Miller is in reality neither an outsider nor a Burns clone but a species of political animal that defies conventional taxonomy: *Democraticus Multinationalis*, a big businessman whose natural, preferred instrument for advancing his interests is the Democratic Party. The process of natural selection that has produced mutations like Miller is an unusually complex one, but it can be understood in the context of a conflict now raging in the American business community.

The dynamics of the world economy and the changing balance of power between business and labor have opened a breach between the interests of the multinationals and big commercial banks on one side, and domestically centered corporations and regional finance on the other.

Corporations which produce and sell extensively abroad strongly promote free trade and direct foreign investment. These are industries such as international oil, automobiles, heavy electronics, computers, chemicals and the big commercial and investment banks that finance them. By contrast, protectionist-inclined, often declining sectors that cannot make it multinational, such as steel, textiles, independent oil and most small enterprises, seek with increasing desperation to isolate themselves from the pressures of the world economy through tariffs, quotas and other restrictions on the free flow of goods and capital.

This division of interests within the business community largely defines American party politics. Since the 1964 Goldwater debacle, the Republican Party apparatus has been dominated by protectionists, while the Democratic Party has increasingly abandoned its traditional labor constituency and allied itself with corporate free traders. The most dramatic recent indication of realignment among party elites was so obvious that only the mass media could have failed to highlight it: the capture of the Presidency in 1976 by a member of the Trilateral Commission, sponsored and prominently financed by bipartisan bankers and born-again multinational Democrats.

Within this general context, Miller's appointment to head the Federal Reserve is exquisitely appropriate. Far from being a babe in the woods of multinational finance, he is well acquainted with the most important operatives in this world. Indeed, he is one of them, having served as director for a handful of uniquely important corporations. The structure of these affiliations illuminates his actual stature and the process of his appointment.

On Miller's own board of directors at Textron, for example, sits Heath Larry, president of the National Association of Manufacturers. Larry was privy to negotiations for a successor to Burns, strongly supported Miller and, once he got the job, extolled his "excellent" understanding of monetary policy.

Among his outside affiliations, Miller's relationship with Allied Chemical has been perhaps the most intimate. Until his appointment to the Fed, he was an Allied director and negotiated Textron's purchase of 10 percent of Allied's outstanding stock through the Belgian intermediary, Solvey et Cie. He is also a long-time associate and friend of Allied's chief executive officer and chairman, John Connor. Connor, for his part, has ties to the highest levels of the Democratic Party that stretch back to the Roosevelt era, when he was a protégé of Sidney Weinberg, the Goldman Sachs financier who was a leading fund raiser for FDR. Connor has served under three Democratic Presidents, including a term as Secretary of Commerce under Johnson. As the search for a new Fed chairman got underway, Carter consulted Connor, who recommended Miller.

Also on the Allied board are Richard Perkins, once a high official at Citibank and now a director of New Court Equity, a major American investment vehicle of the Rothschilds; Richard Shinn of the Chase-oriented Metropolitan Life Insurance Company; and E. Burke Giblin, board chairman and chief executive officer of Warner-
Lambert, an enterprise whose own board of directors includes Connor and Irving Kristol(!). *Washington Post* publisher Katharine Graham completes the list of Allied notables who were able to influence Miller’s appointment and reception. Her father, Eugene Meyer, was chairman of the Federal Reserve Board in the 1930s. The Meyer family has held a major bloc of Allied stock and been represented on its board of directors for many years. The *Post* published the strongest editorial endorsement of the nominee of any of the leading news dailies, hailing the “success” of Carter’s “political surgery” at the Fed barely a day after Miller’s selection was announced.

Miller is also a director of Federated Department Stores, controlled by the politically potent Lazarus family out of Cincinnati. Ralph Lazarus, chairman of the board, holds a number of important outside directorships himself, including one at Chase. Other leading multinational figures on the Federated board include Peter Peterson of Lehman Brothers Kuhn Loeb; J.P. Austin, close Carter associate and chairman of Coca-Cola; Howard Johnson, a director at Dupont and Morgan Guaranty and former president of M.I.T., and Walter Lingle, a high official and inside director at Proctor & Gamble.

Finally, Miller is an active member of the Business Roundtable, the exclusive lobbying arm of the 200 or so largest American corporations. The Roundtable is headed by Reginald Jones, chairman of G.E., head of the Business Council last year, and ghost author of the first draft of Carter’s tax program; Irving Shapiro, chairman of E.I. du Pont de Nemours, and Thomas Murphy, chairman of General Motors. Jones and Shapiro, in particular, lobbied within the administration for Miller’s appointment.

Glittering connections like these are in sharp contrast to the corporate ties of Miller’s predecessor. Arthur Burns had only two important business affiliations during the 1960s. One was with the arch-conservative Tax Foundation, where he served as trustee, along with such unrepresentative spokesmen as Raymond Moley and Sen. Harry Byrd, Jr. The other was his service as director, along with Richard Nixon and others, of Mutual Life Insurance Company. Once a Morgan-dominated, top-of-the-line corporation, Mutual has long since declined in relative size and stature. By the time Burns came on the board, its trustees were atypically conservative in comparison with those of other substantial insurance companies. (The rise and fall of Mutual Life is nicely documented in Philip Burch’s forthcoming study of the business connections of major policy makers, *Elites in American History.* )

Burns’s peculiar and limited corporate connections suggest a distance from the business mainstream that became explicit during his tenure as chairman of the Federal Reserve. His doctrinaire aversion to state intervention in the economy was not shared by most of the multinational constituency, whose Trilaterally inspired demands for a strong state herald the new age in political economy. His aggressive position on the oversight of loans by big U.S. banks to shaky Third World countries directly threatened the major recent source of big bank profits, and Fed rumblings about increased restraints on U.S. bank participation in the Eurodollar market only increased the alarm.

For all the ritual reassurances in the press of Arthur Burns’s continued status as the reserve currency of American business, no chorus of highly placed business voices demanding his retention was to be heard in the months preceding his ouster. What endorsements he did collect were largely *pro forma,* often coming from prominently mentioned possible successors, such as Gabriel Hauge of Manufacturers Hanover.

Instead, at the September 1977 annual meeting of the International Monetary Fund, “prominent bankers passed the word they no longer felt it essential to keep Burns in office” (*The Washington Post*, December 29, 1977), and the track was cleared for the appointment of a man sponsored by Larry, Connor, Jones and Shapiro, and agreeable to the figures at Chase, Citibank, Morgan Guaranty and the Bank of America. Former Bendix chairman and current Secretary of the Treasury Michael Blumenthal, still another multinational luminary and long-time Miller acquaintance, guided the selection process within the administration. David Rockefeller, chairman of the Chase Manhattan Corporation, and Ellmore Patterson, chairman of Morgan Guaranty Trust, expressed full confidence in the new chairman the day his nomination was announced.

Scarcely any of Miller’s actions since he assumed office suggest that the match between his policies and his primary constituency is other than perfect. The most commonly noticed departure of Miller’s Fed from Burns’s policies—a greater willingness to tolerate inflation in the
interest of economic growth—is consistent with his multi-
national allegiance. While no U.S.-based corporation wel-
comes double-digit inflation, the diversified foreign in-
vestments of multinationals and their adroitness in shifting
among currencies leaves them better able to cope with
the declining value of the dollar.

By focusing on Miller's multinational orientation,
moreover, one can forecast other probable policy direc-
tions as well. To take one example, Trilateralists like
Richard Cooper, now Under Secretary of State for Eco-

nomic Affairs, have criticized the traditionally episodic,
disruptive way in which exchange rates are adjusted, and
have argued for regular incremental adjustments negoti-
tiated openly with Western Europe and Japan. Miller can
be expected to take the Trilateral line, preferring a
“crawling peg” of easily adjustable exchange rates over
the “dirty float” approach endorsed by Burns, which paid
lip service to the free play of market forces while using
concerted central bank behavior to prop up declining
currencies, on an ad hoc basis.

Miller will also assume a more liberal position on U.S.
bank loans to Third World countries. Burns publicly
voiced anxiety about such ventures will find little echo in
the new chairman's speeches. Less emphasis will be placed
on the volume of such loans, while more attention will
be paid to guaranteeing their repayment. Third World
exports to the United States, which those countries need
to generate loan repayment revenues, will be protected,
despite the threat this poses to declining sectors of U.S.
manufacturing. Regional organization of Third World
countries will probably also be encouraged, for the dual
purpose of spreading the risk of default by a single coun-
try and organizing the creditors into their own collection
agency.

Finally, Miller will promote further centralization of
the U.S. banking system. This will assume at least two
forms. One will be the circumspect extension of the
authority of the Fed's board of governors over the re-

gional reserve banks. Miller's new proposal to increase
the number of “public” members on the boards of
regional banks is a step in this direction, since the re-
gional “public” directors are appointed by the board in
Washington.

The other centralizing move will consist of various
programs to increase bank competition. Miller came to
the Federal Reserve after a long stint as a director of the
Reserve Bank of Boston, the bank that promoted so-called “NOW Accounts” (Negotiable Orders of With-
drawal) for commercial banks in New England. NOW ac-
counting permits commercial banks to pay interest on
checking accounts, thus removing a principal comparative
advantage of their competition in the savings banks. Since
arriving in Washington, Miller has urged Congressional
leaders to proceed with NOW account legislation on a
national scale, and has already marshaled a Fed vote to
permit member banks to make automatic transfers from
savings accounts into overdrawn checking accounts, a
move that particularly outraged the Savings and Loan
interests. He can be expected as well to endorse Car-
ter's upcoming bank reform bill, whose major thrust,
should it survive intense locally based Congressional op-
position, will be to put small-town banks in more direct
competition with such giants of the industry as Citicorp
and Chase. The result is predictable: the liquidation
through merger and outright bankruptcy of large num-
bers of small banks.

With its emphasis on increased “public” representation
and enhanced “competition,” Miller's political formula
for governing the Fed is certain to be irresistibly alluring
in the short run. Yet here, as elsewhere in the Carter
administration, the inner motion of events belies their
outer gloss. Behind the propaganda is the program: the
centralized banking will prove to be a correlate of the
centralized Trilateral state.

THE TRIAL OF ALI BHUTTO

AND THE FUTURE OF PAKISTAN

RAMSEY CLARK

Ramsey Clark, Attorney General of the United States
from 1967 to 1969, recently returned from Pakistan
where he went as a private citizen to observe the legal
proceedings in the case involving the former President,
Zulfiqar Ali Bhutto, now under sentence of death for
murder. He was present for the opening arguments in
Pakistan's Supreme Court in Bhutto's appeal and while
he was there he met with General Zia ul Haq, leader of
the coup that ousted Bhutto in 1977, with Law Minister
A. K. Brohi and with other government officials. He also
conferred with lawyers, judges, labor leaders, politicians
and students and met with the U.S. Ambassador and his
senior political adviser.

Rarely has a criminal proceeding held such potential
to alter history as does the trial of Zulfiqar Ali Bhutto.
Its impact can reach beyond the fate of a man and the
unity of a nation to affect fundamentally economic,
political and military power worldwide. The Supreme
Court of Pakistan is now considering an appeal from
his conviction for murder and the sentence of death.
Its decision is expected in the very near future. Execu-
tions are carried out immediately following final judg-
ment in Pakistan.

The idea of Pakistan, nurtured by a poet, Allama
Iqbal, and consummated by a statesman, Mohammed
Ali Jinnah, was fragile from conception. To bind a
political union of widely differing, proud and often
warring people by a single tie, the religion of Islam,
was a unique experiment. The dream of Pan Islam fitted
neatly with desires of the Islamic populations of British
India to be independent of the majority Hindu popula-