

## NEW SOLIDARITY INTERNATIONAL PRESS SERVICE

U.S. Political Newsletter

# Ford Responds To Industrialist Pressure, Nixes Lower Manhattan Bailout



Oct. 2 (NSIPS) — Working in close collaboration with a significant segment of U.S. industrial interests, regional banks, and their political representatives in Congress, President Ford this week took several important steps aimed at insuring that the imminent collapse of the overloaded Eurodollar market will not result in a U.S. government hyperinflationary bailout of Lower Manhattan's bankrupt financial institutions.

Ford is directly responding to pressure from influential pro-development capitalist layers in the U.S., particularly those based in the Chicago area. These capitalists were jolted into action by the overwhelming evidence which emerged this week that Western Europe and the Third World have definitively decided to junk the rotting remnants of the Bretton Woods monetary system and move toward adoption of International Development Bank-type policies. These U.S. industrialist forces decided upon two immediate courses of action: (1) make sure that Ford and the Congress reject any attempt by Rockefeller flunkies Treasury Secretary William Simon and Federal Reserve Chairman Arthur Burns to arrange a government bailout of the New York banks; and (2) begin semi-public lobbying on behalf of alternatives to debt collection policies of the International Monetary Fund and World Bank.

A leading spokesman for one of Chicago's largest and most influential corporations summed up the thinking behind this decision in an interview yesterday: "I sense that there is not exactly a public bandwagon for the U.S. Labor Party's proposals for debt moratorium and IDB at present, but rather an implicit and increasingly explicit recognition of the bankruptcy of the IMF and its refinancing role. There will be on the whole a reluctant move to something along the lines you've proposed and that will mean de facto debt moratorium — although I hate that term! There is too much real economic interdependence in the world to allow nations or group of nations to embark on exceedingly desperate or final confrontation. I assure you, Nelson Rockefeller no longer controls the world."

The official also commented that "the newspapers and others" will try to deprive the Labor Party of "credit" for its programmatic proposals, attempting to confine the Labor Party to a minor role in implementing a post-Bretton Woods international economic order.

Another prominent Chicago industrialist provided a Washington D.C.-based financial journal with a more detailed description of the policies the Chicago faction is considering. The chief elements of this proposal include imposing rigid sanctions against any bailouts of Wall Street financier interests; stripping the IMF of its debt refinancing functions; driving speculators out of the money markets; and extending credits for Third World development through private-sector channels. The industrialist will present the proposal to the convention of the American Bankers Association which opened today in Washington.

These admissions, however reluctantly made, that the basic program advocated by the Labor Party for several years must be at least partially implemented in order to avoid complete financial panic — or worse — were translated into a flurry of activity by Administration and allied congressional layers over the past several days. The most significant developments are as follows.

### IMF Revisions Squeak By, But Opposition Grows

A coalition of Southern Rim Democrats and conservative, pro-gold Republicans teamed up this week for a near-successful effort to kill the IMF charter revisions proposed by Treasury Secretary Simon, that are to be voted on by the IMF at its meeting Oct. 4 in Manila, the Philippines. Only by forcing Congress to remain in session Oct. 1 until the wee hours of the morning — beyond the time that the 94th Congress was supposed to conclude its business and adjourn — were the pro-IMF forces, led by Sen. William Proxmire (D-Wisc), able to secure passage of some of the charter revisions along with 75 other bills in one hour. Reportedly only a \$2 billion credit expansion was voted up for the IMF and not the safety net the New York banks pushed for. This is a drop in the bucket for the bankrupt IMF, but Simon was narrowly saved the humiliation of showing up at Manila empty-handed.

Despite the Ford Administration's public commitment to the revisions, strong signs emerged this week that the president would have liked to see them rejected. A spokesman for the White House Congressional Liaison office commented Sept. 30 on the then raging congressional battle over passage of the charter amendments, "The Bretton Woods System was good while it lasted, but if it's got to go, it's got to go." Other Republicans were just as blunt. The chief economist in the office of a vehemently anti-IMF Texas congressman said: "Sure we know that the IMF is about to die — we're part of the bloc that's killing it. But I'm not going to dance on any grave until the body is in it."

Although the charter revisions were finally approved early this morning, according to an Associated Press wire, and sent to the President for his signature, the Fabians in Congress were forced to capitulate to the Administration on one demand. The proposed legislation imposing penalties on U.S. firms that comply with the Arab boycott against Israel was shelved on the grounds that it interfered with U.S. peace-seeking efforts in the volatile Mideast as well as with legitimate U.S. business activities. The proposed legislation had been a cornerstone of the anti-development Fabians, as well as of the Jimmy Carter campaign, and its death provoked much weeping and gnashing of teeth in beleaguered liberal circles.

### Callaghan and Ford

After conferring by telephone with British Prime Minister James Callaghan — who broke sharply this week with IMF

austerity policies — President Ford vetoed a huge, \$56 billion appropriation for the Department of Health, Education and Welfare Sept. 29. In announcing his veto (which Congress successfully overrode), Ford cited Callaghan's statement that Britain "will fail if we think we can buy our way out with confetti money and pay ourselves more than we earn," as justification for rejecting the bill. The Chicago Tribune, mouthpiece for Midwestern capitalists, quickly backed up the president with an editorial Oct. 3 that quotes favorably and at length from Callaghan's strongly pro-development address to the British Labour Party conference earlier this week.

In a parallel development, the president continues to let a \$3.7 billion appropriation for public service jobs sit on his desk, thus insuring that the bill will suffer a pocket veto.

Aside from their fight against the IMF charter revisions, congressional layers linked to regional industrial interests have also put forward bitter opposition to any attempt by the federal government to rescue the New York banks from their profligate investments in the crumbling Euromarket. Aides to several conservative Republican congressmen have been carefully studying ways to block such a rescue attempt, including a court injunction and establishing a special congressional investigative committee; other congressional offices have requested that the Labor Party prepare analyses showing the detrimental effects of current IMF policies on U.S. industry and trade prospects. Among these saner congressional pockets, the reality of the current political and economic crisis has begun to hit with a vengeance, prompting an assistant to Sen. McClure (R-Idaho) to bluntly state: "The debt must be flushed out of the system."

Among Rockefeller and Fabian congressmen, however, reality is provoking temper tantrums and worse. Briefed on the collapse of the Eurodollar market Sept. 30, Rockefeller ally Sen. Charles Mathias blurted "But the thing that really stuns me is that (British Prime Minister) Callaghan is abandoning 60 years of British socialism."

#### **Kissinger's Last Stand Versus Rumsfeld's Rationality**

Two days after Guyanese Foreign Minister Frederick Willis declared to the United Nations General Assembly Sept. 27 that "the time has come for a debt moratorium," Secretary of State Henry Kissinger delivered his response. In the spirit of Custer's last stand, Kissinger called up all the bile in his system in a last attempt to poison the new world economic order. Kissinger wildly threatened the assembled U.N. delegates that "weak states" who "seek confrontation" with the "strong states" will be obliterated. Kissinger's speech was appropriately labeled by James Reston of the New York Times and by the Chicago Tribune, as his farewell address as the Secretary of State.

In sharp contrast to Kissinger's lunacy, Defense Secretary Donald Rumsfeld made two important public statements this week meant to convey to the Soviets and the Third World that cooler heads than Kissinger's are prevailing in the United States.

At a Washington, D.C. press conference Sept. 27, Rumsfeld became the first U.S. official to acknowledge publicly that the Soviet Union — on the basis of superior technology — has adopted and is improving a "war-winning capability" as its strategic policy.

Despite pressure from journalists, Rumsfeld refused to translate Soviet developments into new weapons for the U.S. or increased defense spending. Instead, he said, the U.S. should maintain "an adequate deterrent." The Soviets, he continued, "have been reasonably consistent with what we expected." Refusing to describe the current balance of power in what he termed "code words," Rumsfeld also strongly emphasized that the U.S. "would like to achieve a SALT II agreement."

In a Sept. 27 interview in the West German weekly *Der Spiegel*, Rumsfeld observed that the appointment of Dmitri Ustinov as Soviet Defense Minister underlined the Soviet

commitment to fully integrated defense planning with special emphasis on improving technology. Defense Department concern that U.S. industrial capacity, in contrast, is not being adequately utilized in the overall American defense posture was reflected in a Sept. 24 report by syndicated columnists Evans and Novak. Deputy Secretary of Defense William Clements, Evans and Novak wrote, recently urged Export-Import Bank President Stephen DuBrul to approve a long-delayed machine tool loan to Poland to build a General Motors truck plant on the grounds that: "The poor state of the U.S. machine tool industry threatens national defense."

Rumsfeld's "open diplomacy" has been complemented by less-public efforts of the president, including a formal meeting with Italian Foreign Minister Forlani Sept. 29 at which Forlani stressed the necessity for the U.S. to aid in bringing peace both to the Mideast and Africa. Commenting upon a Chicago Tribune report that Ford is planning a trip to the Mideast, the White House press office said yesterday that indeed "Ford would like to go" — in what may be an indication of how Ford is responding to Forlani's urgent message.

#### **Rocky Replays Watergate**

As Ford moves in tandem with anti-Rockefeller political forces, the Rockefeller machine has lashed back at the president and his allies in an attempted replay of its Watergating of Richard Nixon. Leading the new Watergate charge are the Washington Post's Woodward and Bernstein with other Rockefeller press conduits following suit early this week, playing allegations of Ford's wrongdoing to the hilt.

This attempt to blackmail Ford into allowing Kissinger and Rockefeller to run the government is a straight conspiracy involving the National Security Council and Nelson Rockefeller's personal hanging judge, Attorney General Edward Levi.

The scenario is as follows. Charges that campaign contributions to the Kent (Mich.) County Republican Club had been illegally diverted to Ford's 1972 Congressional campaign were referred to Special Prosecutor Charles Ruff for investigation by Deputy Attorney General Howard Tyler. Tyler, it turns out, was personally appointed in the 1960s by then-Governor Nelson Rockefeller to a New York State judgeship before moving on to the University of Chicago Law School where he worked directly under Ed Levi. After Levi was appointed Attorney General, Tyler moved to the Justice Department, where he currently functions as its representative to the National Security Council!

The Jimmy Carter presidential campaign was resurrected from its well-deserved grave this week to provide an additional vehicle for the Rockefeller-Levi operation against Ford, at the same time that Carter came under attack for accepting favors from corporations and foreign governments while he was governor of Georgia.

Unconfirmed reports in today's New York Times that the FBI has found no evidence of wrongdoing on Ford's part suggest that Rockefeller and Levi have decided to call off their jackals, for the moment at least, for fear that this particular operation against Ford will backfire, but there is every reason to believe that the controversy will be kept simmering — until Ford takes decisive action to kick these particular cabinet officers off the federal payroll.

While President Ford defended himself unnecessarily against the charges leveled at him in a press conference at the White House Sept. 30, his running-mate, Sen. Robert Dole, took a much more effective approach. Terming the Special Prosecutor's investigation "politically motivated," Dole lambasted one of the linchpins of the NSC conspiracy — the New York Times. Campaigning in the Midwest Sept. 28, Dole charged that the Times "is part of the Carter operation" and "clearly on the other side." The Times, Dole accurately remarked, "is not a good farm journal — or anything else, for that matter. All the news that's fit to tint you'll find in the New York Times."