

REVIEWS IN BRIEF

Peter Beter

THE CONSPIRACY AGAINST THE DOLLAR

George Braziller

I was looking forward to spending a Saturday afternoon pleasantly immersed in the reading of what appeared to be another economics novel. I had found my last encounter with this genre of literature, Paul E. Erdman's *The Billion Dollar Sure Thing*, both educational and entertaining. That was not the case this time, for Beter's book is neither a novel nor positive economics. It is instead bad institutional economics fueled by an often paranoiac imagination.

The author develops his argument in the foreword, four chapters, and the epilogue. He uses the foreword to inform the readers that the Rockefeller dynasty and the nonprofit Rockefeller Foundation are the nervous system of the U.S. corporate aristocracy, also referred to in the book as the New Imperialism. The notion of an almighty corporate aristocracy is, of course, not new. It is easily traced to nineteenth century Marxist literature, and, more recently, to Galbraith's technostructure system. It has now become an essential component of the jargon of nonanalytical radical economists. (This is not to suggest Beter is a radical economist. On the contrary, he uses a left-wing argument to recommend a return to the old gold standard system.)

The significant implication of Beter's thesis is that the aggregate amount of production and its composition and price are determined solely for the industrial world by a handful of U.S. corporations (GM, IBM, Ford, ITT, for example), which are now international in their scope of activities. These corporations do not achieve their goals without the aid of influential government officials (Connally, Dillon, Volcker, Stanton, Flanigan, and Kissinger), who are connected directly or indirectly with the Rockefeller Foundation.

We, the consumers, have no role to play in Beter's world. We are just easy victims of the careful planning and infinite cunning of the corporate giants. This inability to recognize the force of the consumer's choice in the determination of production and price is exactly the same logical weakness of Galbraith's *New Industrial State*.

The institutional vehicle of the New Imperialism to achieve global economic domination is the multinational company which commits, according to the author, the unpardonable sin of preferring to produce products at lower rather than higher costs:

After a product has been manufactured in America and is found to be a success, the company thinks in terms of cost. If it finds that the product would cost less to produce abroad, it proceeds accordingly, even though the American worker will be out of a job. (pp. 24-25)

The theme that the multinationals displace domestic production and employment occurs frequently throughout the book. Beter never raises the possibility that the output produced abroad by the multinational may be complementary rather than substitutable to output produced at home, despite some evidence that this is so. Nor does Beter produce facts or refer to any which will corroborate his thesis. The reader is asked to take his word or, rather, trust his judgment. It would have been more convincing if the author had footnoted his statements with references to the now abundant literature on the multinationals. As it stands, a careful reader cannot help but conclude that Beter's knowledge of the activities of multinationals is superficial and somewhat biased by emotion.

The second recurring theme of the book is that gold is irreplaceable in the international monetary system. Beter identifies the heyday of modern civilization with a gold standard system, when money was backed by a scarce commodity such as gold rather than by the taxing power of governments. Since the author advances no argument supporting why a commodity money system is superior to a fiat money system, the reader may wonder whether Beter's fondness for gold is a form of Midas-psychosis. I think not. A more rational explanation is the fact that, as former counsel to the American Gold Association, Beter might have found it difficult to differentiate the interests of the gold mining industry from those of the nation and the world. If this were not the case, Beter would favor any money system "backed" by a relatively scarce commodity, say, blue sea shells or diamonds or pink marble.

The reviewer's arguments against the commodity money system are that it absorbs more real resources than fiat money, has higher transaction costs, limits the growth of the money stock to a slowly growing quantity of the scarce commodity, and gives windfall gains to the producers of the commodity money. Thus on both efficiency and equity grounds, a fiduciary money system is an improvement over the old gold standard system. There is one argument, however, against fiat money. Politicians, without the "natural" constraint of a fixed or slowly growing supply of commodity money, can more easily use inflation as a hidden tax.

Beter explains the dollar devaluations of 1971 and 1973 in terms of a well orchestrated strategy of the Rockefeller group, which "sent waves and waves of dollars against the central bankers." No thought is given to the less flamboyant view that exchange rates were pegged at levels which encouraged speculators to bet in favor of currency realignments. It was the stubborn and fruitless persistence of some European central bankers to hang on to unrealistic rates of exchange which made it possible for speculators to

win their bets. It is neither unpatriotic nor immoral to recognize that one's currency has become weaker. It is instead utterly nonsensical to do the opposite. That the dollar was overvalued by the late 1960s was no news to perceptive currency observers. The trade deficits of 1971 and 1972 and the surplus of 1973 are evidence of the wisdom of the decision to devalue. Beter, however, does not subscribe to an economic explanation of the balance of payments. He prefers the institutional approach, and thus relies more heavily on conspiracies than the positive economist who checks hypotheses against evidence.

Beter is not short on predictions. He offers two which are far-reaching. For the immediate future, the demonetization of gold will bring about "stagflation." After having forced the U.S. government to sever any link between the dollar and the precious metal, the Rockefeller dynasty will be following the Goldfinger strategy of acquiring most of the world's gold stock, which in turn will be sold to the U.S. government for a handsome profit. The U.S. government will be more than happy to buy the Rockefeller gold at the "inflated" prices, for only a dollar-gold standard system can assure economic and political stability.

Over the long run, Japan will join with China and the Soviet Union to form the Moscow-Tokyo-Peking Axis. In exchange for food and raw products, Japan will supply China and the Soviet Union with the wherewithal for industrialization. The New Axis will eventually push aside American imperialism, the reason being that Japan "has exercised and conditioned herself to win any trade war on the premise of production for production's sake." I suspect that U.S. capitalists as well as workers will return to sunny Florida and Southern California and draw welfare checks sent by a compassionate Japanese government.

—Michele Fratianni
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U.S. Bureau of the Census

STATISTICAL ABSTRACT OF THE UNITED STATES, 1973

\$9.60, cloth; \$6.30, paper

How does one review the essence and substance of a nation when they are presented without rhetoric or emotional hyperbole? The 94th annual edition of the *Statistical Abstract of the United States* is now available. For every citizen who wants to know about the activities of our people, their businesses, and governments, this is *the* best buy in town.

Over 1,000 pages of detailed statistics give businessmen, scholars, students, and voters ready access to the basic social and economic information about this country. The data provide, in many cases, enough historical perspective that recent trends can be

analyzed. Where available, state-by-state data are presented, and a special section gives details for the 157 Standard Metropolitan Statistical Areas of the nation that have populations in excess of 200,000.

Also, for the first time, data for the ten Federal Administrative Regions are presented in a special section. These regions differ from the usual Census Bureau subnational groupings of states. Political right-wingers already view with alarm the existence of the regions, although few citizens and business and academic researchers are aware of them. Does insidious subversion manifest itself through statistics in this apparently helpful volume?

Serious students of batting averages will continue to be disappointed that the *Abstract* has no section devoted to sports. Nor does it contain the birthplace of our favorite show business personalities or brief histories of the careers of our forty vice-presidents. Other compendia will have to see us through the winter. But there is a table giving the geographic center of each state, as well as estimates of the number of persons wearing corrective lenses. These are new features, and your reviewer would not spoil the delight of potential readers by revealing more of them. Far from being a volume for entertainment, the *Abstract* continues to be one of our nation's best investments. We congratulate its staff for another winning edition and compliment our Congress for continuing to support our nation's vital statistical program.

—Morton J. Marcus
Indiana University

Mark J. Flannery and Dwight M. Jaffee

THE ECONOMIC IMPLICATION OF AN ELECTRONIC MONETARY TRANSFER SYSTEM

D. C. Heath, 1973

Did you ever wonder why touch-tone phones have two extra (nondigit) buttons? They are, according to Flannery and Jaffee, just one part of an electronic monetary transfer system (EMTS) that is gradually being introduced into the United States. Soon (they do not say when) the system will replace a large portion of the money balances now held in cash or checking accounts. This book, which is an expanded version of Flannery's senior thesis at Princeton, surveys the background and possible operation of an EMTS and stresses the economic impact of the system on a large number of economic units.

An EMTS is convincingly presented as an innovation that is now both technologically and economically feasible. The present system, which primarily relies on exchanges of paper to effect transfers of funds, is becoming quite costly. Commercial banks and the Federal Reserve System (because of its check

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