

Senator proposes 'new monetary fund'

Adlai Stevenson III hits IMF, demands detente, and strong export policy

Senator Adlai Stevenson III has assumed the role of national spokesman for a new foreign and domestic policy that would be based on expanded trade and cooperation with the Soviet Union and the creation of a new monetary system geared to reviving the world economy by extending high-technology industrial growth to all parts of the globe.

The Illinois Democrat spelled out this perspective in an interview with the *Chicago Daily Defender*, published Sept. 11-13. His remarks, excerpted below, indicate that an important segment of the U.S. political world may be waking up to the opportunities for U.S. industrial growth represented in the agreements reached by European leaders this spring for the creation of a new gold-backed European Monetary System.

Senator Stevenson is particularly concerned about America's failure to adopt an aggressive export policy. He is holding hearings in Senate Subcommittee on International Finance and Trade early next month which will hear extensive prepared testimony from the United States' major exporting companies and the associations that represent them. The testimony will

detail how current trade restrictions and foreign policy decisions by the Carter Administration, mainly on impetus from National Security Council chieftain Zbigniew Brzezinski, have put a stranglehold on U.S. exports and thus on the entire economy. U.S. exporters are up in arms over the web of NSC-inspired trade regulations—aimed especially against trade with the East bloc and against nuclear-energy exports—which have sharply restricted U.S. exporters' access to lucrative Third World and Soviet sector markets.

In a speech to the Illinois state AFL-CIO convention Sept. 13 Senator Stevenson augmented his remarks to the *Daily Defender* with a pointed call for American labor leaders to drop their parochial concerns and antigrade biases and back the trade and development policies that can save U.S. jobs and U.S. industry. Although Stevenson included in his speech a few Meanyesque jibes at Soviet "imperialism" in the portions we've excerpted below he presented innovative proposals that other American political leaders will do well to heed.

Stevenson on the IMF, the EMS, and detente

In an interview with journalist Roy Harvey, Senator Stevenson gave his views on a wide range of subjects, from Europe's new monetary system to the Humphrey-Hawkins public works jobs bill. Here are excerpts from the interview, which appeared in the Sept. 11, 12, and 13 editions of the Chicago Daily Defender.

On the IMF and economic policy: When there is interest in creating jobs, let's create exports. The Council of Economic Advisors ... say let the dollar sink and the balance of payments will recover, with no recognition that trade balance is causing the dollar to sink. In this world, which is no longer the world of Adam Smith, even if Keynes was around today he would be developing the supply side rather than the demand side. We don't have an energy policy.

There are things we could do to strengthen the dollar. The first thing is the International Monetary Fund. We can strengthen our own export efficiency but this will avail us nothing if there are no buyers. The IMF overdoes austerity....

On technology transfer to the Third World: That concept — appropriate technology — is a very demeaning one to the LDCs (less developed countries—ed.). It's a red flag. I'm about to introduce a bill that will create an American Foundation for the development and transfer of technology in the Third World nations. We will involve the LDCs in the decision of what's appropriate, putting these things outside those patronizing financial institutions. We'll train technologists and scientists, giving them a large role in determining what they really need. The

world at the moment is teetering on the brink of insolvency. Only one to two countries have a surplus.

On the European Monetary System and detente:

I've been puzzling over that. I don't know how far that will go. What is puzzling me is whether this is a centrifugal process of disintegration or whether it is an evolutionary move towards the universal monetary system the world needs....whether this is permanent regionalism or is a stage in the process which began many centuries ago towards globalism.

The latter is the way we ought to be moving, also removing the artificial East-West barriers to involve Eastern European countries in a global monetary system. Many of the East bloc countries would like it. It would be to their advantage as well as ours, politically as well as economically. They would again become a part of the world. To facilitate trade we need a free open trading system. We're going in the opposite direction at the moment, toward more tariffs

and trade barriers. What we need is a new world monetary fund, to put into place appropriate loan conditions, ones which do not cause hardship.

On the Administration's export policy: We are confining ourselves to a corner of the market. It worked for two centuries, but this is the era of global interdependence....The National Security Council seems to be assuming a new operational role (in export policy). It's a continuing problem, but it has gotten worse under this Administration. Consequently, we don't know who's in charge.

On jobs creation: CETA (the Comprehensive Training and Employment Act program—ed.) caused unemployment. It doesn't create jobs, it's subsidizing the government. (Humphrey-Hawkins) is a fraud. The people behind it are innocent, they have good intentions, but Humphrey-Hawkins wouldn't give anyone a job. In the old days we created jobs; this is an excuse.

'Required of labor: global statesmanship'

From the Text of Senator Stevenson's address to the Illinois State AFL-CIO convention Sept. 13:

If the breakdown in traditional alliances frees legislators from voting by habit and frees them to listen to new ideas, our politics will be the better for it. Those who win office in the future would be more free to disagree with organized labor and organized business and represent the interests of the unorganized American majority.

But that is your duty, too. I am not here today to utter the usual cliches about your greatness and my undying support of your every cause. The times are too dangerous for anything but truth. They are too dangerous for anything but a new order of statesmanship from labor, from business, from those of us in government — from the American people. America won't be saved by labor reform and situs picketing bills. The statesmanship I have in mind exalts us all to high endeavors; it accepts sacrifice and new ideals and recognizes that America rises or falls with the world. It supports the President.

I am here to suggest that the influence of organized labor in our politics depends not on labor reform, or situs picketing, or endorsements or contributions. It depends upon how you use it — for the narrowest of self interests — or with vision and magnanimity for the welfare of your country....

... This is a rich and powerful country. Its economic and political systems are basically sound. It suffers not from fate. The nation is declining because the truth is hard. Its leadership is weak and mortgaged to

old ideas and self-serving powerful interests.

The Presidency was weakened, not by President Carter, but by recent history. He inherited a weak Presidency — the more reason to help, not hinder him. Organized labor should get behind the President and Vice President and exhort them to do more.

The President should give us an agenda for action to support. If, in this Congress it appears we are moving in as many directions as there are members, it is because the President has laid down no clear direction for the nation. And if he has failed to do so, it is in large part because he is forced to wage a thousand rear guard actions, even as he seeks peace in the Middle East. The more reason to support him. He needs your help; he shall have mine.

In the late forties our leaders bridged partisan differences and exalted the nation and the world to high levels of common endeavor. We are in danger now of descending to the inaction and the ignorance of the twenties, and depression with all the inadequacies of the first war's settlement led to the next war. It could happen again — if we fail to act again.

World population may increase fifty percent by the end of the century. Already much of mankind is living close to the margins of existence. Sources of food and fuel are depleting. Nations dependent on each other for markets and supplies are moved by economic expediencies, political pressures and historical animosities to seek an illusory independence. Cartels and powerful interests stand the laws of supply and demand on their head. International debt has quintupled. Many nations are at the brink of

insolvency. And already the nations of the free world suffer from inflation, economic stagnation and unemployment. If ever the U.S. could indulge itself in petty politics and a weak presidency, it was long before this age of the atom and interdependence.

A new order of statesmanship is required of government, of business and labor.

We might with more vision complement the economic demand management policies of the past with global supply management policies for the future and come to grips with the dominant causes of inflation. Contrary to the dogmas of the past, inflation accompanies unemployment; with some imagination and innovation, growth might be associated with stable prices. Investment in the production of essential goods and services worldwide is a more promising means of controlling inflation than decreasing demand for them. But gambling facilities are now the hottest stocks on the market.

The U.S. could produce food for the world. Instead it still pays farmers not to produce food.

It could invest in an adequate health delivery system, and a national insurance system to finance its benefits. It can only be done in stages; but powerful interests say all or nothing.

It could aid the development of international energy resources. Instead it seeks an illusory independence.

The U.S. could build global institutions of world trade and development and money, taking up where it left off thirty years ago. But some, including voices in labor, are isolationist.

The possibilities for this rich and good country are limited only by our vision.

It could usher in a new space age for the world, using satellites for weather prediction, pollution control, public health and education, monitoring crop conditions, exploring for minerals and fuels, for

navigation, for energy from the sun. But how could the zero base budget mentality quantify such benefits for mankind and such leadership possibilities for America?

The nation requires an energy policy, a food policy. It requires a strong transportation system. It requires an America that can again compete in the world. In 1976 we ran a trade surplus of \$12 billion in manufactured goods. In 1978 it is a \$12 billion trade deficit. Taking out of the trade balance all the trade with OPEC oil producers, including the oil imports, and our trade is still in deficit. And for every billion dollars in sales lost abroad, another 40,000 jobs are lost at home. One in four jobs in Illinois depends on exports. If American industry can't compete abroad, it will not withstand the challenge from abroad at home.

Inflation and unemployment go hand in hand in this world. To beat them both, America will not hide from competition. It will beat it. And that means it needs a strong export policy.

The U.S. cannot compete with low cost labor or by controlling capital in this world. We must compete with technology and industrial innovation — and that requires a renewed commitment to basic science, research and development. Only a few years ago "Made in Japan" was a mark of inferiority. Now it is a mark of superiority.

There is no limit to what America can do to enhance its authority, its security and the peace and stability of the world, to create jobs and stabilize prices, if only we lift our eyes from the ground again, exalt ourselves to great works again, lead the world again — and get behind our President and go to work. And that requires a new order of statesmanship from you, as well as those of us in positions of public trust.