

percent, and capital goods production plummeted by 5 percent.

In such Third World nations, where historically growth rates have been necessarily at least 10 percent annually through 1975 because of the sheer room for growth left by underdevelopment, these Mexican and Brazilian figures spell disaster.

What Will 1977 Cost?

The run-up Third World reserves is for one purpose only — to make countries' balance sheets appear

“decent” so that the banks can repeat the same operation all over again in 1977. This time at least \$47 billion in short-term debt payments must be rolled over by long-term government and bank loans, probably more: Mexico *alone* has \$8 billion due within 1977. Again, the banks will only be able to loan out for debt payments if they can reduce the trade deficit by the commodity swindle, raising Third World exports this time in value terms up to \$120 billion (Table 1 line a) and cutting government and bank loans for trade to zero.

Another New Deal For Industry On The Horizon

CORPORATE AFFAIRS

This month, three articles have appeared in the *Wall Street Journal* which indicate that the Trilateral Commission members who stack the Carter Administration are getting ready to slap corporatist governmental control on industry à la the New Deal.

In the first *Journal* article, two former attorneys for the Anti-Trust Division of the Justice Department called for the resurrection of the Temporary National Economic Commission, the New Deal's watergating commission against U.S. industry. Then on March 8, former National Security Council member Walt Rostow asserted in the pages of the *Journal* that: “The key task ahead is to bring about a massive increase in investment through the collaboration of the public and private sectors. A public role is inescapable because, for good or ill, governments here and abroad are inextricably involved in policy towards energy, agriculture, raw materials, the environment, research and development.” Rostow then, not surprisingly, said, “On the public side, I believe we shall require something like the old RFC: the Reconstruction Finance Corporation, created by President Hoover, and used effectively in both peace and war by President Roosevelt.”

March 14, Rand Corporation president Donald Rice, who had previously chaired the National Commission on Supplies and Shortages, called for increased “monitoring” of business by government through the Council on Wage and Price Stability.

The persistent calls in the *Journal* for a corporatist control of the economy come while the Securities and Exchange Commission and the Federal Trade Commission are shifting towards a Naderite perspective which will put a clampdown on U.S. industrial growth. (See Executive Intelligence Review, March 15, 1977, “SEC Prepares 44 New Lockheed Scandals.”)

Industry Needs More Monitoring

John Fads, the Executive Director of the National Commission on Supplies and Shortages made the following remarks in an interview on the necessity for national planning:

What Don Rice's article in the *Wall Street Journal* was basically about was the need to encourage greater government involvement in informing industry of its policies so that informed planning by industry will be possible. The NCSS report was covered in the press mostly from the perspective of its recommendations on stockpiles in case of a major outbreak, a revolution, a major cut-off of supplies, and little attention was given to the NCSS recommendation regarding government monitoring of industry.

I suppose you are familiar with the Advisory Commission recommendations...headed by Arnold Saltzman for certain government restructuring. There is some interest in this area on the Hill. Sen. John Glenn is introducing legislation for a National Growth and Development Commission.

What we need to do is reorganize the line agencies so that they can be independent monitors of industry, not merely spout the industry line. For example, we must place the Domestic and International Business Administration of Commerce under the Bureau of Economic Affairs. It is the Council on Wage and Price Stability which must expand its role to monitor industry.

Don Rice and Austin (Paul Austin, president of Coca Cola, Chairman of the Board of Rand Corp.-ed) believe that the government will be interested in funding more Rand projects in the area of government-industry relationships in the immediate future. The *Wall Street Journal* has had a number of articles recently on TNFP, the RFC, and they have a record of not being far wrong when it comes to anticipating the direction in which the government is going to move. Rice, of course, is a good friend of Schlesinger.