

Friday.” They even called me up that Wednesday morning at home in bed at 5 a.m. our time to buy pounds at \$2.00, and I sold it to them. I told my wife, “They’re crazy.”

Then the Fed and the West Germans came in and hit them and the pound fell back to \$1.89 from \$1.99. Later in the day I was selling sterling at \$1.86. At that point the Bank of England got alarmed and came in and supported the pound, or it would have fallen further. As soon as the support operation by the central banks become obvious everyone knew that the pound in particular was over-valued. The British banks lost their shirts. If it hadn’t been Wednesday, the day the Bank of England requires them to clear their positions above £1 million, they would have been caught holding a lot more over-valued sterling and might have lost more than their shirts.

*Q: So you think this is the same situation? Is that why (Chancellor of the Exchequer) Denis Healy unexpectedly announced early yesterday that Britain is repaying £1 billion in debt to the International Monetary Fund? The British are afraid the pound might get into a weak position if the resolve of the central banks to defend the dollar makes the dollar improve?*

*A: That’s right. The British banks are now terrified of the Federal Reserve. They really got hit last time. They might talk but they won’t try that again any time soon. If the U.S. trade deficit is as big as \$2.5 billion this month, that has already been discounted for by the market and the dollar will stand firm; pounds will go down a bit. If the trade deficit is less than that, the dollar will go up to 2.14 marks and 2.05 Swiss francs, and sterling could fall from \$1.96 to \$1.94 or \$1.90. It would take a really big deficit, say over \$4 billion, to get the pound up even to \$1.97.*

## Scandal Threatens:

# Miller Confirmation Stalled

Last-minute revelations of a possible scandal overhanging Federal Reserve nominee G. William Miller have stopped Sen. William Proxmire’s (D-Wisc) attempt to railroad approval for the nomination through the Senate Banking Committee. Textron Corporation Chairman Miller, according to authoritative sources in Washington, New York, and Western Europe, is a British agent, who would use the chairmanship of the Federal Reserve to sabotage the American banking system.

The Miller revelations, reported to Proxmire late on the evening before the railroad hearings began, came from the Central Intelligence Agency, according to Jerry Landauer of the Wall Street Journal. The CIA, like other government agencies, is responsible for background checks on candidates for high office.

According to the CIA report, Textron officials paid \$2.9 million to an Iranian company in 1973 that was owned by the head of the Iranian air force, General Khatemi. Textron’s Bell Helicopter division was negotiating with the same General Khatemi at the time for a \$500 million helicopter sale. At the hearings, Textron Chairman Miller disclaimed any knowledge that the \$2.9 million sweetener was a payoff to a top Iranian military official.

Confirmation of Miller will now be delayed for at least two weeks, according to Banking Committee member Sen. H.J. Heinz, while Senate staffers investigate the charges. Proxmire had called for yesterday’s hearings only four days before on Jan. 20, and had excluded public witnesses — an unheard-of procedure for confirmation of a Federal Reserve Chairman — in what Banking Committee staffers admit was an attempt to shove the nominations through as fast as possible.

### *Most Dangerous Nomination*

Ironically, the Central Intelligence Agency has done what Senate Republicans and patriotic Democrats failed to do: challenge the most dangerous nomination Carter has yet made for high office. Illegal payments to Iranian

generals are the least of G. William Miller’s offenses. Miller is known to be the key instrument of a City of London plan to throw American commercial banks out of the world market, and replace them with a London-centered “Euro-commercial paper market.” Miller is also, as a matter of public record, an intimate collaborator of Lazard Freres’ Felix Rohatyn in grandiose schemes for transforming the American economy into an imitation of Hjalmar Schacht’s Nazi Germany. Rohatyn and Miller co-authored a program for \$100 billion in Federal guarantees for slave-labor jobs projects in the Northeast alone, under the aegis of the Northeast Governors Economic Conference.

The stall in the Senate railroad gives opposition forces more time to prepare a political attack on Miller. NSIPS learned from top Rothschild bank sources in Europe that Miller is programmed to carry out a scenario including capital controls on the U.S. dollar; forced credit allocation favoring the debt structure in the U.S. economy; and full-fledged Schachtian slave-labor and austerity program. In collusion with Sen. Henry Reuss’s House Banking Committee, Miller will try to impose huge reserve requirements on American banks operating abroad, wiping out their ability to compete against London in the international markets. Miller’s supporters among the pro-British New York investment banks, notably Lazard, Goldman Sachs, and Salomon Brothers, are already preparing to replace the commercial banks with London-brokered trading in IOUs, an arrangement resembling the British-controlled banking system before World War I.

Fabian Sens. Proxmire and Heinz are using the Textron scandal with maximum reluctance. “Proxmire was under obligation to bring it up,” said a committee staffer. “In fact, he had to bring it up. Look at what happened to the Senators who put Bert Lance through.”

In fact, the hounds who chewed up Lockheed, Northrup, and other corporations charged with illegal bribes

are immensely embarrassed by the CIA report on Miller. Top hound Ralph Nader told a journalist who asked what he would do about the Textron Scandal, "Nothing. We're not interested." Sen. Frank Church's Multinationals Subcommittee, which parlayed the Lockheed scandal into a wrecking operation against several governments, wants nothing to do with the Textron case. Miller's Fabian friends are gagging on a taste of their own medicine.

#### *Senatorial "Pussycats"*

Politically, however, no indication has yet emerged that Republicans or the business community will resist the attempt to push Miller through — although by now everyone knows what Miller is. A Senate staffer qualified Senate Republicans as "pussycats." Miller has covered up his public-record support for slave labor and credit allocation bailouts, and presented himself as a "fiscal conservative" for the benefit of the gullible. So far, he has successfully played on businessmen's susceptibility to the "fiscal conservatism" charade promoted by the British press.

Key sections of U.S. banking are being taken in by a set of "deals" with the British, and psychological warfare campaigns run out of British consular offices in the United States. In a major coup, the City of London merchant bank Hill Samuel swindled a leading Texas bank, First City Bancorp of Houston, into making a major investment in the British outfit. According to officials of the Texas bank, they put 9 million pounds (nearly \$18 million) of capital into Hill Samuel in order to gain access to international markets and provide special financing for Houston-based international corporations — through London! In Chicago, British consular officials have been meeting with local executives to explain to them that the "British miracle," the \$20 billion financial swindle the City pulled off during 1977, is the result of Schlesinger-style "energy conservation" which must be recapitulated here!

This British line, reported by the Chicago Tribune, does not mention that British energy use has not grown because British industry is producing at the same level as in 1970, while British living standards have collapsed.

— David Goldman

## 'Corporate Crime' Hounds Won't Touch Miller Scandal

*An interview with a staffer at Ralph Nader's Washington, D.C. office revealed that the popular advocate of consumer rights would not be entering the current investigation into the Textron Corporation's payments to Iranian officials.*

*Q: What is your organization doing about the allegations concerning Miller's corporation Textron making a payoff to Iranian officials?*

A: Nothing. We're not interested.

*Q: What do you mean, this is important, I thought you people were concerned with these things?*

A: I said, we're not interested. We have too many other cases. Sorry. (Click.)

#### *We'll Pass*

*Those staffing the Foreign Economic Policy Subcommittee of the Senate Foreign Relations Committee are also planning to look the other way.*

*Q: Your subcommittee led the way in the investigation of the scandals involving Lockheed and Northrup? Will you take similar action in the Textron scandal?*

A: No. The investigation is in Senator Proxmire's hands and we're not involved. We'll have to see what his staff turns up. It's not our jurisdiction...

*Q: But you handled the investigation of Lockheed...*

A: I'm sorry, there is nothing I can tell you on this.

#### *"We Were Surprised, Too"*

*An aide to Senator Edward Brooke had this to say:*

*Q: Why did Senator Proxmire introduce the scandal surrounding Textron's payments to Iranian officials into the hearings to confirm Miller as Federal Reserve Chairman?*

A: Well, we were surprised too. The Senator did not have time to tell Sen. Brooke (who examined Miller with Proxmire during the hearings) or any of us before hand. He (Proxmire) got the story late the night before and once he had it, he was under obligation to bring it up. In fact, he had to bring it up. Look at what happened with the Senators who put Bert Lance through.

*Q: Will there be trouble? You intended the hearings to lead to a quick confirmation of Miller.*

A: Yes, that's why we called them so quickly. We thought we could dispense with lengthy testimony. I don't know what to tell you. Look we're having to have a full staff investigation, staff interviews of all Textron officials involved, letters to be written to the Iranian authorities and so on. We hope to be done in a week but there is no way to be sure...But we're confident Mr. Miller will be confirmed.

*Q: What if more of a scandal develops? What potential trouble do you foresee?*

A: Look, in fact a subsidiary of Mr. Miller's corporation was paying \$2.9 billion in termination fees for a contract termination which they were under no obligation to pay, and with the same party, the Iranian Air Force at the same time was negotiating a \$500 million helicopter sale, then I'd say there is a real problem. The question is, isn't the chief executive of the company aware of a deal of that magnitude? I don't know, we'll have to see.

## London Plans Control Of International Markets

*The scandal surrounding the nomination of G. William Miller to Federal Reserve chairmanship could take the wind out of the "Eurocommercial Paper Market" proposal of Rep. Henry Reuss (D-Wisc.). An interview with a Salomon Brothers executive who runs that investment bank's commercial paper operation, provided by congressional sources, makes it clear that the proposal intends to impose huge reserve requirements on U.S.*

banks operating abroad to make them less able to compete against City of London banks in the international markets.

*Q: What would be the effect of Rep. Reuss's proposal for reserve requirements on the Euromarkets on the establishment of a "Eurocommercial paper market"?*

*A:* I would certainly have a very significant effect on the commercial banks, a very significant effect on their international competitiveness. Why, a market in international paper would be greatly encouraged.

*Q: You sound like you are aware of the proposal...?*

*A:* Oh, yes, we have studied it for some 10 years now, but it's really good to know that things are getting closer to implementation...the Reuss proposal means that it's really getting off the ground, going public from an authority like that. Our firm has done a study of the whole situation, we have two senior partners, one on Euromarkets and the other on the commercial paper angle, (who) haven't written anything, you know, but it's all in their heads. Our conclusion was at the time — last year — that at present the banks are more competitive in the international market. But, we discussed that. The imposition of reserve requirements would put a significant dent in that.

*Q: Have you revived the discussion actively towards implementation in conjunction with the appointment of the new Federal Reserve chief George Miller?*

*A:* Yes, it has been mentioned again recently in conjunction with Miller.

*Q: If the reserve requirements went through, in, say, September, how long would it take a real Eurocommercial*

*paper market to develop and what would the volume be in, say, a year?*

*A: September?* Listen, in a market like that, so highly competitive, people get to work damn quickly—a lot of phones would light up right away. It would take weeks at the most...

*Q: Who are the main traders among investment banks in commercial paper, and do you think your current position will give you advantage over the banks?*

*A:* Salomon, Goldman Sachs, Lehman, First Boston, Merrill-Lynch, Becker. Yes, we're real competition...why, do you know we trade the certificates of deposit and deposits for the commercial banks? We find money in the open markets for them.

*Q: You mean you already know the investors who buy bank deposits and certificates of deposit and you would know where to go with your commercial paper once it was more competitive? And the banks would lose those buyers of CDs?*

*A:* Exactly. We know the market. Say the banks have to offer deposits at 7 per cent now, and we're selling commercial paper for that — and as it is the banks don't make much more than 7 per cent on loans, so they're already tight. On top of this they get a 16.5 percent reserve requirement slapped on them — they'd be out of the running compared to the prices we could offer.

*Q: Then the investment banks would get all the desirable corporate borrowers and the desirable government borrowers who like Electricité de France, borrow through state corporations at top rates...and the banks would end up with only the less desirable borrowers, to whom they are already overloaned?*

*A:* Yes, that's it, exactly.

## G.W. Miller And Textron:

# A Study In British-Style 'Asset-Stripping'

If honest businessmen and labor leaders knew the corporate history of Textron — and of G. William Miller's role in it — they would never allow the U.S. Senate to ratify Jimmy Carter's nomination of Miller as chairman of the Federal Reserve Board

Textron and Miller's history is not the story of just another conglomerate or "trust," nor a horror tale of "big business." It is the story of a very specific financial intelligence operation directed against American industry. It is a study in what the British call "asset stripping," a study in financial-political takeovers and, finally, penetration of high-technology American production in order to destroy it.

## The First Fling

The story begins with Arthur D. Little, a professor of chemistry at Harvard, who established in 1886 Arthur D.

Little Associates, an industrial consulting firm that is now one of the City of London's key infiltrators into the American and Arab economies. Little's nephew, Royal Little, the eventual founder of Textron was set up in the rayon business by his uncle's banking connections.

Rayon, the first synthetic textile, was invented by a student of the great French scientist Louis Pasteur and posed a threat to Great Britain's control of the world textile market. Royal Little was set up in his small rayon business in the 1920s probably to give the British a foot in the synthetics market and a base for capturing New England's traditional textile firms.

Beginning in 1943, using the new name — "Textron" — suggested by J. Walter Thompson's advertising agency, Little began to gobble up textile companies. By 1947 and the completion of the first major phase of the takeovers, Little had increased the total sales of Textron from \$8