

Devaluation Efforts Failing

\$\$\$ Spiralling May Bring Trade War

By BILL SOKOL
Alternative Features Service

It's time to hang on to whatever you have and prepare for harder times to come. The international monetary crisis is only the opening act of the international economic crisis now brewing—the next act may be a dangerous, full-blown trade war between the U.S., Japan, and Western Europe. The first devaluation of the dollar, in 1971, was supposed to stabilize a world currency market thrown into havoc by the spiralling inflation of the U.S. dollar. That inflation, caused especially by the cost of the Southeast Asian war, undermined the dollar as a stable base for the world currency market.

The new 10% devaluation acknowledged the failure of that first move—the first devaluation did not stabilize the dollar, nor did it renew anyone's confidence in it. The dollar was still overvalued, U.S. goods still cost too much to be competitive and the country's balance of payments was worse than ever. There was no way out of another devaluation.

Nixon's growing defense budget, along with record corporate profits, insufficient investment in the expansion of domestic productive capacity, costly and mushrooming government bureaucracies, and federal welfare spending to tame domestic discord, all inflated the dollar far beyond the relative stability it knew before the war.

If the Smithsonian Agreement of 1971 and accompanying devaluation had worked, the dollar would once again have brought security to the international capitalist economy. But the overvalued dollar made the U.S.'s products less competitive in the world market while Japan and Western Europe continued to prosper and grow more competitive.

But Nixon's newest devaluation was not simply another attempt

to stabilize the world economy. He has learned the U.S. can no longer singlehandedly stabilize and rule unchallenged the international economic arena the way it did from the end of World War II until 1968. This new devaluation was planned as the first salvo in what may soon develop into a trade war to rival those of the interwar period of 1918 to 1941.

More than a defensive maneuver, the new devaluation is designed to bring greater profits and prosperity to American multinational corporations in their growing trade war with Japanese and Western European corporations. A cheaper dollar means less currency outlays (lower prices) for any nation interested in U.S. products.

If all goes as planned, they will sell more of these products abroad now that they can compete more effectively for new markets in China and the Third World. It was no coincidence that within a week of the devaluation, Henry Kissinger announced the U.S. was opening a liaison office in Peking—one of the principal reasons for the first U.S. office in China in more than twenty years was to facilitate trade between the two countries, he said.

But the devaluation signalled only round one in what will be fierce competition not only for the China market, but also for markets in Southeast Asia, starting with Saigon, where General Thieu just announced plans for opening a stock exchange to encourage outsiders' private investment. U.S. corporations can better compete now for use of the cheap labor available in Third World countries run by Western-oriented governments.

The very day the Vietnam cease-fire was signed, David Rockefeller, chairman of the Chase Manhattan Bank, arrived in Budapest on the first leg of his first business trip to Eastern Europe to meet the financiers of

Yugoslavia, Rumania, Austria, and Poland, as well as Hungary.

The bell for round two was sounded by Nixon's announcing he intends to ask Congress for the power to impose higher tariff walls. Now there is even speculation that Japanese steel importation will be prohibited. (The Japanese have already voluntarily reduced steel exports to the U.S.) These are the sparing moves of an America no longer omnipotent, but of a nation fighting to stay on top in a trade war with the newer, more technologically advanced, streamlined economy of Japan and the evermore united, integrated economy of the European Common Market.

Benefiting most from the newest devaluation and in the confrontations to come are the gigantic U.S.-based multinational corporations. Even the vice-president of Morgan Guaranty Trust Company in London admits that the speculators who profited most in the devaluation were "the Fortune Magazine list of the 500 biggest (U.S.) companies and the 100 biggest financial institutions."

Multinational corporations and banks unloaded their dollars early, made about \$500 million, and left foreign banks and corporations holding the wrong end of the dollar last week. And they stand to make even greater profits from the devaluation.

For example, food prices in the U.S. will soar even more because agribusiness conglomerates will be selling more U.S.-grown food abroad now that the devaluation has lowered the price of that food. These lower prices make it more competitively attractive to other nations. More food sold abroad may mean greater profits for the corporations selling it, but it means less food available for American consumers' demands and thus higher prices.

But higher prices alone do not create the most fearsome prospect in the growing trade war, nor do

possibly higher unemployment rates created by attempts to limit inflation. Most fearsome is the fact that trade wars historically have only been preludes to hotter wars—trade wars played their part in the events leading to both World Wars One and Two.

Growing trade war, with Japan in particular, can be avoided only if financiers and businessmen from the competing nations can work out a mutually agreeable monetary system to bring order and stability to their competition. A Committee of 20, made up of each interested country's leading bankers, has been meeting in Switzerland since the first de-

valuation to design and implement just such a system. But this latest devaluation, a stab in the back to Japan, whose yen has gone up in value about 16 percent as a result, is a bad sign for the success of such talks.

The devaluation is the U.S.'s pugnacious assertion of self-interest to let Japan and Western Europe know that this country will not idly wait for a possible compromise but is instead aggressively trying to remain Number One. As Japan, especially, responds to the U.S.'s move, the spiralling succession of economic maneuvers and countermoves may spin out of control.

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Batt News Summary

By THE ASSOCIATED PRESS
WASHINGTON—The railroads and 15 unions announced tentative settlement Tuesday on a new nationwide contract increasing wages and benefits by more than 10 per cent for 500,000 railroad workers.

The settlement was unprecedented in that it was the first time in railroad labor history that the parties reached agreement before current contracts expired, and without strikes or any disruptions in service.

WASHINGTON—Two brothers and an 18-year-old companion were ordered held in lieu of bond Tuesday in connection with the robbery-shooting of Sen. John C. Stennis, D-Miss.

The three men will have a preliminary hearing on March 23.

After carefully explaining to each defendant his rights, U.S. Magistrate Jean F. Dwyer set bond at \$25,000 for John S. Marshall, 21; \$50,000 for Tyrone Marshall, 18, and \$10,000 for Derick Holloway, 18, all of Northeast Washington.

CLARK AIR BASE, Philippines — Another 108 American war prisoners, including a plane hijacker and an admiral's son, are heading home from Hanoi via this Pacific check-in point.

They are flying out of the North Vietnamese capital Wednesday in three C141 hospital planes at 45-minute intervals, with the first batch expected to touch down at Clark around 4:15 p.m., or 3:15 a.m. EST.

NEW BRITAIN, Conn.—Freed CIA agent John T. Downey said Tuesday he was subjected to in-

tensive questioning by his Communist captors and told them "about every bit of information I had."

Downey, 42, returned here Monday night after more than

Trinity Project

(Continued from page 1)

The question facing voters was two-fold, with the second proposition contingent on passage of the first.

The first proposition sought approval of a maximum 15-cent per \$100 valuation property tax. The second asked authority to issue \$150 million in bonds.

For passage, the proposal needed a majority of the total vote and had to carry in nine of the 17 counties participating in the historic decision.

All or part of the counties lie in the Trinity River Authority's (TRA) voting and taxing territory.

They include all of Dallas, Tarrant, Ellis, Navarro and Chambers counties, and portions of Freestone, Leon, Madison, Walker, San Jacinto, Liberty, Polk, Trinity, Houston, Anderson, Henderson and Kaufman.

The Dallas-Fort Worth area held the balance of power with more than 80 per cent of the eligible voters, but even strong support there could not have assured passage.

Debate over the controversial project reached a near-feverish pitch in recent weeks, particularly upstream in the heavily populated area of the basin.

The TRA forecast a turnout of nearly half a million voters and

20 years' imprisonment to be with his critically ill mother. He discussed some aspects of his captivity at a news conference but refused to reveal details of the mission that led to his capture.

campaigning vigorously in behalf of the navigational, flood control, and the river development plan it designed.

Opposition largely came from environmental groups up and down the river but opponents attacked the proposal on a broad front.

Two North Texas congressmen split over the issue and emerged as quasi-spokesmen for and against the project. Jim Wright of Fort Worth favored it and Alan Steelman of Dallas opposed it.

The project won an election-eve endorsement from John Connally, former Cabinet member and Texas governor.

"I have a special interest in this project because it was during my administration as former governor of Texas that this comprehensive plan was authorized by Congress," Connally said in Dallas.

"... This program is a wise investment in a sound economy for present and future generations," Connally said.

Opponents labelled the project a "giant boondoggle" and argued that it was unsound economically, ecologically and environmentally. They said the tax structure was inequitable and that taxpayers were being duped.

The Battalion

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By Charles M. Schulz

PEANUTS: I THINK THEY'RE GOING TO ANNOUNCE THE WINNER OF THE DAISY HILL PUPPY CUP TOMORROW.

PEANUTS: DOES SNOOPY THINK HE HAS A CHANCE? IS HE CONFIDENT?

PEANUTS: OH, YES... HE'S VERY CONFIDENT...

PEANUTS: WHY ELSE WOULD HE BE BUILDING A TROPHY CASE?

PEANUTS: IT'S IN THE PAPER!!!

PEANUTS: THEY'VE ANNOUNCED THE WINNER OF THE 'DAISY HILL PUPPY CUP'!

PEANUTS: DON'T FAINT!

PEANUTS: DIDN'T YOU HEAR ME? QUIET PLEASE! INTERRUPT A GOOD FAINT!

PEANUTS: DID I WIN? DID I WIN? TELL ME I WON! DID I WIN?

PEANUTS: YOU DIDN'T WIN! AAUGH!

PEANUTS: I HATE THE WORLD! I HATE EVERYBODY AND EVERYTHING IN THE WHOLE STUPID WORLD-WIDE WORLD!!

PEANUTS: THERE'S NOTHING LIKE A GOOD LOSER.