. collaboration in the Schmidt-Brezhnev motion?

A: Yes, Kissinger is the political problem I mean.

Who Will Get Hit?

Although some Banking Committee staffers were pointing to the CIA angle, others eagerly amplified the original Proxmire remarks, directing inquiries to the *Dallas News* article and remarking on the great difficulty of extracting even the evidence that was handed over by Textron. In many cases Miller's corporation did not admit the existence of any material evidence at all, until documents were specifically subpoenaed after their existence was revealed through other channels.

It is still possible that should the scandal grow, it may spill over into a general discrediting of the White House itself — which did nominate and defend Miller. However, it is more likely at this point that the anti-Miller forces will escalate. Notwithstanding a recent statement of support for the chairman from his predecessor, Arthur Burns, Miller does not have unanimous support from either the Federal Reserve Open Market Committee or the Board of Governors, many of whom are responsive to precisely the kinds of industrial pressure that largely shape Strauss's political outlook. Nor is all the evidence yet out in the open.

—Richard Welsh