a deflationary—economy-wrecking—strategy. Miller is giving every indication that he is implementing the call by the Anglo-Dutch-oriented OECD at the end of last month for a sharp reduction in U.S. economic growth—that is, a recession—no matter what the consequences to the U.S. unemployment rate. The OECD's report on the U.S. economy—published annually by this bulwark of the Anglo-Dutch financial interests—predicts that the economic slowdown in the U.S. next year will be "significantly more pronounced" than the Administration expects.

In line with the OECD's prediction, Miller told the House Banking and Currency Committee July 28 that unless U.S. industry moves to rapidly set up "voluntary inflation councils" to hold down wage and price rises, mandatory wage-price controls will have to be imposed. Miller said that the inflation councils will write guidelines—to be "reviewed and debated with government"—for the auto, steel, and nonferrous metals industries. They would give Miller the power to roll back price increases or block "inflationary" expenditures—such as building new capacity—in vital industries and bankrupt them.

The other element of the deflation strategy involves top-down control over credit supplies. The Aug. 7 issue of *Business Week* proposed that Miller exercise his authority to regulate the economy through credit controls, an authority granted under the 1969 Credit Control Act, whose use does not require new congressional approval. "If the Fed does invoke the 1969 Act," *Business Week* wrote, "the Fed would obtain sweeping power over every credit action in the country." Miller would be able to "set the maximum amount of credit for any transaction, set interest rate ceilings as well as the terms of consumer credit, and prohibit or limit extensions of credit under any circumstances."

In 1973 and again in 1974 Miller, then chairman of the asset-stripping Textron Corporation, demanded that these powers be used by former Fed Chairman Arthur Burns. So Miller is perfectly amenable to the idea.

Faction Fight In U.S. Corporate Boardrooms

When Mobil Oil's second-in-command, Herman Schmidt, who is also the chairman of the American Enterprise Institute, was asked to take his retirement five years early, the word was out that faction fights are indeed breaking out in corporate and bank boards across the U.S.

CORPORATE AFFAIRS

Schmidt's retirement implies a tightening up of corporate control at the very top. Rawleigh Warner, Mobil's chairman, has ordered Herbert Schmerz, head of the corporation's Public Relations Department, to henceforth report directly to him.

The current boardroom turbulence could indicate that the Operation Conservative effort to gull U.S. business into support of "free enterprise" is failing. The Heritage Foundation, the American Enterprise Institute and Schachtian economist Milton Friedman have all been involved in trying to convince U.S. industrial and commercial leaders to support the liberal system of free enterprise — with its obviously British overtones. The free enterprise drive is a leading feature of this faction's attack on the development, trade, and monetary stabilization policies gaining sway in Europe, Japan and the Arab world around preparations for the implementation of the new European Monetary System.

The faction fights revolve around interpretation of the European Monetary Sytem, established by West German Chancellor Helmut Schmidt and French President Giscard d'Estaing, and the much-heralded "Operation Free Enterprise" in the U.S.

The clearest indication of this is the argument between First National Bank of Chicago's Chairman Robert Abboud and the bank's Executive Vice-President Edwin Yeo, the former Undersecretary of Treasury for Monetary Affairs. It is rumored that Yeo, who gets his interpretation of the Bremen accords from the International Monetary Fund, has caused Abboud much discomfort by telling bank customers that the European Monetary System is antidollar, but could not work because of varying inflation rates among European economies.

In a leading Midwest corporation, a former intelligence officer who goes by the nickname "007" is under investigation by the corporation's chairman for willfully withholding information from the corporation executive and acting "on his own" in certain sensitive matters.

Similarly, an explosive situation has developed in an Eastern chemical giant where, in a reverse situation, the chairman is being watched by corporate directors for his recent behavior in the prestigious Business Round Table.

The retirement of Schmidt, a small item in the personnel columns of the financial press, is being seen as a major corporate shakeup. Schmidt, together with Irving Kristol, the social democratic-libertarian and a director of the American Enterprise Institute, have been the leaders in assembling a $60 million warchest from U.S. corporations to fund university chairs, television programs, and speaking tours and films about the benefits of "free enterprise."